SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

Stock Code : 521

Annual Report 2014

CONTENTS

Corporate Information	2
Directors' Biographies	3
Main Operational Structure	10
Financial Highlights	12
Chairman's Statement	14
Management Discussion and Analysis	15
Corporate Governance Report	21
Report of the Directors	43
Independent Auditor's Report	56
Audited Financial Statements	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	58
Consolidated Statement of Financial Position	60
Statement of Financial Position	62
Consolidated Statement of Changes in Equity	64
Consolidated Statement of Cash Flows	66
Notes to the Consolidated Financial Statements	69
Five-year Financial Summary	190

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mung Kin Keung *(Co-Chairman)*
Li Xiaoming *(Co-Chairman)*
Fan Ning *(Chief Executive Officer)*
Xu Haohao *(Executive President)*

Non-executive Directors

Leung Shun Sang, Tony
Li Tongshuang

Independent Non-executive Directors

Leung Kai Cheung
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

EXECUTIVE COMMITTEE

Li Xiaoming *(Chairman)*
Mung Kin Keung
Fan Ning
Xu Haohao

AUDIT COMMITTEE

Leung Kai Cheung *(Chairman)*
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

NOMINATION COMMITTEE

Mung Kin Keung *(Chairman)*
Leung Shun Sang, Tony
Leung Kai Cheung
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

REMUNERATION COMMITTEE

Leung Kai Cheung *(Chairman)*
Mung Kin Keung
Xu Haohao
Liem Chi Kit, Kevin
Lam Kin Fung, Jeffrey

INVESTMENT COMMITTEE

Mung Kin Keung *(Chairman)*
Li Xiaoming
Fan Ning
Xu Haohao
Leung Shun Sang, Tony
Leung Kai Cheung

COMPANY SECRETARY

Lau Lap Ngai

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISER

Robertsons

SHARE REGISTRARS

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

REGISTERED OFFICE

Units 2606A-2608, 26th Floor
Island Place Tower
510 King's Road
North Point, Hong Kong

STOCK CODE

521

WEBSITE

www.shougang-tech.com.hk

DIRECTORS' BIOGRAPHIES

Mr. Mung Kin Keung, aged 54, holds a Conferment of Honorary Doctoral Degree from Sinte Gleska University of California. Mr. Mung was appointed an Executive Director of the Company in February 2009 and the Vice Chairman of the Company in May 2010 and was re-designated as the Chairman of the Company from October 2013. He was re-designated as the Executive Chairman of the Company from March 2014. Subsequent to the appointment of Mr. Li Xiaoming as the Chairman of the Company, Mr. Mung and Mr. Li Xiaoming are both the Co-Chairmen of the Company. Mr. Mung is the chairman of each of the Investment Committee and the Nomination Committee and a member of each of the Executive Committee and the Remuneration Committee of the Company. He is a director and the sole shareholder of China Review Property Group Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"). Mr. Mung is the chairman and an executive director of Mastermind Capital Limited ("Mastermind Capital"), and a co-chairman and an executive director of China Star Entertainment Limited ("China Star"). He is also a director of Hong Kong Airlines Limited and an executive director of each of Bestway International Holdings Limited ("Bestway") and Well Way Group Limited ("Well Way"). Mr. Mung was an executive director of Hong Kong Resources Holdings Company Limited ("Hong Kong Resources") from October 2008 to November 2012. Mastermind Capital, China Star, Bestway, Well Way and Hong Kong Resources are all listed companies in Hong Kong. Mr. Mung was awarded the 9th World Outstanding Chinese Award by the World Chinese Business Investment Foundation. He has extensive experience in areas of business management, strategic planning and development.

A service contract was entered into between Mr. Mung and the Company for a term of three years commencing on 1 January 2014. Under the service contract, Mr. Mung is entitled to a monthly salary of HK$200,000 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. Mung's monthly salary is HK$200,000. Such salary was determined with reference to Mr. Mung's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Li Xiaoming, aged 52, graduated from China University of Political Science and Law majoring in Economic Law. Mr. Li was appointed as an Executive Director and the Chairman of the Company as well as the chairman of the Executive Committee and a member of the Investment Committee in February 2015, and acted jointly with Mr. Mung Kin Keung as the Co-Chairmen of the Company. Mr. Li is now the executive president of HNA Group Co., Ltd., the holding company of HNA Group (International) Company Limited which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. He joined HNA Group Co., Ltd. in 1993, and was engaged with senior management positions of HNA Group and its operating companies, namely including mainly the executive president of HNA Group Co., Ltd., the chairman of Hainan Airlines Group Co., Ltd. (a A-share listed company, stock code: 600221), the chairman of Hainan Airlines Logistics Co., Ltd., the chairman of HNA Property Holdings Co., Ltd., the chairman of HNA Hotel (Group) Co., Ltd. and the chairman of Yangtze River Real Estate Group Co., Ltd. Mr. Li has over 30 years of working and management experiences in the areas of airlines, logistics, real estate, hotel etc., and has extensive knowledge and experience in corporate management.

A service contract was entered into with Mr. Li for a term commencing on 6 February 2015 and expiring on 31 December 2016. Under the service contract, Mr. Li is entitled to a monthly salary of HK$200,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Such salary was determined with reference to Mr. Li's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Fan Ning, aged 50, holds a master degree in economics from Wuhan University. Mr. Fan was appointed as an Executive Director and the Chief Executive Officer of the Company as well as a member of each of the Executive Committee and the Investment Committee in February 2015, responsible for the matters relating to the Company's external communication, strategy and investment programs, etc. Mr. Fan has mainly served as senior executive positions as the seconded cadres of the Shenzhen Branch of the Bank of China, the lecturer of international economics of the Department of Economics of Wuhan University, the seconded cadres of the Foreign Economic and Trade Commission of Hubei Provincial, the deputy general manager of Hainan Deep Sea Import and Export Co., Ltd., the deputy general manager of Beijing CCID Media Investments Co., Ltd. (a A-share listed company, stock code: 000504), and the chairman of Baoting Hainan Tourism Development Co., Ltd., the vice president of Hainan International Tourism Island Development and Construction (Group) Co., Ltd. and the vice president of the real estate department of HNA, being the three fellow subsidiaries of HNA Group (International) Company Limited which is a substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Fan has over 28 years of working experience in the financial, foreign trade, corporate management and real estate development, and has extensive knowledge and experience in corporate management.

A service contract was entered into with Mr. Fan for a term commencing on 6 February 2015 and expiring on 31 December 2016. Under the service contract, Mr. Fan is entitled to a monthly salary of HK$130,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. Such salary was determined with reference to Mr. Fan's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Xu Haohao, aged 31, holds a Bachelor Degree in Financial Administration from University of Winnipeg. Mr. Xu joined the Finance Department of the Company in January 2014 and was appointed as the Financial Controller in April of the same year overseeing the financial matters; and he was appointed as the Vice President of the Company in July of the same year. Mr. Xu was appointed as an Executive Director of the Company in December 2014 and is a member of the Executive Committee, Remuneration Committee and the Investment Committee of the Company. He was appointed as the Executive President of the Company in February 2015, responsible for the general operation of the Company. Before joining he had served as the general manager of the finance department of Hong Kong Airlines Limited. Mr. Xu has extensive management knowledge and working experience in financial and corporate management.

A service contract was entered into between Mr. Xu and the Company for a term commencing on 31 December 2014 and expiring on 31 December 2016. Under the service contract, Mr. Xu is entitled to a monthly salary of HK$100,000 or such higher salary and discretionary bonus as may be determined by the Board from time to time. On 31 December 2014 (the date of appointment of Mr. Xu as an Executive Director of the Company), Mr. Xu's monthly salary is HK$100,000. Mr. Xu's monthly salary was re-stated to HK$130,000 in February 2015. Such salary was determined with reference to Mr. Xu's experience and duties as well as the then prevailing market conditions.

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 as a Non-executive Director of the Company in April 1993 and is a member of each of the Nomination Committee and the Investment Committee of the Company. He is also a non-executive director of each of Shougang International Enterprises Company Limited, Shougang Fushan Resources Group Limited, Shougang Concord Century Holdings Limited, Shougang Concord Grand (Group) Limited and Global Digital Creations Holdings Limited, all of which are listed companies in Hong Kong. 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$162,925 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.

DIRECTORS' BIOGRAPHIES

Mr. Li Tongshuang, aged 39, holds a bachelor degree in hotel management from Shenzhen University. Mr. Li possesses a first grade qualification of Advanced Project Management Professional from the Ministry of Human Resources and Social Security of The People's Republic of China. He was appointed as an Executive Director and the Managing Director of the Company in October 2013, and was re-designated as a Non-executive Director of the Company in February 2015. Mr. Li is currently an assistant president of HNA Group (International) Company Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO. He serves as senior executives for certain companies in the HNA Group. Mr. Li is the chairman of Hainan Island Construction Co., Ltd., a company listed on Shanghai Stock Exchange (a A-share listed company, stock code: 600515) (he was once the chairman of that company during the period from September 2009 to December 2012). He has extensive management knowledge and working experience in hotel operation and property development.

A service contract was entered into between Mr. Li and 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$200,000 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. Li's monthly salary is HK$200,000. Such salary was determined with reference to Mr. Li's experience and duties as well as the then prevailing market conditions. The service contract was terminated upon the re-designation of Mr. Li from an Executive Director to a Non-executive Director of the Company. For the financial year ending 31 December 2015, the salary of Mr. Li will be HK$233,333.

An engagement letter was entered into with Mr. Li for a term commencing on 6 February 2015 and expiring on 31 December 2016. Under the engagement letter, Mr. Li is entitled to a director's fee as may be determined by the Board from time to time. For the financial year ending 31 December 2015, the director's fee of Mr. Li will be HK$135,417 which will be paid in proportion to the actual length of services provided by Mr. Li. Such director's fee was determined with reference to Mr. Li's experience and duties as well as the then prevailing market conditions.

DIRECTORS' BIOGRAPHIES

Mr. Leung Kai Cheung, aged 69, graduated from the Chinese University of Hong Kong with a bachelor degree in business. Mr. Leung was appointed as an Independent Non-executive Director of the Company in June 2006 and is the chairman of each of the Audit Committee and the Remuneration Committee and a member of each of the Nomination Committee and the Investment Committee of the Company. He is also an independent non-executive director of each of Shougang International Enterprises Company Limited and BeijingWest Industries International Limited, both of which are listed companies in Hong Kong. Mr. Leung had been a senior executive of Citibank, N.A., the general manager of Barclays Bank PLC in charge of Kowloon and New Territories district and was the chairman of Star International Enterprises Limited. Mr. Leung has extensive financial knowledge and business management experience and is familiar with the business environment of both Hong Kong and Mainland China and the operation of listed companies.

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$240,000. For the financial year ending 31 December 2015, the director's fee of Mr. Leung will be HK$240,000 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. Liem Chi Kit, Kevin, aged 34, holds a bachelor degree (honours) in commerce from University of Toronto and a master degree in taxation from University of Waterloo. Mr. Liem was appointed an Independent Non-executive Director of the Company in June 2013 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is a CFA charter holder and a certified public accountant (USA). Mr. Liem is a chief investment officer of TTG (HK) Limited and a research analyst of HKGolden 50. He is a member of the professional education committee of Hong Kong Securities and Investment Institute (HKSI). Mr. Liem has extensive experience in securities, financial market and investment.

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

DIRECTORS' BIOGRAPHIES

Mr. Lam Kin Fung, Jeffrey, *GBS, JP*, aged 63, holds a bachelor degree in mechanical engineering from Tufts University in the United States and was conferred university fellow of Tufts University and The Hong Kong Polytechnic University. Mr. Lam was appointed an Independent Non-executive Director of the Company in October 2013 and is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He is an independent non-executive director of each of Bracell Limited, C C Land Holdings Limited, China Overseas Grand Oceans Group Limited, Chow Tai Fook Jewellery Group Limited and Wynn Macau, Limited, all of which are listed companies in Hong Kong. He was an independent non-executive director of Hsin Chong Construction Group Limited, a listed company in Hong Kong, from August 2002 to May 2014. He has over 30 years of experience in toy industry and is currently the managing director of Forward Winsome Industries Limited which is engaged in toy manufacturing.

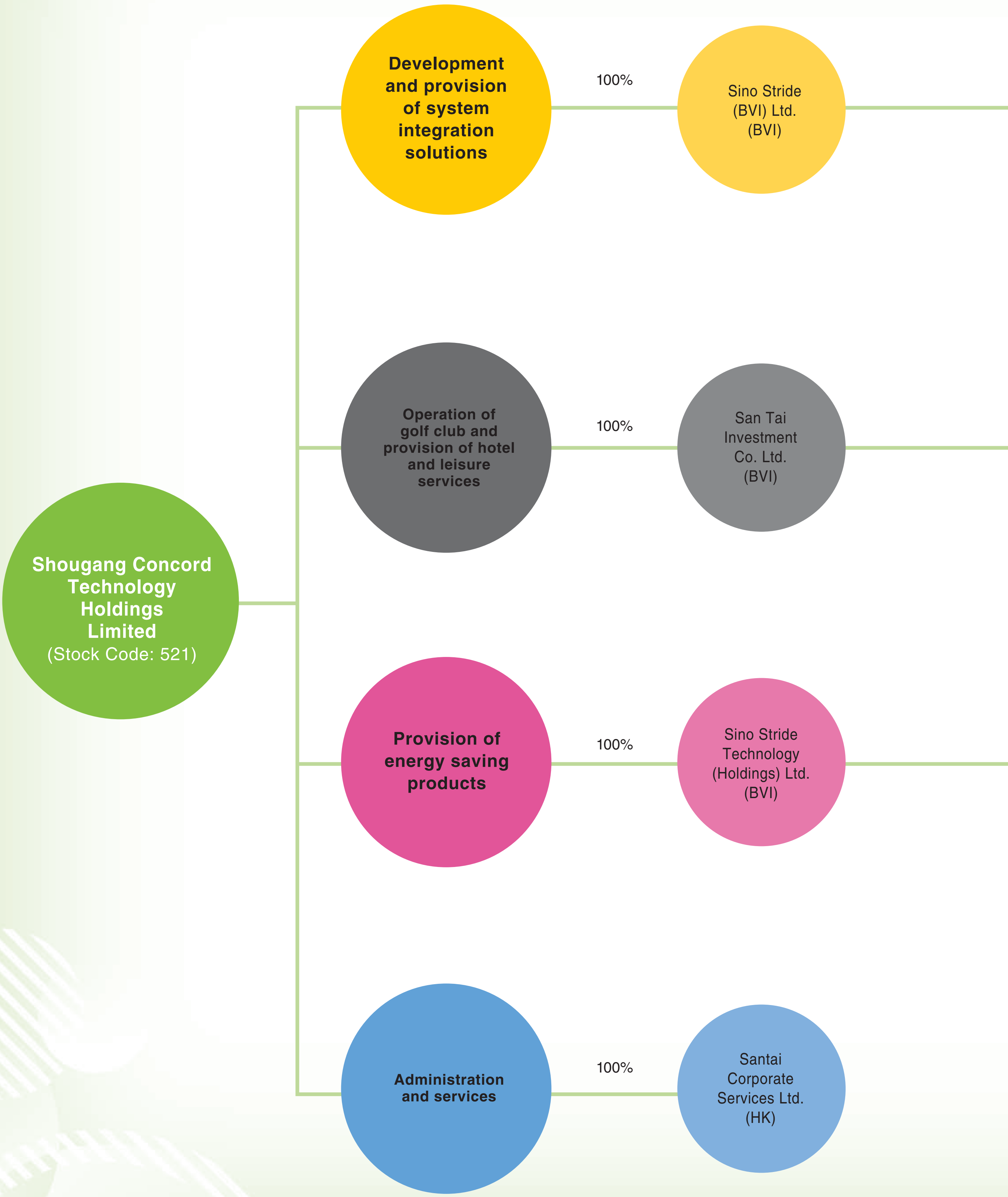
In addition, Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference. He is also a member of the Legislative Council of the Hong Kong Special Administrative Region (the "HKSAR"), a non-official member of the Executive Council of the HKSAR, the chairman of the Mega Events Funds Assessment Committee, a member of the board of The Airport Authority Hong Kong, a member of the Independent Commission Against Corruption (ICAC) Complaint Committee, a general committee member of the Hong Kong General Chamber of Commerce and a council member of The Hong Kong Trade Development Council, a honorary member of the Court of The Hong Kong Polytechnic University and a member of the Fight Crime Committee. Mr. Lam also holds a number of other public and community service positions.

Mr. Lam was awarded the Young Industrialist Award of Hong Kong in 1989 and the Outstanding Achievement Award – Hong Kong Toy Industry in 1999. In 1996, he was appointed Justice of the Peace and became a member of the Most Excellent Order of the British Empire. Mr. Lam was awarded the Silver Bauhinia Star in 2004 and the Gold Bauhinia Star in 2011 respectively.

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

MAIN OPERATIONAL STRUCTURE

As at 31 December 2014

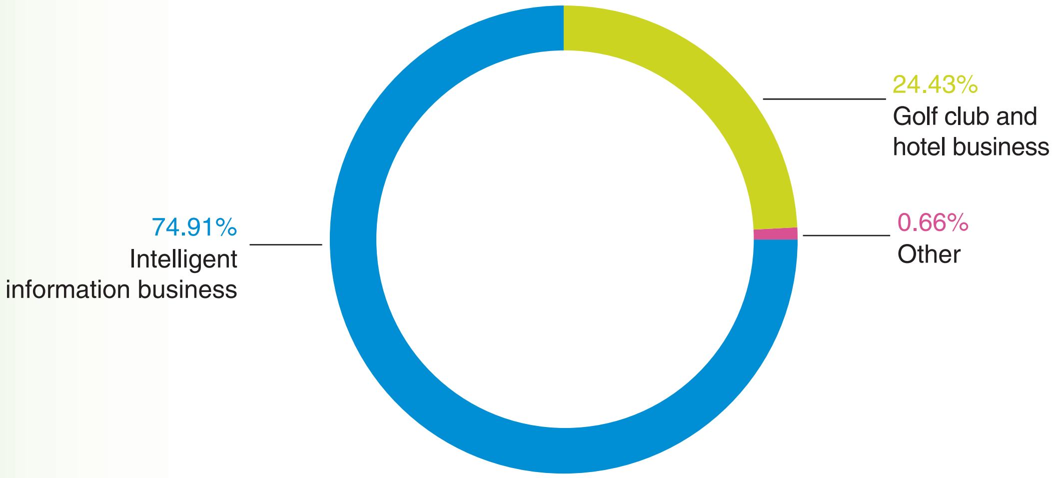


MAIN OPERATIONAL STRUCTURE

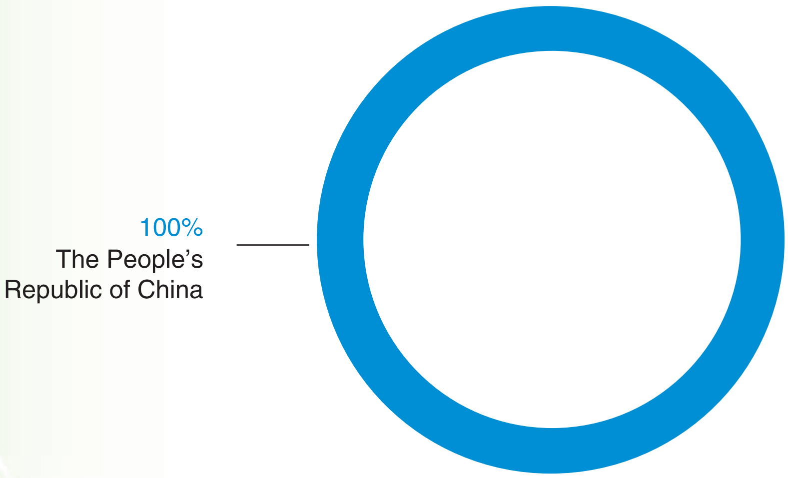
As at 31 December 2014

FINANCIAL HIGHLIGHTS

TURNOVER BY PRINCIPAL ACTIVITY FOR THE YEAR 2014

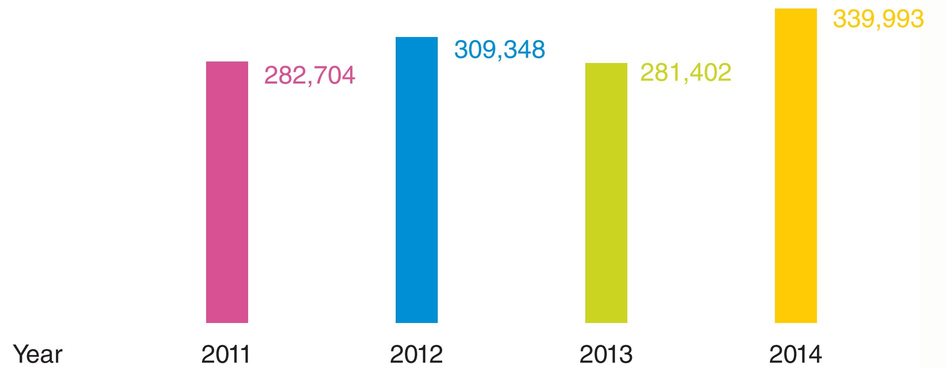


TURNOVER BY GEOGRAPHICAL LOCATION FOR THE YEAR 2014

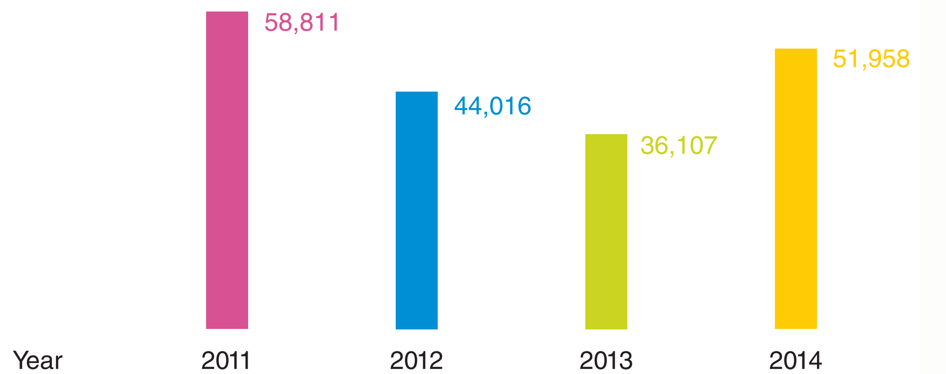


FINANCIAL HIGHLIGHTS

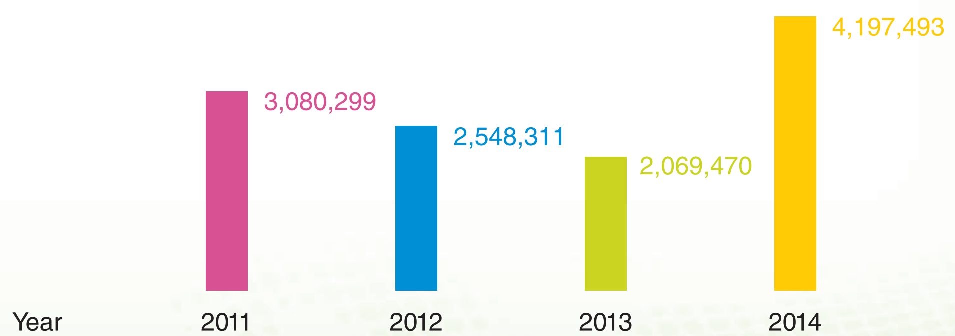
TURNOVER (in HK$'000)



GROSS PROFIT (in HK$'000)



TOTAL ASSETS (in HK$'000)



CHAIRMAN'S STATEMENT

In the year of 2014, the Group completed the acquisition of a project to develop premier golf club and related hotel business in Mainland China, and achieved owning and managing golf club, hotel and other related leisure facilities. This resulted in the businesses of the Group becoming more diversified and bringing new business turnover to the Group during the year.

As to the intelligent information business, the income was less than that in the prior year as a result of the slowdown in new project contracts. Besides, the Company continued to implement stringent control over the policies on asset provisions in the financial accounts. Hence, the business incurred loss during the year.

As to the golf club and hotel business, the business began to bring additional turnover and operating profit to the Group since the second half of 2014. With the continuous development of the economy and the tourism leisure industry in China, along with the increasingly strict management policy of Chinese government towards golf clubs without licenses, the Group believes that there will be more development opportunities for the business through appropriate operating strategies.

Furthermore, as disclosed in the Company's announcements in 2011 and 2012, the Company has been advised by Southern Media Corporation, a state-owned enterprise in the PRC, about the reorganisation of the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company (the "Reform") which is led by the Steering Group on the Reform of Guangdong Cultural Structure (廣東省文化體制改革工作領導小組). Upon the completion of the Reform, the cable digital broadcasting networks of Guangdong Province will be ultimately owned and operated by Guangdong Broadcasting Network Co., Ltd. (廣東省廣播電視電視網絡股份股份有限公司), a state-owned enterprise in the PRC. As a result, the Group will no longer operate the DTV technical solutions and related business. The disposal transaction of the DTV business under the Group is pending completion. The Group believes that the final transaction price can realise an amount worth the value of such business.

In 2015, the decision makers of the Group will continue to conduct reform, with an aim to actively explore new profitable projects and seek more profitable opportunities that can fulfill our core strategy. This will allow the Group to extend into more income sources. We believe that this will provide stable and better return to the shareholders in future.

On behalf of the Board of Directors, I would like to express our sincere gratitude to our customers, suppliers, shareholders and business partners for their full support to the Group in the past. We are also thankful to and appreciate the dedication of the management and staff for their endeavor in the continuous enhancement of the Group throughout the year.

Mung Kin Keung
Co-Chairman

Hong Kong, 27 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Turnover from continuing operations for the year ended 31 December 2014 amounted to HK$340.0 million (31 December 2013: HK$281.4 million). The increase in turnover was primarily attributable to the revenue from the golf club and hotel business newly added in the second half of the year with HK$83.1 million.

Loss attributable to the owners of the Company for the year amounted to HK$335.0 million (31 December 2013: HK$318.4 million), which is analysed as follows:

	2014 **HK$'000**	2013 HK$'000
Loss from continuing operations	**185,025**	178,033
Loss from discontinued operation:		
– digital television business	**149,991**	140,345
Loss attributable to the owners of the Company for the year	**335,016**	318,378

Basic loss per share of the Group are as follows:

	2014 **HK cents**	2013 HK cents
Basic loss per share from continuing operations	**5.68**	6.61
Basic loss per share from discontinued operation	**4.60**	5.22
Basic loss per share of the Group as a whole	**10.28**	11.83

As at 31 December 2014, the Group's equity attributable to the owners of the Company amounted to HK$983.2 million, representing an increase of HK$169.2 million over the figure as at 31 December 2013 of HK$814.0 million. The net assets value per share as at 31 December 2014 was HK$0.40 (31 December 2013: HK$0.33).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue, cost of sales and gross profit from continuing operations

Revenue from continuing operations for the year increased by HK$58.6 million (20.8%) compared to last year, which is mainly attributable to the revenue from the golf club and hotel business newly acquired with HK$83.1 million. On the other hand, the turnover from intelligent information business for the year decreased by HK$22.7 million as a result of the slowdown in new project contracts. Further details are disclosed in "SEGMENT INFORMATION" below. Cost of sales from continuing operations for the year increased by HK$42.7 million (17.4%) with a smaller extent of increase compared with revenue, resulting in gross profit of the Group increased from HK$36.1 million in 2013 to HK$52.0 million in 2014.

Loss for the year from continuing operations attributable to the owners of the Company

Loss for the year from continuing operations attributable to the owners of the Company increased by HK$7.0 million (3.9%) compared to prior year. The main reason for the increase in loss was due to the gross profit margin of the intelligent information business was suppressed in the year.

Loss for the year from discontinued operation attributable to the owners of the Company

Loss for the year from discontinued operation attributable to the owners of the Company increased by HK$9.6 million (6.9%) compared to prior year. This was mainly attributable to an exchange loss of HK$5.6 million (2013: exchange gain of HK$8.7 million) that was arisen from translation of presentation currency from Hong Kong dollars into Renminbi, which is the functional currency of digital television business in accordance with Hong Kong Accounting Standards. For more details please refer to those disclosed under Note 15 of this annual report.

SEGMENT INFORMATION

Intelligent information business

Intelligent information business segment refers to the development and provision of system value-added service solution and development and sales of hardware of computer products. The turnover and operating loss of intelligent information business for the year reached HK$254.7 million (2013: HK$277.4 million) and HK$43.5 million (2013: HK$117.7 million), respectively. As a result of the slowdown in new project contracts, the turnover for the year decreased as compared to prior year. However, the operating loss in the prior year was relatively large, which was primarily attributable to the one-off impairment loss on goodwill of HK$70.2 million in 2013.

Golf club and hotel business

Golf club and hotel business segment refers to the operations of golf club and provision of hotel and leisure services. The turnover and operating profit of golf club and hotel business for the year reached HK$83.1 million (2013: nil) and HK$14.1 million (2013: nil). With the continuous development of the economy and the tourism leisure industry in China, along with the increasingly strict management policy of Chinese government towards golf clubs without licenses, the Group believes that there will be more development opportunities for the business through appropriate operating strategies.

SEGMENT INFORMATION (continued)

Digital television business services

The Group was no longer able to engage in the digital television business technology solutions and similar business. There was no operating income from digital television business for the year (2013: nil), and the total loss was HK$150.0 million (2013: HK$140.3 million). The main reason for the increased loss was mainly due to an exchange loss of HK$5.6 million (2013: exchange gain of HK$8.7 million) that was arisen from translation of presentation currency from Hong Kong dollars into Renminbi, which is the functional currency of digital television business in accordance with Hong Kong Accounting Standards.

At present, the disposal transaction of the DTV business under the Group is pending completion. The Directors are committed to sell the DTV business in the foreseeable future. The business will be evaluated and the Directors contemplated that the consideration for the disposal transaction should reasonably be in line with the then valuation, which is expected to be approximately the fair value in the market. At the same time, the Company is also planning to acquire more businesses actively so as to bring stable and better return to the shareholders.

Others

This refers to the provision of management services, sales of light emitted diode products and other goods. The turnover and operating (loss)/profit for the year reached HK$2.3 million (2013: HK$4.0 million) and HK$(2.2) million (2013: HK$0.6 million).

PROSPECT

Through the disposal of the digital television business, the Group will integrate its funding. It is the intention of the Group to expand into more different businesses through acquisitions so as to provide better return to the shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The financial leverage of the Group as at 31 December 2014, as compared to 31 December 2013 is summarised below:

	As at	
	31 December 2014 HK$'000	31 December 2013 HK$'000
Total debt		
– from bank and other borrowings	**745,042**	128,012
– from convertible loan notes	**173,036**	264,660
– from promissory note	**609,479**	–
Sub-total	**1,527,557**	392,672
Pledged bank deposits	**(7,460)**	(24,101)
Cash and bank deposits	**(31,096)**	(5,648)
Net debt	**1,489,001**	362,923
Total capital (equity and total debt)	**2,510,736**	1,206,647
Total assets	**4,197,493**	2,069,470
Financial leverage		
– net debt to total capital	**59.3%**	30.1%
– net debt to total assets	**35.5%**	17.5%

FINANCING ACTIVITIES

During the year, the Group has raised HK$280.7 million through issuing 956,572,000 ordinary shares and the Group raised new borrowings of HK$380.8 million from banks, independent third parties, a related company and a director of HK$223.0 million, HK$126.5 million, HK$26.3 million and HK$5.0 million respectively, to provide working capital for the Group.

CAPITAL STRUCTURE

As at 31 December 2014, the number of shares in issue and issued share capital of the Company were 3,698,713,179 (31 December 2013: 2,692,141,179) and approximately HK$1,834.5 million (31 December 2013: HK$673.0 million) respectively. The Group had borrowings of HK$745.0 million, of which HK$271.8 million were repayable within one year and HK$473.2 million were repayable after one year. Amongst the borrowings of the Group, 77.0% were pledged with land use rights, hotel and buildings and accounts receivables.

CHARGE ON ASSETS

As at 31 December 2014, assets pledged to banks to secure banking facilities (including bank borrowings, bills payables and mortgage granted to membership fee income) granted to the Group are as follows:

	31 December 2014 HK$'000	31 December 2013 HK$'000
Investment properties	**48,803**	49,329
Buildings	**10,510**	11,106
Hotel and buildings for golf business	**282,161**	–
Land use rights	**1,341,831**	–
Bank deposits	**7,460**	24,101
Trade and bills receivables	**33,209**	–
Total	**1,723,974**	84,536

As at 31 December 2014, among assets pledged, investment properties of HK$48.8 million (31 December 2013: HK$49.3 million) and buildings of HK$10.5 million (31 December 2013: HK$11.1 million) were classified as disposal group held-for-sale.

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

The ordinary operations and investments of the Group are mainly in Hong Kong and the PRC, with revenue and expenditures denominated in Hong Kong dollars, Renminbi and United States dollars. The operation results of the Group may be affected by the volatility of Renminbi. The Group will review its foreign exchange exposures regularly and may consider using financial instruments to hedge against such exposures at appropriate times. As at 31 December 2014, there were no derivative financial instruments employed by the Group.

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

Reference to the announcement dated 30 June 2014, the Group completed acquisition of 100% of Hillview Golf Development Company Limited on 30 June 2014 through issuance of a promissory note with a principal amount of HK$743.1 million as consideration, which will be matured on the third anniversary of the issue date. Throughout the acquisition, the Group had extended its business into operations of golf club and provision of hotel and leisure services in the second half of 2014.

Save as disclosed above, the Group had no other material acquisitions, disposals, significant investments and future plans of material investment during the year ended 31 December 2014.

CONTINGENT LIABILITIES

As at 31 December 2014, the contingent liabilities of the Group were arisen from cross guarantees of HK$104.4 million (31 December 2013: HK$126.2 million) for credit facilities granted to certain third parties, and the amount utilised was HK$97.5 million (31 December 2013: HK$111.5 million).

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 941 employees as at 31 December 2014.

The remuneration policies of the Group are to ensure the remuneration package as a whole is fair and competitive, so as to motivate and retain current employees as well as to attract potential ones. The determination of these remuneration packages have already been taken into account carefully, amongst others, practices under different local geographical locations in which the Group operates. The employees' remuneration packages include salaries, discretionary bonuses, retirement schemes, medical subsidies and share options to form as part of staff benefits.

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 Listing Rules during the financial year ended 31 December 2014, except the following deviation:

– Under the first part of code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

  The Executive Chairman of the Board, who is also the chairman of the Nomination Committee and a member of the Remuneration Committee of the Company, did not attend the annual general meeting of the Company held on 6 June 2014 (the "2014 AGM") as he had another business engagement. The Non-executive Chairman of the Board, who took the chair of the 2014 AGM, and other members of the Board together with the chairman of the Audit and Remuneration Committees and all other members of each of the Audit, Remuneration and Nomination Committees attended the 2014 AGM. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the 2014 AGM were already of sufficient calibre and number for answering questions at the 2014 AGM.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

Composition

The Board currently comprises a total of nine Directors, being four Executive Directors, two Non-executive Directors 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 9 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 judgment.

BOARD OF DIRECTORS (continued)

Composition (continued)

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 judgment 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.

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

In compliance with the requirement set out in code provision A.5.6 of the CG Code, 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, the Nomination Committee and the Investment 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 articles of association of the Company (the "Articles").

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 associates, have no material interest in the transaction should be present at that Board meeting.

Except for those circumstances permitted by the Articles 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 associates 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 eleven 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	
Mung Kin Keung	11/11
Li Tongshuang	11/11
Mung Bun Man, Alan	11/11
Xu Haohao *(appointed on 31 December 2014)*	0/0
Non-executive Directors	
Li Shaofeng *(resigned on 31 December 2014)*	9/11
Leung Shun Sang, Tony	9/11
Independent Non-executive Directors	
Leung Kai Cheung	11/11
Liem Chi Kit, Kevin	11/11
Lam Kin Fung, Jeffrey	10/11

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 Articles, 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 is subject to retirement by rotation at least once every three years.

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 at least 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.

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.

BOARD OF DIRECTORS (continued)

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.

All Directors have provided to the Company their records of training received during the period from 1 January 2014 or the date of appointment as a director of the Company to the date of resignation as a director of the Company or 31 December 2014, where applicable, a summary of which is as follows:

	Continuous professional development	
Directors	**Type** *(Note I)*	**Subject** *(Note II)*
Li Shaofeng	A	1
Mung Kin Keung	B	1
Li Tongshuang	B	1
Mung Bun Man, Alan	B	1
Xu Haohao	B	1
Leung Shun Sang, Tony	B	4
Leung Kai Cheung	A	1
Liem Chi Kit, Kevin	A	1
Lam Kin Fung, Jeffrey	A	1, 2, 3, 4
	B	1

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 and Mr. Mung Kin Keung are both the Chairmen and Mr. Li Tongshuang serves as the Managing Director of the Company. The two Chairmen provide leadership for the Board and ensure 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 Chairmen, both Mr. Li Shaofeng's and Mr. Mung Kin Keung'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, one of the Chairmen, Mr. Mung Kin Keung, met with the Non-executive Directors (including Independent Non-executive Director) without the presence of other 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.

Executive Committee

An Executive Committee of the Board was established in April 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.

BOARD COMMITTEES (continued)

Executive Committee (continued)

During the year, twenty-two physical meetings of the Executive Committee were held. Amongst those meetings, one meeting was held for the purpose of performing the corporate governance duties. The attendance of the members of the Executive Committee at this meeting is as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Li Tongshuang *(chairman of the committee)*	1/1
Li Shaofeng *(ceased to act as a member from 17 March 2014)*	1/1
Mung Kin Keung	1/1
Mung Bun Man, Alan	1/1

The major work in relation to the corporate governance of the Group performed by the Executive Committee during the year included the review of 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 in December 1998 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.

BOARD COMMITTEES (continued)

Audit Committee (continued)

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 comprises 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.

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

Committee members	Number of meeting(s) attended/eligible to attend
Leung Kai Cheung *(chairman of the committee)*	2/2
Liem Chi Kit, Kevin	2/2
Lam Kin Fung, Jeffrey	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.

BOARD COMMITTEES (continued)

Nomination Committee

A Nomination Committee of the Board was established in April 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.

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.

BOARD COMMITTEES (continued)

Nomination Committee (continued)

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

Committee members	Number of meeting(s) attended/eligible to attend
Li Shaofeng *(chairman of the committee and ceased to act as a member on 17 March 2014)*	1/1
Mung Kin Keung *(appointed as the chairman of the committee on 17 March 2014)*	1/1
Leung Shun Sang, Tony	2/2
Leung Kai Cheung	2/2
Liem Chi Kit, Kevin	2/2
Lam Kin Fung, Jeffrey	2/2

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; and
- considering and making recommendations to the Board for the appointment of Mr. Xu Haohao as a Director of the Company.

Note: the Nomination Committee performed the following work in January 2015:

- reviewing the structure and composition of the Board with due regards for the benefits of diversity on the Board; and
- considering and making recommendations to the Board on the change of Board composition.

BOARD COMMITTEES (continued)

Remuneration Committee

A Remuneration Committee of the Board was established in April 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 Chairmen 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, one physical meeting of the Remuneration Committee were held and the attendances of the members of the Remuneration Committee are as follows:

Committee members	Number of meeting(s) attended/eligible to attend
Leung Kai Cheung *(chairman of the committee)*	1/1
Mung Kin Keung	1/1
Leung Shun Sang, Tony	1/1
Liem Chi Kit, Kevin	1/1
Lam Kin Fung, Jeffrey	1/1

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

- making recommendations to the Board on the terms of the engagement letter and director's fee of Mr. Li Shaofeng;
- considering and approving the terms of the service contracts and the remuneration of Mr. Xu Haohao.

Note: the Remuneration Committee performed the following work in January 2015:

- 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 16 to the consolidated financial statements.

BOARD COMMITTEES (continued)

Investment Committee

An Investment Committee of the Board was established in July 2009 with specific written terms of reference which deal clearly with its authorities and duties.

Pursuant to the terms of reference, the Investment Committee comprises all Executive Directors and two Non-executive Directors of the Company (amongst the two Non-executive Directors, at least one must be an Independent Non-executive Director).

During the year, no physical meeting of the Investment Committee was held.

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 Chairmen 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 Chairmen 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 he 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.

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.

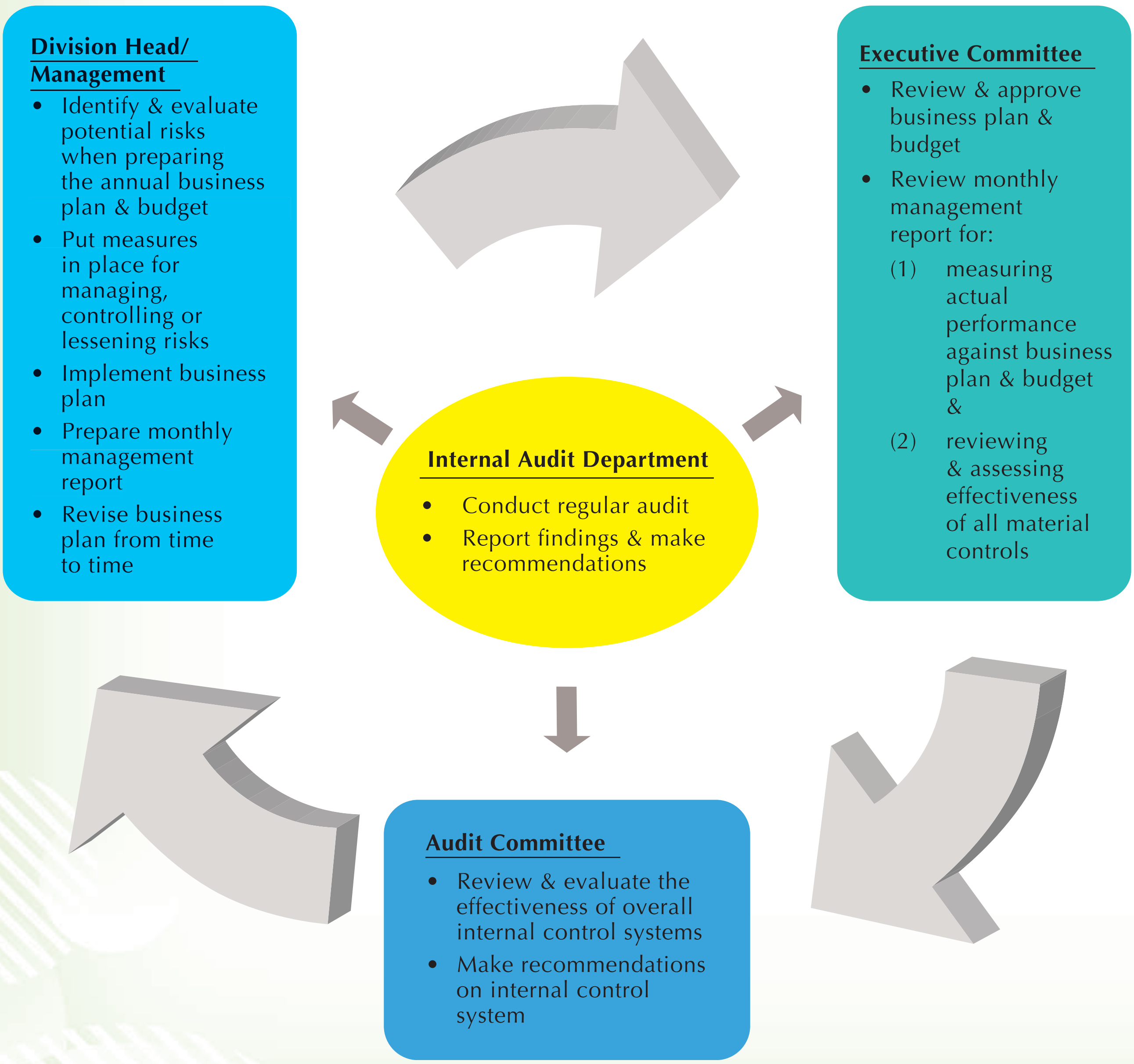
The internal control system of the Group is documented and if any revision is required, such information will be submitted to the Audit Committee for evaluation.

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.

INTERNAL CONTROL (continued)

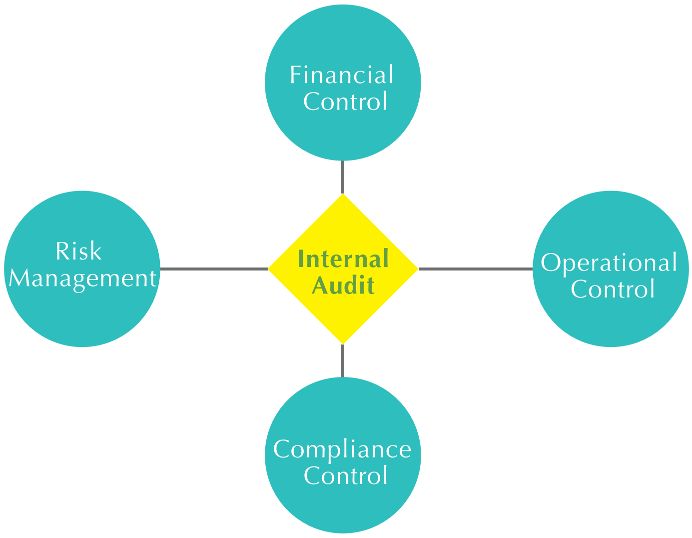
The Company set up an Internal Audit Department in October 2012 which assists the Board and the Audit Committee to discharge its duties in internal control aspect. The Internal Audit Department, which is independent to the operational departments of the Group, is responsible for conducting regular audits 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 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	4,498
Non-audit services:	
Taxation	1,200
	5,698

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 56 to 57 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-tech.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. One of the general meetings was the 2014 AGM and the others were the following extraordinary general meetings:

1. held on 24 April 2014 (the "1st EGM") for approving the sale and purchase agreement dated 17 January 2014 entered into between the Company, San Tai Investment Company Limited and Leader Well Management Limited in respect of the acquisition of Hillview Golf Development Company Limited, together with the re-election of Directors; and

2. held on 23 July 2014 (the "2nd EGM") for approving the subscription agreement dated 18 June 2014 between the Company and HNA Group (International) Company Limited in respect of the subscription of an aggregate of 418,144,000 shares in the share capital of the Company at the price of HK$0.30 per share.

The auditor of the Company, Deloitte Touche Tohmatsu, attended the 2014 AGM. Details of the Directors' attendances at the general meetings of the Company held during the year are as follows:

Directors	Attendance at the 1st EGM	Attendance at the 2014 AGM	Attendance at the 2nd EGM
Executive Directors			
Mung Kin Keung *(Executive Chairman)*	✓	X	✓
Li Tongshuang	✓	X	X
Mung Bun Man, Alan	X	✓	X
Non-executive Directors			
Li Shaofeng *(Non-executive Chairman)*	X	✓	X
Leung Shun Sang, Tony	✓	✓	X
Independent Non-executive Directors			
Leung Kai Cheung	✓	✓	✓
Liem Chi Kit, Kevin	✓	✓	✓
Lam Kin Fung, Jeffrey	X	✓	✓

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 a general meeting were taken by way of a poll. At the general meetings, the chairman 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 an extraordinary general meeting

Shareholder(s) representing at least 5% of the total voting rights of all shareholders of the Company having a right to vote at general meetings can request the Directors to call a general meeting pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The request must state the general nature of the business to be dealt with at the meeting, and may include the text of a resolution that may properly be moved and is intended to be moved at the meeting. Such request must be authenticated by the shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Company Secretary.

Put forward proposals at shareholders' meetings

Shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or at least 50 shareholders who have a relevant right to vote at a general meeting can request the Company to circulate to the shareholders of the Company a statement of not more than 1,000 words with respect to a matter mentioned in a proposed resolution or other business to be dealt with at that meeting pursuant to Section 580 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The expenses shall be borne by the shareholder(s) making the request unless the meeting concerned is an annual general meeting and the statement is received by the Company in time for sending with the notice of the meeting. The request must identify the statement to be circulated, and must be authenticated by the shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Company Secretary at least 7 days before the meeting to which it relates.

Shareholder(s) representing at least 2.5% of the total voting rights of all shareholders of the Company or at least 50 shareholders who have a right to vote on the resolution at an annual general meeting can request the Company to give to the shareholders of the Company notice of a resolution that may properly be moved and is intended to be moved at that meeting pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The request must identify the resolution of which notice is to be given, and must be authenticated by the shareholder(s) making it and sent to the Company in hard copy form or in electronic form for the attention of the Company Secretary no later than 6 weeks before the annual general meeting to which the requests relate, or if later, the time at which notice of the meeting is given.

Shareholders' enquiries

Specific enquiries or suggestions by shareholders can be sent in writing to the Board or the Company Secretary at our registered office or by email to our Company. In addition, shareholders can contact Tricor Tengis Limited, the share registrars 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

During the year, there is no change in the Company's constitutional documents.

REPORT OF THE DIRECTORS

The Directors herein present their report and the audited 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 23 and 24 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 financial statements on pages 58 to 189 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 page 190 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 19 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 38 to the consolidated financial statements.

CONVERTIBLE LOAN NOTES

Details of movements in the Company's convertible loan notes during the year are set out in Note 36 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity on pages 64 to 65 of this annual report and in Note 40 to the consolidated financial statements, respectively.

DONATIONS

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

REPORT OF THE DIRECTORS

DIRECTORS

The Directors of the Company during the year and up to the date of this annual report were as follows:

Mung Kin Keung	
Li Xiaoming	*(appointed on 6 February 2015)*
Fan Ning	*(appointed on 6 February 2015)*
Xu Haohao	*(appointed on 31 December 2014)*
Leung Shun Sang, Tony	
Li Tongshuang	
Leung Kai Cheung*	
Liem Chi Kit, Kevin*	
Lam Kin Fung, Jeffrey*	
Li Shaofeng	*(resigned on 31 December 2014)*
Mung Bun Man, Alan	*(resigned on 6 February 2015)*

* *Independent Non-executive Directors*

In accordance with clauses 94 and 103(A) of the Company's articles of association, Messrs. Mung Kin Keung, Li Xiaoming, Fan Ning, Xu Haohao, Liem Chi Kit, Kevin and Lam Kin Fung, Jeffery 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 and 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 as at 31 December 2014 as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance (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"):

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**
Mung Kin Keung ("Mr. Mung")	Beneficial owner, interests of controlled corporations	447,249,480[&]	21,000,000	468,249,480	12.66%
Leung Shun Sang, Tony	Beneficial owner	20,000,000	15,423,810	35,423,810	0.96%
Leung Kai Cheung	Beneficial owner	1,714,000	1,800,000	3,514,000	0.10%

* *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 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.*

& *Mr. Mung, who is also a substantial shareholder of the Company, indicated in his disclosure form dated 29 July 2014 (being the latest disclosure form filed up to 31 December 2014) that as at 28 July 2014, his interests included 447,249,480 shares of the Company held by China Review Property Group Limited ("China Review").*

China Review was wholly-owned by Mr. Mung. The interest held by China Review is disclosed under the section headed "Interests and Short Positions of Shareholders Discloseable under the SFO" below.

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 BUSINESSES

During the year, no Director has been recorded as having interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

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)*
HNA Group (International) Company Limited ("HNA Hong Kong")	Beneficial owner	1,109,244,000	29.99%	
China Review	Beneficial owner	447,249,480	12.09%	*1*
Shougang Corporation	Interests of controlled corporations	401,559,220	10.86%	*2*
Shougang Holding (Hong Kong) Limited ("Shougang Holding")	Interests of controlled corporations	401,559,220	10.86%	*2*
Asset Resort Holding Limited ("Asset Resort")	Beneficial owner	231,515,151	6.26%	*2*
Wheeling Holding Limited ("Wheeling")	Beneficial owner	170,044,069	4.60%	*2*
Templeton Asset Management Ltd.	Investment manager	193,749,999	5.24%	*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 Corporation indicated in its disclosure form dated 29 July 2014 (being the latest disclosure form filed up to 31 December 2014) that as at 28 July 2014, its interests included the interests held by Asset Resort and Wheeling respectively, both were wholly-owned subsidiaries of Shougang Holding which in turn was a wholly-owned subsidiary of Shougang Corporation.

2. China Review was wholly-owned by Mr. Mung, a Director of the Company, and its interest is disclosed as the interest of Mr. Mung under the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

3. The interest was physically settled unlisted derivatives which were zero coupon convertible bonds due 2015 issued by the Company pursuant to the subscription agreement dated 13 May 2009 and the supplemental agreement dated 23 May 2014 in the principal amount of US$15,000,000. The initial conversion price of the said convertible bonds is HK$0.60 per share (subject to adjustment).

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 132,121,810 which represents approximately 3.35% of the shares of the Company in issue 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 the 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	Transferred to other category during the year	Transferred from other category during 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	21,000,000	–	–	(21,000,000)[1]	–	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420
Mung Kin Keung	10,000,000	–	–	–	10,000,000	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596
	11,000,000	–	–	–	11,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420
	21,000,000	–	–	–	21,000,000			
Leung Shun Sang, Tony	423,810	–	–	–	423,810	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406
	15,000,000	–	–	–	15,000,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	15,423,810	–	–	–	15,423,810			
Leung Kai Cheung	1,800,000	–	–	–	1,800,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	59,223,810	–	–	(21,000,000)	38,223,810			
Employees of the Group	4,000,000	–	–	(4,000,000)[2]	–	18.03.2004	18.03.2004 – 17.03.2014	HK$1.200
	34,500,000	(4,500,000)[3]	–	(5,500,000)[4]	24,500,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	38,500,000	(4,500,000)	–	(9,500,000)	24,500,000			
Other participants	11,982,000	–	–	(11,982,000)[2]	–	18.03.2004	18.03.2004 – 17.03.2014	HK$1.200
	12,148,000	–	–	–	12,148,000	19.01.2007	19.01.2007 – 18.01.2017	HK$0.406
	41,000,000	–	4,500,000[3]	–	45,500,000	22.01.2008	22.01.2008 – 21.01.2018	HK$0.780
	8,750,000	–	–	–	8,750,000	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596
	3,000,000	–	–	–	3,000,000	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420
	76,880,000	–	4,500,000	(11,982,000)	69,398,000			
	174,603,810	(4,500,000)	4,500,000	(42,482,000)	132,121,810			

SHARE OPTION SCHEMES (continued)

(a) The 2002 Scheme (continued)

Notes:

1. Mr. Li Shaofeng resigned as a Director of the Company on 31 December 2014 and the share options held by him was lapsed accordingly.

2. The share options lapsed on 18 March 2014, 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 Company on 1 April 2014. The Executive Committee of the Company approved the extension of the exercise period for the share options held by such ex-employee up to 21 January 2018. Such share options were re-classified from the category of "Employees of the Group" to "Other participants" during the year.

4. The share options were held by two grantees who ceased to be employees of the Group during the year and such share options lapsed on 3 October 2014 and 30 November 2014 respectively according to the terms of the 2002 Scheme.

(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.

SHARE OPTION SCHEMES (continued)

(b) The 2012 Scheme (continued)

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 224,214,117, representing approximately 5.69% of the shares of the Company in issue 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 number of shares of the Company in issue 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 all 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).

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.

SHARE OPTION SCHEMES (continued)

(b) The 2012 Scheme (continued)

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.

DISTRIBUTABLE RESERVES

At the end of the reporting period, the Company did not have any reserves available for distribution as calculated in accordance with the relevant provisions of the Companies Ordinance.

The Company's capital reserve represents a non-distributable reserve.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 40% of the total sales for the year and sales to the largest customer included therein amounted to approximately 14%. Purchases from the Group's five largest suppliers accounted for approximately 46% of the total purchases for the year and purchases from the largest supplier included therein amounted to approximately 24%. None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers.

CONNECTED TRANSACTION

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

1. On 17 January 2014, the Company, San Tai Investment Company Limited ("San Tai"), a wholly-owned subsidiary of the Company, and Leader Well Management Limited ("Leader Well") entered into a sale and purchase agreement pursuant to which Leader Well agreed to sell the entire issued share capital of Hillview Golf Development Company Limited ("Hillview Development") for a consideration of RMB585 million to San Tai. Hillview Development owned 65% interest in Dongguan Hillview Golf Company Limited ("Dongguan Hillview"), which owned and operated Dongguan Hillview Golf Club and Sofitel Dongguan Golf Resort Hotel.

   The above transaction would benefit the Group from the prime real estate, tourism and leisure opportunities provided by Dongguan Hillview and would strengthen the revenue stream of the Group without an immediate cashflow requirement to settle the above consideration.

   As Leader Well was controlled by HNA Hong Kong through its nominees and HNA Hong Kong was a substantial shareholder of the Company, Leader Well was a connected person of the Company. Therefore, the above transaction constituted a connected transaction of the Company under the Listing Rules.

   The above transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 24 April 2014, and was completed on 30 June 2014. Details of the transaction were disclosed in the announcement and circular of the Company dated 17 January 2014 and 26 March 2014 respectively in accordance with Chapter 14 and Chapter 14A of the Listing Rules.

2. On 18 June 2014, the Company and HNA Hong Kong entered into a subscription agreement pursuant to which HNA Hong Kong conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue an aggregate of 418,144,000 shares of the Company in cash at a price of HK$0.30 per share.

   The Company intended to use the net proceeds derived from the above transaction as general working capital including but not limited to repayment of bank borrowings, in order to enhance the financial position of the Company.

   HNA Hong Kong was a substantial shareholder of the Company and was therefore a connected person of the Company. Accordingly, the above transaction constituted a connected transaction of the Company under the Listing Rules.

   The above transaction was approved by the independent shareholders of the Company at the extraordinary general meeting of the Company held on 23 July 2014, and was completed on 28 July 2014. Details of the transaction were disclosed in the announcement and circular of the Company dated 18 June 2014 and 7 July 2014 respectively in accordance with Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION (continued)

3. On 24 December 2014, the following transactions were entered:

   (a) Dongguan Hillview, a non-wholly-owned subsidiary of the Company, and Hainan HNA Property Marketing Management Co., Ltd. ("HNA Property") entered into a collaboration agreement pursuant to which HNA Property planned to organize a series of golf tournament events at Dongguan Hillview Golf Club, owned and operated by Dongguan Hillview, involving its customers from Beijing, Tianjin, Shanghai, Guangdong, etc. and to place property advertisements to Dongguan Hillview, at an aggregate consideration of RMB2,700,400 in total; and

   (b) Dongguan Hillview and Shenzhen Baoyuan Construction Company Limited ("Shenzhen Baoyuan") entered into a collaboration agreement pursuant to which Dongguan Hillview planned to sell, on a one-off basis, 120 one-year business memberships to Shenzhen Baoyuan while Shenzhen Baoyuan would present them to high-end property purchasing customers as a gift, so as to enhance the added value of the property and attract customers, at an aggregate transaction value of RMB5,160,000.

   The above transactions could bring extra revenue to the Group.

   HNA Hong Kong was a substantial shareholder of the Company, and a connected person of the Company, with HNA Group Co., Ltd. ("HNA Group") as its controlling shareholder. HNA Property and Shenzhen Baoyuan were subsidiaries of HNA Group, and were fellow subsidiaries of HNA Hong Kong, thus were associates of HNA Hong Kong. Therefore, the above transactions constitute connected transactions of the Company under the Listing Rules.

   Details of the transactions were disclosed in the announcement of the Company dated 24 December 2014 in accordance with Chapter 14A of the Listing Rules.

As regards the transactions took place during the year as set out in Note 49 to the consolidated financial statements under the heading of "Related Party Transactions" are concerned, the transactions as set out in Notes a(i), a(ii), a(iii), b(i), b(ii), b(iii), b(iv), b(v) and b(vi) were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

As regards the transactions set out in Note 49(c) to the consolidated financial statements under the heading of "Related Party Transactions" are concerned, the loan from a related company as set out in Note 31 and 35 to the consolidated financial statements were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

CONNECTED TRANSACTION (continued)

The transactions set out in Note 16 to the consolidated financial statements were the remuneration of the Directors as determined pursuant to the service contracts entered into between the Directors and the Company and the securities issued and to be issued upon exercise of options granted to the Directors under the 2002 Scheme of the Company were connected transactions which were exempt from any disclosure and shareholders' approval requirements under the Listing Rules.

The remaining transactions which took place during the year as set out under the heading of "Related Party Transactions" did not constitute connected transactions under the Listing Rules.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 21 to 42 of this annual report.

EVENT AFTER THE REPORTING DATE

Details of significant events occurring after the reporting date are set out in Note 50 to the financial statements.

AUDITOR

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

By Order of the Board
Mung Kin Keung
Co-Chairman

Hong Kong, 27 March 2015

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF
SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED
首長科技集團有限公司
(incorporated in Hong Kong with limited liability)

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We were engaged to audit the consolidated financial statements of Shougang Concord Technology Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 189, which comprise the consolidated and company statements 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the Hong Kong Companies Ordinance (Cap. 622) (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 80 of Schedule 11 to the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

As described in Note 15 to the consolidated financial statements, the sales agreement entered into between the Group and Hong Kong Guang Hua Resources Investments Company Limited ("Guang Hua"), an independent third party, in relation to the disposal of certain subsidiaries of the Group (collectively referred to as the "DTV Disposal Group") lapsed on 30 June 2013. The directors of the Company are seeking for a potential buyer for the disposal of the DTV Disposal Group and consider the disposal transaction remains highly probable, however, no formal sales agreement and valuation in relation to the DTV Disposal Group has been concluded as at the date of this report. The directors are of the view that the carrying amounts of the assets included in the DTV Disposal Group are measured in accordance with applicable HKFRSs taking into account of the potential disposal and are also confident that the recoverable amount of the DTV Disposal Group in its entirety would not be less than the net assets value of the DTV Disposal Group included in the consolidated statement of financial position as at 31 December 2013 and 2014.

BASIS FOR DISCLAIMER OF OPINION (continued)

In the absence of a formal sales agreement and an appropriate valuation performed as at 31 December 2014, we were unable to obtain sufficient information to assess (i) whether the disposal of the DTV Disposal Group is still highly probable and the classification of the DTV Disposal Group as held-for-sale in the consolidated financial statements remains appropriate; (ii) whether certain assets included in the DTV Disposal Group are measured in accordance with applicable HKFRSs; and (iii) whether the DTV Disposal Group in its entirety is measured at the lower of its net assets value and fair value less cost of disposal in accordance with HKFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" issued by the HKICPA. There were no other satisfactory audit procedures that we could adopt to satisfy ourselves that the carrying amounts of the assets included in the DTV Disposal Group as at 31 December 2013 and 2014 were fairly stated. Any adjustment to the carrying amounts may have a consequential significant effect on the net assets as at 31 December 2013 and 2014 and the losses for the years then ended.

As at 31 December 2014, there are amounts due from subsidiaries within DTV Disposal Group of HK$795,200,000 (2013: HK$792,635,000) on the Company's statement of financial position. Due to the limitation as described above, we were unable to obtain sufficient appropriate audit evidence to assess whether the net carrying amounts and the impairment provision of HK$161,880,000 (2013: Nil) of these balances were fairly stated and to assess whether the classification of these amounts due from subsidiaries as current assets as at 31 December 2013 and 2014 is appropriate.

The above matters caused us to disclaim our audit opinion on the consolidated financial statements in respect of the year ended 31 December 2013.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the Hong Kong Companies Ordinance.

REPORT ON MATTERS UNDER SECTIONS 80(1) OF SCHEDULE 11 TO THE HONG KONG COMPANIES ORDINANCE, WITH REFERENCE TO SECTIONS 141(4) AND 141(6) OF THE PREDECESSOR HONG KONG COMPANIES ORDINANCE (CAP. 32)

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the DTV Disposal Group and the Company's amounts due from subsidiaries:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

- we were unable to determine whether proper books of account had been kept.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 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
Continuing operations			
Revenue	8	**339,993**	281,402
Cost of sales		**(288,035)**	(245,295)
Gross profit		**51,958**	36,107
Other income	10	**35,545**	8,893
Other expenses		**(4,517)**	(9,934)
Other gains and losses	11	**(101,714)**	(90,568)
Selling and distribution costs		**(9,930)**	(10,241)
Administrative expenses		**(63,370)**	(68,753)
Finance costs	12	**(109,574)**	(70,497)
Loss before tax		**(201,602)**	(204,993)
Income tax credit (expense)	13	**335**	(10,092)
Loss for the year from continuing operations	14	**(201,267)**	(215,085)
Discontinued operation			
Loss for the year from discontinued operation	15	**(149,991)**	(140,345)
Loss for the year		**(351,258)**	(355,430)
Other comprehensive (expense) income			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**(22,869)**	46,543
Share of translation difference of associates		**–**	96
		(22,869)	46,639
Items that may be subsequently reclassified to profit or loss:			
Fair value loss on available-for-sale investments		**(6,636)**	(15,793)
Reclassification adjustment for impairment loss recognised in respect of available-for-sale investments		**6,636**	15,793
		–	–
Other comprehensive (expense) income for the year		**(22,869)**	46,639
Total comprehensive expense for the year		**(374,127)**	(308,791)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	NOTE	**2014 HK$'000**	2013 HK$'000
Loss for the year attributable to the owners of the Company			
– from continuing operations		**(185,025)**	(178,033)
– from discontinued operation		**(149,991)**	(140,345)
Loss for the year attributable to the owners of the Company		**(335,016)**	(318,378)
Loss for the year attributable to non-controlling interests from continuing operations		**(16,242)**	(37,052)
		(351,258)	(355,430)
Total comprehensive expense attributable to:			
Owners of the Company		**(356,269)**	(274,849)
Non-controlling interests		**(17,858)**	(33,942)
		(374,127)	(308,791)
LOSS PER SHARE	18		
From continuing and discontinued operations			
Basic and diluted (HK cents)		**(10.28)**	(11.83)
From continuing operations			
Basic and diluted (HK cents)		**(5.68)**	(6.61)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	19	**310,129**	11,552
Land use rights	20	**1,324,738**	–
Intangible assets	21	**884**	2,955
Other receivables	22	**39,284**	40,262
Loan to an investee	25	**–**	83,291
Investment in an associate	24	**–**	2,563
Available-for-sale investments	25	**887**	7,639
Club debentures	26	**700**	700
Amounts due from related companies	27	**526,546**	–
		2,203,168	148,962
Current assets			
Land use rights	20	**17,093**	–
Amounts due from related companies	27	**191,798**	–
Inventories	28	**15,897**	9,601
Trade and bills receivables	29(a)	**113,288**	55,927
Prepayments, deposits and other receivables	29(b)	**222,425**	189,794
Amounts due from customers for contract work	30	**168,006**	250,792
Tax recoverable		**4,090**	693
Pledged bank deposits	32	**7,460**	24,101
Bank balances and cash	33	**31,096**	5,648
		771,153	536,556
Disposal group classified as held-for-sale	15	**1,223,172**	1,383,952
		1,994,325	1,920,508
Current liabilities			
Trade and bills payables	34(a)	**114,621**	144,993
Other payables, deposits received, receipt in advance and accruals	34(b)	**126,290**	122,971
Borrowings – due within one year	35	**271,803**	128,012
Amounts due to related companies	27	**9,744**	–
Convertible loan notes and related payables	36	**173,036**	264,660
Embedded derivative components of convertible loan notes	36	**10,868**	24,914
Tax liabilities		**18,239**	8,261
Financial guarantee liabilities	47	**3,948**	2,283
Deferred revenue	37	**43,235**	–
		771,784	696,094
Liabilities associated with disposal group classified as held-for-sale	15	**331,226**	489,132
		1,103,010	1,185,226
Net current assets		**891,315**	735,282
Total assets less current liabilities		**3,094,483**	884,244

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Deferred revenue	37	**271,897**	–
Borrowings – due after one year	35	**473,239**	–
Promissory note	43	**609,479**	–
Deferred tax liabilities	41	**269,557**	–
		1,624,172	–
Net assets		**1,470,311**	884,244
Capital and reserves			
Share capital	38	**1,834,488**	673,035
Reserves		**(863,827)**	128,172
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale		**12,518**	12,768
Equity attributable to owners of the Company		**983,179**	813,975
Non-controlling interests		**487,132**	70,269
Total equity		**1,470,311**	884,244

The consolidated financial statements on pages 58 to 189 were approved and authorised for issue by the Board of Directors on 27 March 2015 and are signed on its behalf by:

Mung Kin Keung
DIRECTOR

Xu Haohao
DIRECTOR

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	19	**428**	849
Investments in subsidiaries	23	**218,248**	49,284
Advances to subsidiaries	23	**931,861**	346,724
Club debentures	26	**700**	700
		1,151,237	397,557
Current assets			
Prepayments, deposits and other receivables		**544**	538
Amounts due from subsidiaries	31	**869,833**	867,217
Bank balances and cash	33	**13,355**	702
		883,732	868,457
Current liabilities			
Other payables, deposits received and accruals		**2,720**	50,423
Amounts due to subsidiaries	31	**98,009**	105,502
Borrowings	35	**76,256**	–
Convertible loan notes and related payables	36	**173,036**	264,660
Embedded derivative components of convertible loan notes	36	**10,868**	24,914
		360,889	445,499
Net current assets		**522,843**	422,958
Total assets less current liabilities		**1,674,080**	820,515

STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Non-current liability			
Promissory note	43	**609,479**	–
Net assets		**1,064,601**	820,515
Capital and reserves			
Share capital	38	**1,834,488**	673,035
Reserves	40	**(769,887)**	147,480
Equity attributable to owners of the Company		**1,064,601**	820,515

Mung Kin Keung
DIRECTOR

Xu Haohao
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	Capital redemption reserve HK$'000 (Note 40)	Other reserves HK$'000 (Note)	Translation reserve HK$'000	Capital reserve HK$'000	Investment revaluation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale HK$'000 (Note 15)	Sub-total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1 January 2013	673,035	802,454	2,084	360	81,262	53,690	–	38,614	(583,697)	10,078	1,077,880	44,401	1,122,281
Loss for the year	–	–	–	–	–	–	–	–	(318,378)	–	(318,378)	(37,052)	(355,430)
Exchange difference arising during the year	–	–	–	–	40,743	–	–	–	–	2,690	43,433	3,110	46,543
Share of translation difference of associates	–	–	–	–	96	–	–	–	–	–	96	–	96
Fair value loss on available-for-sale investments	–	–	–	–	–	–	(15,793)	–	–	–	(15,793)	–	(15,793)
Reclassification adjustment on impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	–	15,793	–	–	–	15,793	–	15,793
Total comprehensive income (expense) for the year	–	–	–	–	40,839	–	–	–	(318,378)	2,690	(274,849)	(33,942)	(308,791)
Lapse/cancellation of share options	–	–	–	–	–	–	–	(6,729)	6,729	–	–	–	–
Disposal of partial interest in a subsidiary (Note 42)	–	–	–	–	(8,081)	–	–	–	20,240	–	12,159	59,810	71,969
Income tax effect on disposal of partial interest in a subsidiary (Note 42)	–	–	–	–	–	–	–	–	(1,215)	–	(1,215)	–	(1,215)
At 31 December 2013 and 1 January 2014	673,035	802,454	2,084	360	114,020	53,690	–	31,885	(876,321)	12,768	813,975	70,269	884,244
Loss for the year	–	–	–	–	–	–	–	–	(335,016)	–	(335,016)	(16,242)	(351,258)
Exchange difference arising during the year	–	–	–	–	(21,003)	–	–	–	–	(250)	(21,253)	(1,616)	(22,869)
Fair value loss on available-for-sale investments	–	–	–	–	–	–	(6,636)	–	–	–	(6,636)	–	(6,636)
Reclassification adjustment on impairment loss recognised in respect of available-for-sale investments	–	–	–	–	–	–	6,636	–	–	–	6,636	–	6,636
Total comprehensive expense for the year	–	–	–	–	(21,003)	–	–	–	(335,016)	(250)	(356,269)	(17,858)	(374,127)
Lapse/cancellation of share options	–	–	–	–	–	–	–	(5,864)	5,864	–	–	–	–
Share issued upon exercise of a convertible bond (Note 36)	22,500	–	–	–	–	–	–	–	–	–	22,500	–	22,500
Shares issued (Note 38)	286,972	–	–	–	–	–	–	–	–	–	286,972	–	286,972
Transaction costs attributable to issue of shares	(6,247)	–	–	–	–	–	–	–	–	–	(6,247)	–	(6,247)
Transfer upon abolition of par value under the New Hong Kong Companies Ordinance (as defined in Note 4) (Note 40)	858,228	(802,454)	(2,084)	–	–	(53,690)	–	–	–	–	–	–	–
Acquisition of a subsidiary (Note 43)	–	–	–	–	–	222,248	–	–	–	–	222,248	434,721	656,969
At 31 December 2014	1,834,488	–	–	360	93,017	222,248	–	26,021	(1,205,473)	12,518	983,179	487,132	1,470,311

Note:

Other reserves represent the aggregate amounts of surplus reserve fund and enterprise development fund.

Certain subsidiaries operating in the People's Republic of China (the "PRC") are required to transfer 5% of the profit after tax (as determined under the management of the relevant subsidiaries and in accordance with PRC generally accepted accounting principles) to the surplus reserve fund until the fund balance reaches 50% of the registered capital of those subsidiaries thereafter any further appropriation is optional and is determinable by the companies' boards of directors. The reserve fund can be used to offset accumulated losses, expand the existing operations or convert into additional capital of the subsidiaries. No such transfer was made during both years.

These subsidiaries are also required to transfer 5% of the profit after tax (as determined under the management of the relevant subsidiaries and in accordance with PRC generally accepted accounting principles) to the enterprise development fund. The fund can only be used for development of the enterprise and is not available for distribution to shareholders. No such transfer was made during both years.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss for the year	**(351,258)**	(355,430)
Adjustments for:		
Impairment loss in respect of goodwill	**–**	70,188
Impairment loss recognised on prepayment and other receivables	**3,798**	5,123
Depreciation of property, plant and equipment	**112,889**	105,704
Income tax (credit) expense	**(335)**	10,092
Amortisation of financial guarantee contracts	**(697)**	(9,245)
Loss on financial guarantee contracts	**14,255**	4,769
Reversal of write-down of inventories	**–**	(996)
Interest on convertible loan notes	**45,534**	54,088
Interest on bank borrowings	**47,733**	40,969
Interest on other borrowings	**33,543**	1,028
Amortisation of intangible assets	**23,742**	23,854
Amortisation of land use rights	**8,620**	–
Impairment loss in respect of available-for-sales investments	**6,636**	15,793
Impairment loss in respect of trade receivables	**11,801**	3,102
Impairment loss on loan to an investee	**81,744**	–
Impairment loss in respect of amounts due from customers for contract work	**19,717**	30,889
Gain on fair value change of the derivative components of convertible loan notes	**(38,074)**	(29,373)
Loss on disposal of property, plant and equipment	**67**	136
Interest income	**(33,181)**	(8,893)
Increase in fair value of investment properties	**(675)**	(2,073)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	NOTE	2014 HK$'000	2013 HK$'000
Operating cash flows before movements in working capital		**(14,141)**	(40,275)
Decrease in inventories		**1,672**	1,022
Increase in trade and bill receivables		**(67,277)**	(16,633)
(Increase) decrease in prepayments, deposits and other receivables		**(38,518)**	39,132
Decrease in amounts due to customers for contract work		**–**	(1,775)
Decrease in amounts due from customers for contract work		**57,333**	23,574
Increase in other payables, deposits received, receipt in advance and accruals		**29,247**	9,086
Increase in deferred revenue		**15,510**	–
Decrease in trade and bills payables		**(31,563)**	(22,553)
Cash used in operations		**(47,737)**	(8,422)
Interest paid		**(57,559)**	(38,809)
PRC Income Tax paid		**(8,323)**	(10,808)
Receipt of tax refund		**–**	53
NET CASH USED IN OPERATING ACTIVITIES		**(113,619)**	(57,986)
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(7,546)**	(27,730)
Placement of pledged bank deposits		**(7,445)**	(23,733)
Advance to Guangzhou HNA Real Estate		**(9,911)**	–
Advance to other related companies		**(14,457)**	–
Repayments from other related companies		**21,012**	–
Withdrawal of pledged bank deposits		**23,653**	300,228
Withdrawal of (transfer as) restricted bank deposits		**2,169**	(2,210)
Settlement of deferred consideration/consideration for disposal of subsidiaries in prior years		**–**	7,400
Deposit refunded to Guang Hua relating to disposal groups classified as held-for-sale		**(50,000)**	–
Proceeds from disposal of property, plant and equipment		**185**	712
Cash from acquisition of a subsidiary	43	**4,013**	–
Interest received		**420**	10,103
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(37,907)**	264,770

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	NOTE	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES			
New bank loans raised		**222,973**	287,802
Loan advance from a director		**5,000**	–
Loan advance from a related company		**26,256**	92,647
Loan advance from a shareholder		**–**	15,000
Loan advance from third parties		**123,251**	–
Repayments of bank loans		**(312,614)**	(573,911)
Repayment to a related company		**–**	(92,647)
Repayment to third parties		**(73,251)**	–
Repayment to a shareholder		**–**	(15,000)
Proceeds from partial disposal of a subsidiary	42	**–**	71,969
Repayment of loan from a director		**(5,000)**	–
Repayment of principal on convertible loan notes		**(90,000)**	–
Proceeds from issue of share capital		**286,972**	–
Expenses on issue of shares		**(6,247)**	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES		**177,340**	(214,140)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**25,814**	(7,356)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**5,711**	13,555
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(351)**	(488)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**31,174**	5,711
Represent by:			
Bank balances and cash		**31,096**	5,648
Cash and cash equivalents included in a disposal group held-for-sale		**78**	63
		31,174	5,711

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). HNA Group (International) Company Limited ("HNA International"), a company incorporated in Hong Kong with limited liability, Shougang Corporation, a state-owned enterprise under the direct supervision of the State Council of the PRC and China Review Property Group Limited, a private company incorporated in British Virgin Islands, are substantial shareholders (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")) of the Company. The address of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the Company's annual report.

The Company is an investment holding company. The principal activities of its subsidiaries and associate are set out in Notes 23 and 24, respectively.

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

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

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group had net current liabilities (excluding assets and liabilities associated with disposal group classified as held-for-sale) of HK$631,000 as at 31 December 2014 of which HK$271,803,000 were attributable to borrowings due within one year and HK$173,036,000 were attributable to convertible loan notes and related payables due within one year. In addition, disposal group classified as held-for-sale included current liabilities of HK$1,480,971,000 of which amounts due to group entities and bank borrowings due within one year amounted to HK$1,179,377,000 and HK$155,037,000, respectively. The Company had net current liabilities excluding amounts due from (to) subsidiaries of HK$248,981,000 as at 31 December 2014 of which approximately HK$173,036,000 were attributable to convertible loan notes and related payables due within one year. Taking into account the financial resources of the Group, including the Group's unutilised banking facilities, the Group's ability to renew or refinance the banking facilities upon maturity and financial support from a shareholder of the Company, HNA International, the directors of the Company (the "Directors") are of the opinion that the Group and the Company have sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

Application of new and revised HKFRSs

The Group had early applied the amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* in advance of the effective date in the Group's financial statements for the year ended 31 December 2013.

In the current year, the Group has applied for the first time the following amendments to HKFRSs and a new interpretation.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

HK(IFRIC) – Int 21 *Levies*

HK(IFRIC) – Int 21 *Levies* addresses the issue of when to recognise a liability to pay a levy. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

The application of HK(IFRIC) – Int 21 and the application of the other amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosure set out in these consolidated financial statements.

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

New and revised HKFRSs issued but not yet effective

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

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

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

2 Effective for annual periods beginning on or after 1 January 2017.

3 Effective for annual periods beginning on or after 1 July 2014.

4 Effective for annual periods beginning on or after 1 January 2016.

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

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

New and revised HKFRSs issued but not yet effective (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 the 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 that are relevant to the Group are described as follows:

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

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial Instruments *(continued)*

- 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.

Based on the Group's financial assets and financial liabilities as at 31 December 2014, the Directors do not anticipate that the adoption of HKFRS 9 will affect the measurement and classification of the Group's available-for-sale investments and may result in early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost. However, 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

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

New and revised HKFRSs issued but not yet effective (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 have an impact on 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 the financial position of the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and by the Hong Kong Companies Ordinance (Cap.622) (the "new Hong Kong Companies Ordinance"), in accordance with transitional and saving arrangements for part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 of that Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or 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. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. 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:

- 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. 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, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. All amounts previously recognised in other comprehensive income in relation to that subsidiaries are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. classified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs).

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value except that deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively.

Where the acquiree is a party to an operating lease arrangement of leasehold lands with terms that are favourable relative to market terms, the excess of the market price over the carrying amount of the leasehold land held by the acquiree at the time of acquisition represents the right to a favourable lease contract and is included as part of the Group's interests in land use rights.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain, except for the acquisition of business from an equity participant of the Company whereby the excess is accounted for as a deemed contribution from a shareholder and is recognised in equity.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another HKFRS.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) 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 (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, 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 on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost (including deemed capital contribution) less subsequent accumulated impairment loss, if any.

4. 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 event in similar circumstances. Under the equity method, an investment in an associate is 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 exceeds the Group's 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 of disposal) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-current assets held-for-sale

Non-current assets and disposal group are classified as held-for-sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Events or circumstances may extend the period to complete the sale beyond one year. An extension of the period required to complete a sale does not preclude the non-current asset (or disposal group) from being classified as held-for-sale if the delay of the completion of sale is caused by events or circumstances beyond the Company's control and there is sufficient evidence that the Company remains committed to its plan to sell the non-current assets and disposal group.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held-for-sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal group) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sales of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Service income

Service income is recognised when services are provided.

Revenue from golf club operations

The initial membership fee is amortised on a straight-line basis based on the remaining period to the expiry date of business license of the golf club of the Group and the unamortised initial membership fee is recognised as deferred revenue. The monthly membership fee and the service income related to the usage of golf club's facilities are recognised when services are provided.

Revenue from hotel and leisure operations

Revenue from hotel and leisure operations comprising hotel accommodation, food and beverages are recognised when the services are rendered.

Investment income

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 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 financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Installation contracts

When the outcome of a contract for the installation of network systems can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received included in other payables, deposits received and accruals. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

Deferred revenue

Deferred revenue at the end of each reporting period represents the unamortised portion of initial membership fees.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases), hotels and buildings held for use in the production or 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, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, 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.

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.

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

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are obtained.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land

Interest in leasehold land held by DG Hillview (defined in Note 23) constitutes an operating lease arrangement under HKAS 17 Leases, the excess of the market price of such leasehold land at the time of acquisition of Hillview (defined and explained in Note 43) over its carrying amount represents the right to a favourable lease contract. The excess together with the carrying amount of the leasehold land are presented as “land use rights” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. Interest in leasehold land held by DTV Disposal Group (defined in Note 15) under an operating lease is accounted for as investment properties which are measured using the fair value model.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Club debentures

Club debentures are stated at cost, less any identified impairment losses.

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 the respective 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 the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. 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. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the group entities are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

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 accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and retranslated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of translation reserve.

Borrowing costs

All borrowing costs incurred for non-qualifying assets 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 condition 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 cost for which the grants are intended to compensate.

Retirement benefits costs

Payments to 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.

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 the 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 base 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with 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 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 each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits 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 in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively 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.

For the purposes of measuring deferred tax 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. If the presumption is rebutted, deferred tax 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 are recognised in profit or loss, except when they relate 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets (continued)

***Research and development expenditure** (continued)*

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. 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 or financial liabilities at fair value through profit or loss) 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 fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into 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.

4. 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 debt instrument 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 and points 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 debt instrument, 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.

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 and bills receivables, other receivables, loan to an investee, amounts due from related companies, advances to subsidiaries, amounts due from subsidiaries, pledged/restricted bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss ("FVTPL"), loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sales financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

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 are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment losses on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment losses on financial assets

Financial assets are assessed for indicators of impairment at the end of each 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 all other financial assets, objective evidence of impairment could include:

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

For certain categories of financial asset, such as trade 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 average credit period, 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

***Financial assets** (continued)*

Impairment losses on financial assets (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Debt 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 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Convertible loan notes contain debt component and derivative components

The component parts of the convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative.

At the date of issue, both the debt and conversion option components are recognised at fair value. In subsequent periods, the debt component of the convertible loan notes is carried at amortised cost using the effective interest method. The conversion option derivative is measured at fair values with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the debt and derivative components in proportion to their relative fair values. Transaction costs relating to the debt and derivative components are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the debt portion and amortised over the period of the convertible loan notes using the effective interest method.

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables, amounts due to subsidiaries, loan from a related company, loan from a third party, promissory note and 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 and points 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 other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Substantial modification of a financial liability

Modification is deemed to be substantial if the net present value of the cash flows under the modified terms, including any fees paid or received, is at least 10 percent different from the net present value of the remaining cash flows of the liability prior to the modification, both discounted at the original effective interest rate of the liability prior to the modification. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Written call option to non-controlling interest of a subsidiary

Call option written to non-controlling interest, which will be settled other than by exchange of a fixed amount of cash or another financial asset for a fixed amount of the shares in a subsidiary is classified as a derivative. In subsequent periods, the call option is measured at fair value with changes in fair value recognised in profit or loss.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value recognised in profit or loss.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts issued by the Group and the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, 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 accumulated in equity is recognised in profit or loss.

The Group derecognises 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.

Share-based payment transactions

Equity settled share-based payment transactions

Share options granted to employees after 7 November 2002 and vested before 1 January 2005

The financial impact of 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 employees after 7 November 2002 and vested on or after 1 January 2005

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 option reserve).

At the time when the share options are exercised, the amount previously recognised in share option 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 option reserve will be transferred to accumulated losses.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Share-based payment transactions (continued)

Equity settled share-based payment transactions (continued)

Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values 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 goods or services received are recognised as expense, a corresponding increase in equity (share option reserve) unless the goods or services qualify for recognition as assets.

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group and the Company reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 asset 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.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a 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 (or cash-generating unit) 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 a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, 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 on-going 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 judgment in applying accounting policies

The following are the critical judgments, apart from those 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.

Classification for DTV business (defined below) as disposal group held-for-sale

Digital television ("DTV") technical solution and equipment business ("DTV business") continues to be classified as held-for-sale as at 31 December 2014 despite further delay in completing the disposal during the current year. In making this judgment, the Directors considered the detailed conditions set out in Appendix B to HKFRS 5 *Non-current Assets Held-for-Sale and Discontinued Operations*. As disclosed in Note 15, the delay of the completion is caused by the delay of the Reform (as defined in Note 15). Due to the delay in completing the disposal, the Directors are seeking for a potential buyer for disposal of the DTV Disposal Group (as defined in Note 15). In view of the delay of the Reform is beyond the Group's control and the Group remains committed to its plan to sell the disposal group, the Directors are satisfied that classifying the DTV business as held-for-sale as at 31 December 2014 is appropriate.

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

Critical judgment in applying accounting policies (continued)

Revenue recognition of initial membership fee

The initial membership fee is deferred and recognised as revenue over the life of the golf membership. The Directors have determined the remaining period to the expiry date of business license of DG Hillview (as defined in Note 23) of approximately 9 years as the expected useful lives for the usage of golf club's facilities and hence, the initial membership fee is amortised on a straight-line basis based on the remaining period to the expiry date of business license of DG Hillview.

Key sources of estimation uncertainty

The followings 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 trade and bills receivables/other receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and 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). 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 trade and bills receivables from the continuing operations HK$113,288,000, net of allowance for doubtful debts of HK$23,951,000 (2013: carrying amount of HK$55,927,000, net of allowance for doubtful debts of HK$12,460,000).

As at 31 December 2014, the carrying amount of other receivables from the continuing operations is HK$39,284,000 (2013: HK$40,262,000). In 2014, impairment loss of HK$3,745,000 (2013: Nil) is recognised in profit or loss. Details are set out in Note 22.

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

Key sources of estimation uncertainty (continued)

Fair value of derivative financial instruments

As described in Note 36, the Directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For embedded derivative components of the convertible loan notes, binomial model is used for valuation of the components which involves several key assumptions and estimates including share price volatility, dividend yield and risk free rate. As at 31 December 2014, the fair value of embedded derivative components of the convertible loan notes is HK$10,868,000 (2013: HK$24,914,000).

Income taxes

As at 31 December 2014, the Group had estimated unused tax losses of HK$847,899,000 (2013: HK$631,439,000) available for offset against future profits. No deferred tax assets have been recognised on such tax losses due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future taxable profits or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such recognition takes place.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group will balance its overall capital structure through new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings, convertible loan notes and related payables and promissory note as disclosed in Notes 35, 36 and 43 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2014 HK$'000	2013 HK$'000
THE GROUP		
Continuing operations		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,025,061**	219,565
Available-for-sale financial assets	**887**	7,639
Financial liabilities		
Embedded derivative components of convertible loan notes	**10,868**	24,914
Amortised cost	**1,750,517**	633,986
Financial guarantee liabilities	**3,948**	2,283
Financial assets in disposal group classified as held-for-sale		
Loans and receivables (including cash and cash equivalents)	**193,504**	206,709
Financial liabilities in disposal group classified as held-for-sale		
Amortised cost	**232,396**	386,555
THE COMPANY		
Financial assets		
Loans and receivables (including cash and cash equivalents)	**1,815,054**	1,214,643
Financial liabilities		
Embedded derivative components of convertible loan notes	**10,868**	24,914
Amortised cost	**956,780**	370,162

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies

The Group's and the Company's major financial instruments include available-for-sale investments, amounts due from related companies, trade and bills receivables, other receivables, loan to an investee, advances to subsidiaries, amounts due from subsidiaries, pledged bank deposits, bank balances and cash, trade and bills payables, other payables, amounts due to subsidiaries, amount due to related companies, loan from a related company, loan from a third party, bank borrowings, convertible loan notes, embedded derivative components of convertible loan notes, financial guarantee contracts and promissory note. Details of the financial instruments are disclosed in respective notes. 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.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Market risk

(i) Currency risk

Certain bank balances, borrowings, embedded derivative components of convertible loan notes and convertible loan notes of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk.

The transactions and balances relating to discontinued operations are transacted using RMB, the functional currency of the relevant group entities.

The Company's foreign currency risk exposure is mainly derived from bank balances, amounts due from (to) subsidiaries, embedded derivative components of convertible loan notes and convertible loan notes. The management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(i) Currency risk (continued)

The carrying amounts of the Group's and the Company's foreign currencies denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
THE GROUP				
US$	**13**	118	**183,904**	161,427
HK$	**2,083**	633	**50,000**	128,147
THE COMPANY				
US$	**9**	69	**183,904**	161,427
HK$	**1,803,777**	1,214,574	**148,009**	233,649

Sensitivity analysis

The Group and the Company are mainly exposed to the effects of fluctuation in US$ and HK$.

The following table details the Group's and the Company's sensitivity to a 5% (2013: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2013: 5%) is the sensitivity rate which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates. A positive number below indicates a decrease in post-tax loss or increase in post-tax profit where RMB strengthen 5% (2013: 5%) against the relevant currencies. For a 5% (2013: 5%) weakening of RMB against the relevant currencies, there would be an equal and opposite impact on the post-tax loss and the balances below would be negative.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(i) Currency risk (continued)

Sensitivity analysis (continued)

	US$		HK$	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Continuing operations				
THE GROUP				
Decrease in post-tax loss (i)	**7,677**	6,735	**2,001**	5,324
THE COMPANY				
Decrease (increase) in post-tax loss or increase (decrease) in post-tax profit (ii)	**7,677**	6,737	**(69,128)**	(40,954)

(i) This is mainly attributable to the exposure outstanding on foreign currency denominated bank balances, certain borrowings and convertible loan notes at the end of the reporting period.

(ii) This is mainly attributable to the exposure outstanding on certain foreign currency borrowings, convertible loan notes and amounts due from/to subsidiaries at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the year.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed rate bank borrowings, fixed rate amounts due from related companies, fixed rate loan from a related company, fixed rate loans from third parties and fixed rate convertible loan notes, whereas the Company's fair value interest rate risk relates primarily to fixed rate convertible loan notes and fixed rate promissory note.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(ii) Interest rate risk (continued)

The Group's and Company's cash flow interest rate risk relates primarily to the fluctuation of market interest rate on certain variable rate pledged bank deposits, certain variable rate bank balances and certain variable rate bank borrowings.

It is the Group's and the Company's policy to maintain an appropriate level between its fixed rate and variable rate borrowings so as to optimise the fair value and cash flow interest rate risk. The management considers that the cash flow interest rate risk arising from pledged bank deposits and bank balances is insignificant having regard to the stable trend in interest rates and thus no material fluctuation is anticipated in the near future.

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

If interest rates on variable-rate bank borrowings had been 50 basis points (2013: 50 basis points) higher/lower and all other variables were held constant, the impact on profit or loss would be as follows:

	2014 **HK$'000**	2013 HK$'000
THE GROUP		
Continuing operations		
Increase in post-tax loss	**1,824**	–
Discontinued operations		
Increase in post-tax loss	**693**	1,273

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(iii) Other price risk

Price risk on embedded derivatives components of the Convertible Bond I/New Convertible Bond I and Convertible Bond II (defined under Note 36(a) and (b))

For the years ended 31 December 2014 and 2013, the Group and the Company are required to estimate the fair value of the derivative components of the convertible loan notes, including conversion option, early redemption option and compulsory conversion option, with changes in fair value to be recognised in the profit or loss as long as the convertible loan notes are outstanding. The fair value will be affected either positively or negatively, amongst others, by the changes in the Company's share price and share price volatility.

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 10% (2013: 10%) higher and lower in the share price of the Company and all other input variables of the valuation model were held constant.

	10% higher		**10% lower**	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
Continuing operations				
Increase (decrease) in post-tax loss	–	9,817	–	(8,230)
THE COMPANY				
Decrease (increase) in post-tax profit	–	9,817	–	(8,230)

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Market risk** (continued)*

(iii) Other price risk (continued)

Sensitivity analysis (continued)

The following table details the Group's and the Company's sensitivity to a 10% (2013: 10%) higher and lower in the volatility of share price of the Company and all other input variables of the valuation model were held constant.

	10% higher		10% lower	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
THE GROUP				
Continuing operations				
Increase (decrease) in post-tax loss	–	2,545	–	(1,674)
THE COMPANY				
Decrease (increase) in post-tax profit	–	2,545	–	(1,674)

At 31 December 2014, as the conversion price of the convertible loan notes is much higher than the share price of the Company, the impact to the Group's and the Company's result due to 10% change in share price is immaterial.

In management's opinion, the sensitivity analysis above is unrepresentative of the inherent price risk as the pricing model used in the valuation of these embedded derivatives involves multiple variables and certain variables are interdependent.

In addition, the Group is also exposed to equity price risk arising from its available-for-sale investment measured at fair value as at 31 December 2013. In the opinion of Directors, a reasonably possible change in equity price would not have a material impact to the Group, therefore, no sensitivity analysis is presented.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Credit risk

As at 31 December 2014 and 2013, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to failure to discharge obligations by the counterparties and financial guarantees provided by the Group and the Company is arising from:

- the carrying amount of the respective recognised financial assets as stated in the Company's and consolidated statement of financial position; and

- the amount of contingent liabilities in relation to the financial guarantee provided by the Group and the Company as disclosed in Note 47.

In order to minimise the credit risk, the management of the Group has 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 of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds of the Group and the Company is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group and the Company have limited credit risk for financial guarantee contracts. Management periodically monitors the financial position of each of its subsidiaries and third parties to ensure each subsidiary and the third parties is financially viable to settle the debts due to the banking facilities drawn from financial institutions.

The Group has concentration of credit risk in relation to the trade and bills receivables of approximately 61% (2013: 76%) of the total trade receivables (including those under disposal group held-for-sale) as at 31 December 2014 was due from the Group's largest customer of the DTV technical solutions and equipment business. As at 31 December 2014 and 2013, the amount has been classified as held-for-sale as explained in Note 15. The Group will monitor the level of exposures to ensure that follow up actions and/or corrective action are taken promptly to lower the risk exposure or to recover the overdue balances.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Credit risk** (continued)*

In addition, the Group has concentration of credit risk in respect of other receivables. The management of the Group considers the credit risk is limited as the amount due from the Developer (as defined in Note 22) can be recovered through occupation of the property.

The Group is also exposed to credit risk from amounts due from certain related companies. The Directors periodically monitor the financial position of each related company to ensure they are financially viable to settle the debts due to the Group.

Other than the above, the Group does not have any other significant concentration of credit risks, with exposure spread over a large number of counterparties on trade and bill receivables.

The Company has concentration of credit risk in relation to the advances to subsidiaries/amounts due from subsidiaries as at 31 December 2013 and 2014. The Company will monitor the level of exposures to ensure that follow up actions and/or corrective action are taken promptly to lower the risk exposure or to recover the overdue balances.

Liquidity risk

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

The Group relies on bank borrowings as significant source of liquidity. As at 31 December 2014, the Group has available unutilised short-term facilities of approximately HK$68 million (2013: HK$176 million). The Directors are of the view that the banking facilities could be renewed based on historical experience that the Group has not encountered any difficulties to obtain banking facilities. In addition, the Group is financially supported by a substantial shareholder of the Company, HNA International, to maintain the Group's and the Company's liquidity.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

During the year ended 31 December 2013, the Group failed to repay a bank loan under the DTV business amounted to HK$102,486,000 in accordance with the repayment schedule. Based on the initial repayment term, amount of HK$31,112,000 was due for repayment in 2013 and the remaining HK$2,563,000 and HK$68,811,000 was repayable in 2014 and 2015 respectively. As agreed with the relevant bank in 2014 and in accordance with the revised repayment term, amount of HK$72,117,000 and HK$25,628,000 and HK$4,741,000 was repayable in 2014, 2015 and 2016 respectively. During the year ended 31 December 2014, HK$64,115,000 was repaid and the remaining amount of HK$35,884,000 has not been settled, which will be repaid on or before 30 June 2015 as agreed with the relevant bank. This bank loan is secured by investment properties of HK$48,803,000 (2013: HK$49,329,000) and buildings of HK$10,510,000 (2013: HK$11,106,000) as disclosed in Note 32.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted cash flows are estimated by using interest rate at the end of the reporting period.

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity and interest risk tables

THE GROUP

Continuing operations

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2014 HK$'000
2014								
Trade and bills payables	–	111,795	2,826	–	–	–	114,621	114,621
Other payables	–	98,595	–	–	–	–	98,595	98,595
Amounts due to related companies	–	9,744	–	–	–	–	9,744	9,744
Loan from a related company	10.00	26,709	–	–	–	–	26,709	26,256
Loan from a third party	10.00	50,178	–	–	–	–	50,178	50,000
Bank borrowings (Note 35)								
– fixed rate	6.74	115,329	70,536	–	–	–	185,865	182,418
– variable rate (Note iii)	7.84	9,502	41,566	82,812	507,980	–	641,860	486,368
Convertible loan notes (Note i)								
– Loan notes denominated in US$ (Note 36(a))	25.88	–	189,658	–	–	–	189,658	173,036
Promissory note	8.35	–	–	–	743,100	–	743,100	609,479
Financial guarantee contracts (Note ii)	–	–	62,515	11,878	30,007	–	104,400	3,948
		421,852	367,101	94,690	1,281,087	–	2,164,730	1,754,465

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

THE GROUP (continued)

Continuing operations (continued)

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2013 HK$'000
2013								
Trade and bills payables	–	127,536	17,457	–	–	–	144,993	144,993
Other payables	–	96,321	–	–	–	–	96,321	96,321
Bank borrowings (Note 35)								
– fixed rate	6.70	46,513	84,210	–	–	–	130,723	128,012
Convertible loan notes and related payables (Note i)								
– Denominated in HK$ (Note 36(b))	14.49	–	112,962	–	–	–	112,962	108,565
– Denominated in US$ (Note 36(a))	33.60	174,913	–	–	–	–	174,913	156,095
Financial guarantee contracts (Note ii)	–	76,884	19,221	–	30,113	–	126,218	2,283
		522,167	233,850	–	30,113	–	786,130	636,269

Liabilities associates with disposal group classified as held-for-sale

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2014 HK$'000
2014							
Trade and bills payables	–	27,817	–	–	–	27,817	27,817
Other payables	–	19,910	–	–	–	19,910	19,910
Bank borrowings							
– variable rate (Note iii)	6.60	56,756	106,354	30,446	–	193,556	184,669
		104,483	106,354	30,446	–	241,283	232,396

	Weighted average effective interest rate %	Less than 3 months HK$'000	3 months to 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2013 HK$'000
2013							
Trade and bills payables	–	26,602	–	–	–	26,602	26,602
Other payables	–	20,408	–	–	–	20,408	20,408
Bank borrowings							
– variable rate (Note iii)	6.80	82,216	133,842	121,928	26,486	364,472	339,545
		129,226	133,842	121,928	26,486	411,482	386,555

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity and interest risk tables (continued)

THE COMPANY

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	Total undiscounted cash flows	Carrying amount at 31.12.2014
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2014							
Amounts due to subsidiaries	–	98,009	–	–	–	98,009	98,009
Loan from a related company	10.00	26,709	–	–	–	26,709	26,256
Loan from a third party	10.00	50,178	–	–	–	50,178	50,000
Convertible loan notes and related payables (Note i)							
– Denominated in US$ (Note 36(a))	25.88	–	189,658	–	–	189,658	173,036
Promissory note	8.35	–	–	–	743,100	743,100	609,479
Financial guarantee contracts (Note ii)	–	117,528	152,412	376,340	3,751	650,031	–
		292,424	342,070	376,340	746,851	1,757,685	956,780

	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	Total undiscounted cash flows	Carrying amount at 31.12.2013
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2013							
Amounts due to subsidiaries	–	105,502	–	–	–	105,502	105,502
Convertible loan notes and related payables (Note i)							
– Denominated in HK$ (Note 36(b))	14.49	–	112,962	–	–	112,962	108,565
– Denominated in US$ (Note 36(a))	33.60	174,913	–	–	–	174,913	156,095
Financial guarantee contracts (Note ii)	–	88,416	166,454	84,572	301,130	640,572	–
		368,831	279,416	84,572	301,130	1,033,949	370,162

7. FINANCIAL INSTRUMENTS (continued)

7b. Financial risk management objectives and policies (continued)

***Liquidity risk** (continued)*

Liquidity and interest risk tables (continued)

Notes:

i. The undiscounted cash flows of convertible loan notes represent the redemption amount at maturity date or the earliest date if the bondholder exercised the early redemption option, translated at the prevailing exchange rate at the end of reporting period on the assumption that there would be no conversion. The carrying amount of convertible loan notes denominated in HK$ in 2013 represents the debt components carried at amortised cost with an effective interest rate of 14.49% whereas the carrying amount of convertible bond denominated in US$ represents the debt components carried at amortised cost with an effective interest rate of 25.88% (2013: 33.60%).

ii. The undiscounted cash flow on financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full utilised guarantee amount if that amount is claimed by the counterparty to the guarantee upon default in repayment by the borrowers. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

iii. The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

7c. Fair value

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

Some of the Group's material 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(s) 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 fair value is observable.

7. FINANCIAL INSTRUMENTS (continued)

7c. Fair value (continued)

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

THE GROUP

Financial assets/ financial liabilities	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Sensitivity
1) Unlisted equity securities classified as available-for-sale investments	19% equity interest in Success East Investment Limited ("Success East") engaged in investment in securities – Nil (2013: HK$2,323,000) (Note)	Level 2	Net assets value (Note) The key inputs are: Quoted bid prices in an active market and deposits placed with a broker	N/A	N/A

THE GROUP AND THE COMPANY

Financial assets/ financial liabilities	Fair value as at 31 December 2014	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Sensitivity
2) Embedded derivative components of convertible loan notes	Embedded derivative components of convertible loan notes – HK$10,868,000 in relation to the New Convertible Bond I (2013: HK$24,914,000 in relation to the aggregate amount of Convertible Bond I - HK$5,332,000 and Convertible Bond II – HK$19,582,000)	Level 3	Binomial method The key inputs are: stock price, exercise price, volatility, dividend yield, risk free rate and option life	Volatility of 39% is applied in the New Convertible Bond I by reference to the share price of the Company (2013: the average of the Company and comparable companies' historical volatility)	The higher the volatility in share price, the higher the change in fair value of embedded derivative components of convertible loan notes

Note: Success East is incorporated in Hong Kong and principally involved in investment in securities. The Directors are of the opinion that the carrying amount of net assets value approximate to the fair values of available-for-sale investments. As at 31 December 2013, the major assets of Success East were listed securities which stated at fair value as at the end of the reporting period and deposits placed with a broker, while Success East had no material liabilities held at the end of 2013.

There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2014.

7. FINANCIAL INSTRUMENTS (continued)

7c. Fair value (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities

THE GROUP AND THE COMPANY

	Derivative components of convertible loan notes HK$'000
Carrying amount at 1 January 2013	54,287
Gain arising on changes of fair value (Note 11)	(29,373)
Carrying amount at 31 December 2013	24,914
Recognition of New Convertible Bond I	24,033
Gain arising on changes of fair value (Note 11)	(38,074)
Exchange realignment	(5)
Carrying amount at 31 December 2014	10,868

The total gains or losses for the year included an unrealised gain of HK$13,165,000 relating to financial liabilities that are measured at fair value at the end of each reporting period. Such fair value gains are included in "other gains and losses" (see Note 11).

In estimating the fair value of debt and derivative components of convertible loan notes, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation of the debt component of convertible loan notes. The Directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. In determining the valuation assumptions and inputs, the Directors take into account the market-observable data as well as factors specific to the Group's convertible loan notes, as follows:

- Dividend yield - estimated based on the historical dividend yield of the Company at the end of the reporting period;
- Risk free rate - referenced to Hong Kong Exchange Fund Notes (2013: US Sovereign yield and HK Government Bond Face Value) at the end of the reporting period;

7. FINANCIAL INSTRUMENTS (continued)

7c. Fair value (continued)

Reconciliation of Level 3 fair value measurements of financial liabilities (continued)

- Volatility - estimated based on the share prices of the Company's historical volatility (2013: the average of the Company and comparable companies' historical volatility); and

- Share price - referenced to the share price of the Company at the Valuation Date

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed above.

Fair value of the Group's and the Company's financial assets and financial liabilities that are not measured at fair value on a recurring basis

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values. The fair values of debt components of New Convertible Bond I/Convertible Bond I and Convertible Bond II are derived using discounted cash flows at an appropriate debt yield from comparable bonds in the markets.

	THE GROUP AND THE COMPANY			
	31 December 2014		31 December 2013	
	Carrying amount HK$'000	**Fair Value HK$'000**	Carrying amount HK$'000	Fair Value HK$'000
Financial liabilities				
Debt component of convertible loan notes (Note 36)	**173,036**	**172,292**	264,660	271,366

The fair value of the debt component of New Convertible Bond I (2013: Convertible Bond I and Convertible Bond II) categorised as level 3 of the fair value hierarchy is determined assuming redemption on 4 June 2015 (2013: 11 April 2014 and 4 June 2014) and using a debt yield of 25.80% (2013: 16.83%) by assuming the credit strength of the Company to be CCC equivalent.

8. REVENUE

Revenue represents the amounts received and receivable for installation contracts, leisure services, sales of goods and services provided by the Group to outside customers, less discounts and sales related taxes. An analysis of the Group's revenue for the year from continuing operations is as follows:

	2014 **HK$'000**	2013 HK$'000
Continuing operations		
Installation contracts revenue	**190,828**	217,506
Operations of golf club	**62,562**	–
Sale of goods	**51,398**	48,315
Hotel and leisure service	**20,497**	–
Provision of system value-added service	**14,708**	15,581
	339,993	281,402

9. SEGMENT INFORMATION

Information reported to the chief operating decision maker ("CODM"), being the Managing Director of the Company, for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

On 30 June 2014, the Group has completed the acquisition of the golf club and hotel business which is described in more detail in Note 43 and the golf club and hotel business are reviewed by CODM in a single operating segment.

The Group's reportable and operating segments from continuing operations under HKFRS 8 are as follows:

Intelligent information business	–	Provision of system value-added service solution and development and sales of hardware of computer products
Sales of light emitted diode products	–	Provision of system design, and sales of system hardware and light emitted diode products
Golf club and hotel business	–	Operation of golf club and provision of hotel and leisure services

Since 2011, a reportable and operating segment namely the "DTV technical solutions and equipment business" was classified as a disposal group held-for-sale and included in discontinued operation. The segment information reported below does not include any amounts for this discontinued operation, which is described in more detail in Note 15.

9. SEGMENT INFORMATION (continued)

(a) Segment revenue and results

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

For the year ended 31 December 2014

Continuing operations

	Intelligent information business HK$'000	Golf club and hotel business HK$'000	Sales of light emitted diode products HK$'000	Total HK$'000
SEGMENT REVENUE				
External sales	254,674	83,059	2,260	339,993
Segment (loss) profit	(43,544)	14,063	(2,167)	(31,648)
Unallocated income and gains				3,877
Unallocated expenses				(20,040)
Impairment loss recognised in respect of available-for-sale investments				(6,636)
Impairment loss on loan to an investee				(81,744)
Gain on fair value change of the derivative components of convertible loan notes				38,074
Finance costs				(89,927)
Amortisation of financial guarantee contracts				697
Loss on financial guarantee contracts				(14,255)
Loss before tax (continuing operations)				(201,602)

9. SEGMENT INFORMATION (continued)

(a) Segment revenue and results (continued)

For the year ended 31 December 2013

Continuing operations

	Intelligent information business HK$'000	Sales of light emitted diode products HK$'000	Total HK$'000
SEGMENT REVENUE			
External sales	277,386	4,016	281,402
Segment (loss) profit	(117,666)	606	(117,060)
Unallocated income and gains			6,580
Unallocated expenses			(42,072)
Impairment loss recognised in respect of available-for-sale investments			(15,793)
Gain on fair value change of the derivative components of convertible loan notes			29,373
Finance costs			(70,497)
Amortisation of financial guarantee contracts			9,245
Loss on financial guarantee contracts			(4,769)
Loss before tax (continuing operations)			(204,993)

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment (loss) profit represents the (loss) profit from each segment without allocation of bank interest income, rental income, corporate expenses and those disclosed in the reconciliation above. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

9. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

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

	2014 HK$'000	2013 HK$'000
Reportable segment assets		
Continuing operations		
Intelligent information business	544,881	557,301
Golf club and hotel business	2,385,505	–
Sales of light emitted diode products	3,792	4,275
	2,934,178	561,576
Reconciliation of reportable segment total to group total:		
Disposal group classified as held-for-sale and constituted discontinued operation – DTV technical solutions and equipment business (Note 15)	1,223,172	1,383,952
	4,157,350	1,945,528
Unallocated assets:		
Investment in an associate	–	2,563
Loan to an investee	–	83,291
Bank balances and cash	31,096	5,648
Available-for-sale investments	887	7,639
Pledged bank deposits	7,460	24,101
Other unallocated assets	700	700
Consolidated assets	4,197,493	2,069,470

9. SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities (continued)

	2014 HK$'000	2013 HK$'000
Reportable segment liabilities		
Continuing operations		
Intelligent information business	**181,767**	204,957
Golf club and hotel business	**637,853**	–
Sales of light emitted diode products	**15,724**	13,007
	835,344	217,964
Reconciliation of reportable segment total to group total:		
Liabilities associated with disposal group classified as held-for-sale and constituted discontinued operation – DTV technical solutions and equipment business (Note 15)	**331,226**	489,132
	1,166,570	707,096
Unallocated liabilities:		
Bank borrowings	**668,786**	128,012
Loan from a related company	**26,256**	–
Loan from a third party	**50,000**	–
Convertible loan notes and related payables (including embedded derivative components)	**183,904**	289,574
Tax liabilities	**18,239**	8,261
Financial guarantee liabilities	**3,948**	2,283
Promissory note	**609,479**	–
Deposit refundable to Hong Kong Guang Hua Resources Investments Company Limited on termination of agreement	**–**	50,000
Consolidated liabilities	**2,727,182**	1,185,226

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

- all assets are allocated to operating segments other than investment in an associate, bank balances and cash, available-for-sale investments, pledged bank deposits, loan to an investee and other unallocated assets; and

- all liabilities are allocated to operating segments other than bank borrowings, loan from a related company and a third party, convertible loan notes and related payables (including embedded derivative components), tax liabilities, financial guarantee liabilities, promissory note and deposit refundable to Hong Kong Guang Hua Resources Investments Company Limited ("Guang Hua") on termination of agreement.

9. SEGMENT INFORMATION (continued)

(c) Other segment information

For the year ended 31 December 2014

Continuing operations

	Intelligent information business HK$'000	Golf club and hotel business HK$'000	Sales of light emitted diode products HK$'000	Segment total HK$'000
Amounts included in the measure of segment results or segment assets:				
Capital expenditure (Note)	–	1,658,454	64	1,658,518
Depreciation of property, plant and equipment	2,043	6,601	721	9,365
Amortisation of intangible assets	2,011	–	–	2,011
Amortisation of land use rights	–	8,620	–	8,620
Loss on disposal of property, plant and equipment	–	9	58	67
Impairment loss in respect of amounts due from customers for contract work	19,717	–	–	19,717
Impairment loss in respect of prepayment	53	–	–	53
Impairment loss in respect of trade receivables	11,801	–	–	11,801
Interest income from advance to Guangzhou HNA Real Estate	–	22,075	–	22,075
Imputed interest on interest-free amounts due from other related companies	–	5,054	–	5,054
Imputed interest on interest-free advance to Guangzhou HNA Real Estate	–	1,887	–	1,887
Finance costs	–	19,647	–	19,647

9. SEGMENT INFORMATION (continued)

(c) Other segment information (continued)

For the year ended 31 December 2013

Continuing operations

	Intelligent information business HK$'000	Sales of light emitted diode products HK$'000	Segment total HK$'000
Amounts included in the measure of segment results or segment assets:			
Capital expenditure (Note)	3,462	16	3,478
Depreciation of property, plant and equipment	2,584	424	3,008
Amortisation of intangible assets	2,021	–	2,021
Loss on disposal of property, plant and equipment	136	–	136
Reversal of write-down of inventories	–	(996)	(996)
Impairment loss in respect of amounts due from customers for contract work	30,889	–	30,889
Impairment loss in respect of prepayment	5,123	–	5,123
Impairment loss in respect of trade receivables	3,102	–	3,102
Interest income in respect of other receivables	(3,763)	–	(3,763)
Impairment loss recognised in respect of goodwill	70,188	–	70,188

Note: Capital expenditure includes additions to property, plant and equipment and intangible assets during the year and additions to land use rights and property, plant and equipment through acquisition (Note 43) but excludes those relating to discontinued operations.

(d) Revenue from major products and services

The analysis of the Group's revenue from continuing operations from its major products and services has been disclosed in Note 8.

9. SEGMENT INFORMATION (continued)

(e) Geographical information

The Group's operations are located in Hong Kong and the PRC (country of domicile).

Information about the Group's revenue from continuing operations from external customers is presented based on where the goods or service delivered or provided. Information about its non-current assets is presented based on the geographical location of the assets as detailed below:

	Revenue from external customers		Non-current assets	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC (country of domicile)	**339,993**	281,402	**1,635,925**	16,871
Hong Kong	**–**	–	**526**	899
	339,993	281,402	**1,636,451**	17,770

Note: Non-current assets excluded those relating to discontinued operations and financial instruments.

(f) Information about major customers

Revenue from customers contributing over 10% of total sales of the Group from continuing operations for the corresponding years are as follows:

	2014	2013
	HK$'000	HK$'000
Customer A[1]	**47,101**	53,550

[1] Revenue from intelligent information business.

No other single customers contributed over 10% or more to the total sales of the Group from continuing operations for both 2014 and 2013.

10. OTHER INCOME

	2014	2013
	HK$'000	HK$'000
Continuing operations		
Interest on bank deposits	**413**	5,130
Imputed interest income in respect of other receivables (Note 22)	**3,745**	3,763
Interest income from advance to Guangzhou HNA Real Estate	**22,075**	–
Imputed interest on interest-free amounts due from other related companies	**5,054**	–
Imputed interest on interest-free advance to Guangzhou HNA Real Estate	**1,887**	–
Others	**2,371**	–
	35,545	8,893

11. OTHER GAINS AND LOSSES

	NOTES	**2014 HK$'000**	2013 HK$'000
Continuing operations			
Gain on fair value change of the derivative components of convertible loan notes	36	**38,074**	29,373
Loss on disposal of property, plant and equipment		**(67)**	(136)
Net foreign exchange loss		**(1,027)**	(706)
Impairment loss recognised in respect of amounts due from customers for contract work	30	**(19,717)**	(30,889)
Impairment loss in respect of trade receivables	29	**(11,801)**	(3,102)
Impairment loss recognised in respect of available-for-sale investments	25	**(6,636)**	(15,793)
Impairment loss recognised in respect of goodwill (Note i)		**–**	(70,188)
Impairment loss recognised in respect of prepayment (Note ii)		**(53)**	(5,123)
Impairment loss recognised in respect of a loan to an investee	25	**(81,744)**	–
Impairment loss recognised in respect of receivables from the Developer (defined and explained in Note 22)	22	**(3,745)**	–
Amortisation of financial guarantee contracts	47	**697**	9,245
Loss on financial guarantee contracts	47	**(14,255)**	(4,769)
Others		**(1,440)**	1,520
		(101,714)	(90,568)

Notes:

(i) Amount of impairment loss recognised in respect of goodwill of HK$70,188,000 during the year ended 31 December 2013 was related to the intelligent information operating segment. Details of the basis of impairment was disclosed in Note 20 to the 2013 financial statements.

(ii) During the year ended 31 December 2014, the Group has impaired a prepayment amounting to HK$53,000 (2013: HK$5,123,000) as the management considered that the possibility of utilising the prepayment through receipt of goods is no longer probable.

12. FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Continuing operations		
Interest on bank and other borrowings wholly repayable within five years:		
Bank borrowings	**30,497**	15,381
Loan from a related company	**195**	912
Loan from a shareholder	**–**	116
Loan from a director	**181**	–
Loan from a third party	**8,688**	–
Interest on promissory note wholly repayable within five years	**24,479**	–
Interest on convertible loan notes wholly repayable within five years (Note 36)	**45,534**	54,088
	109,574	70,497

13. INCOME TAX (CREDIT) EXPENSE

	2014 HK$'000	2013 HK$'000
Continuing operations		
Current tax:		
PRC Enterprise Income Tax ("EIT")	**2,336**	3,774
Underprovision in prior years:		
EIT	**–**	6,318
Deferred tax (Note 41):		
Current year	**(2,671)**	–
	(335)	10,092

13. INCOME TAX (CREDIT) EXPENSE (continued)

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. No specific deduction is entitled on the applicable tax rate for both years.

In addition, a wholly-owned PRC subsidiary of the Group was granted certain tax benefits since 2008 to 2012 while the Directors have changed the operating plan since 2010 and shrunk its business afterwards. During the year ended 31 December 2013, the PRC tax authority disallowed the tax benefits previously granted to that subsidiary and an additional tax charge of RMB5,000,000 (approximately HK$6,318,000) was imposed in relation to prior years and reported as underprovision of tax in 2013.

The tax (credit) expense for the year can be reconciled to the loss before tax from continuing operations as follows:

	2014 **HK$'000**	2013 HK$'000
Loss before tax (from continuing operations)	**(201,602)**	(204,993)
Tax at the domestic income tax rate of 25%	**(50,401)**	(51,248)
Tax effect of expenses not deductible for tax purposes	**57,581**	50,673
Tax effect of income not taxable for tax purposes	**(16,518)**	(13,324)
Utilisation of tax losses not recognised in previous years	**–**	(569)
Tax effect of tax losses not recognised	**8,404**	11,630
Effect of different tax rates of subsidiaries operating in Hong Kong	**3,157**	2,640
Capital gains tax on disposal of partial interest in a subsidiary	**–**	3,268
Underprovision in prior years	**–**	6,318
Others	**(2,558)**	704
Tax (credit) expense for the year (from continuing operations)	**(335)**	10,092

14. LOSS FOR THE YEAR FROM CONTINUING OPERATIONS

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

	2014 HK$'000	2013 HK$'000
Continuing operations		
Staff costs, including Directors' remuneration		
– Salaries, wages and other benefits	56,251	44,875
– Retirement benefit scheme contributions	3,243	3,741
Total staff costs	59,494	48,616
Depreciation of property, plant and equipment	9,365	3,008
Amortisation of intangible assets (included in cost of sales)	2,011	2,021
Amortisation of land use rights (included in cost of sales)	8,620	–
Total depreciation and amortisation	19,996	5,029
Auditor's remuneration	3,236	2,542
Cost of inventories recognised as expenses (including reversal of write-down of inventories of Nil (2013: HK$996,000, net))	26,794	2,715
Contract costs recognised as expenses	219,626	233,285
Research and development expenses (included in other expenses)	989	5,953
Acquisition related costs for the golf club and hotel business (included in other expenses)	3,528	–
Penalties charged by PRC State Administration of Foreign Exchange (included in other expenses) (Note)	–	3,981

Note: During the year ended 31 December 2013, a penalty charge of approximately HK$3,981,000 was imposed to the Group due to non-compliance of Regulations on Foreign Exchange System of PRC in relation to designate use of capital injection of a wholly-owned subsidiary in PRC and the amount was fully settled in 2013.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

DTV business

The disposal group classified as held-for-sale is related to the disposal of the Group's entire interest in South China Digital TV Holdings Limited, Yong Jiang Shi Yang Chun Yijiatong Information Technology Limited, Guangzhou Yijiatong Integrative Information Development Company Limited ("Yijiatong"), South China Digital Equipment Company Limited, and South China DTV Technology Development Limited (collectively referred as the "DTV Disposal Group").

The Directors are committed to sell the DTV Disposal Group in the near future as the policy of the Reform (as defined below) remains unchanged and that the DTV business had been classified as discontinued operation for a considerable time since 2011. As the disposal transaction remains highly probable, the Directors consider it is appropriate that the DTV Disposal Group is continued to be classified as held-for-sale in the consolidated statement of financial position as at 31 December 2014. The Directors contemplated that the consideration for the disposal transaction should reasonably be in line with the fair value, which is intended to be determined by independent valuers.

As at 31 December 2014, the net assets value (excluding amounts due to group entities) of the DTV Disposal Group included in the consolidated financial statements (the "Net Assets Value of the DTV Disposal Group") amounted to HK$891,946,000 (2013: HK$894,820,000).

The loss for the year from the discontinued operation is analysed as follows:

	2014	2013
	HK$'000	HK$'000
Revenue	**–**	–
Cost of sales	**(122,299)**	(120,220)
Gross loss	**(122,299)**	(120,220)
Other gains and losses	**(4,920)**	11,022
Other income	**612**	1,649
Administrative expenses	**(6,148)**	(7,208)
Finance costs	**(17,236)**	(25,588)
Loss before tax	**(149,991)**	(140,345)
Income tax expense	**–**	–
Loss for the year from discontinued operation and attributable to owners of the Company	**(149,991)**	(140,345)

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

The assets and liabilities associated with disposal group classified as held-for-sale are analysed as follows:

	2014 HK$'000	2013 HK$'000
Property, plant and equipment	621,486	736,926
Investment properties	48,803	49,329
Goodwill	13,855	14,200
Intangible assets	342,082	372,734
Trade receivables	175,750	180,122
Prepayments and other receivables	21,118	28,368
Restricted bank balance (Note)	–	2,210
Bank balances and cash	78	63
Total assets classified as held-for-sale	1,223,172	1,383,952
Trade and bills payables	27,817	26,602
Other payables and accruals	24,787	26,696
Tax liabilities	93,953	96,289
Bank borrowings	184,669	339,545
Amounts due to group entities	1,179,377	1,036,425
Total liabilities associated with disposal group classified as held-for-sale	1,510,603	1,525,557
Less: Amounts due to group entities	(1,179,377)	(1,036,425)
Liabilities associated with disposal group classified as held-for-sale	331,226	489,132
Amounts recognised in other comprehensive income and accumulated in equity relating to disposal group classified as held-for-sale	12,518	12,768

For presentation in the consolidated statement of financial position as at 31 December 2014 and 2013 and segment information in Note 9, the amounts due to group entities amounting to HK$1,179,377,000 (2013: HK$1,036,425,000) has been excluded from the total liabilities associated with disposal group classified as held-for-sale.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

Note: The restricted bank balance represents frozen money as ruled by the PRC court in respect of a legal proceeding between the Group and its supplier for services received. The court case was concluded during the year and the amount was unfrozen.

Cash flows for the year from the discontinued operation were as follows:

	2014 HK$'000	2013 HK$'000
Net cash (outflows) inflows from operating activities	(17,193)	12,398
Net cash outflows from investing activities	(3,407)	(26,238)
Net cash inflows from financing activities	20,615	13,710
Net cash inflows (outflows)	15	(130)

Loss for the year from discontinued operation has been arrived at after charging (crediting):

	2014 HK$'000	2013 HK$'000
Staff costs, including Directors' remuneration		
– Salaries, wage and other benefits	528	610
– Retirement benefit scheme contributions	21	80
Total staff costs	549	690
Depreciation of property, plant and equipment	103,524	102,696
Amortisation of intangible assets	21,731	21,833
	125,255	124,529
Auditor's remuneration	1,016	852
Increase in fair value change of investment properties	(675)	(2,073)
Interest income	(7)	–
Rental income from leasing of investment properties	(316)	(1,390)
Rental income from leasing of motor vehicle	(35)	(259)
Interest on bank borrowings wholly repayable within five years	17,236	25,588
Net foreign exchange loss (gain)	5,570	(8,741)

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

Reorganisation of DTV business model in November 2010

As disclosed in the Company's 2010 to 2013 annual reports, the Group completed the reorganisation of business model of its DTV business on 8 November 2010. Under the arrangement with Guangdong Southern Yinshi Network Media Company Limited ("Southern Yinshi"), the Group was responsible to provide its equipment to local DTV project companies and technical services to Southern Yinshi (the "2010 Arrangement"), which owned the operation rights in providing multi-media information services based on cabled DTV network in the Guangdong Province. In return, the Group was entitled to receive certain percentage of technical service fee income generated from Southern Yinshi and local DTV project companies for 20 years ("2010 Arrangement Income").

Since the commencement of 2010 Arrangement, all of the Group's DTV equipment and technical services have been provided and rendered to local DTV project companies for serving its cable television subscribers (collectively referred to as "Provision of DTV Technical Services and Leasing of DTV Equipment"). The arrangement conveyed the right to use the DTV equipment to the local DTV project companies. On this basis, the management of the Group considered that the 2010 Arrangement contains leasing of equipment to local DTV project companies for 20 years.

Centralisation of cable digital broadcasting networks since December 2011

As disclosed in the Company's announcement dated 14 December 2011, the Company had been advised by Southern Media Corporation, a state-owned enterprise in the PRC, about the reorganisation of the cable digital broadcasting networks of Guangdong Province into one centralised network under one provincial broadcasting network company (the "Reform") which is led by the Steering Group on the Reform of Guangdong Cultural Structure (廣東省文化體制改革工作領導小組). Upon the completion of the Reform, the cable digital broadcasting networks of Guangdong Province would be ultimately owned and operated by Guangdong Broadcasting Network Co., Ltd. (廣東省廣播電視網絡股份有限公司) ("Guangdong Network"), a state-owned enterprise in the PRC. As a result, the Group was no longer able to operate the DTV business under the existing structure and was no longer entitled to the 2010 Arrangement Income. As a result of the Reform, the Group was required to exit the DTV business.

On 23 December 2011, the Group entered into a sales agreement with Guang Hua, an independent third party (the "Guang Hua Sales Agreement"), to dispose of the DTV Disposal Group at a total proceeds of HK$1,350,000,000 (including settlement of balances with the group entities). These companies were the wholly-owned subsidiaries of the Group, which carried out the Group's DTV business. On 29 February 2012, the Group signed a supplemental agreement to revise the total proceeds from HK$1,350,000,000 to HK$1,420,000,000.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

Based on the understanding of the management of the Group, the DTV Disposal Group would be eventually transferred by Guang Hua to Guangdong Network.

In the preparation of the Group's consolidated financial statements for the year ended 31 December 2011, the Directors determined that the sale was highly probable and the Group's subsidiaries operating DTV business were available for immediate sale. Based on the facts and circumstances as at 31 December 2011, the Directors expected the disposal to be completed upon obtaining the approval of Southern Yinshi and shareholders of the Company before 30 June 2012. Consequently, DTV business had been classified as discontinued operation and presented separately in consolidated statement of financial position at 31 December 2011.

Delay in completion of disposal of DTV business in 2012, 2013 and 2014

This transaction had been approved by the shareholders of the Company on 25 May 2012.

As detailed in the Company's announcement on 2 January 2013, approval from Southern Yinshi had not been obtained as at 31 December 2012. Guang Hua and the Group have agreed that the time for fulfilment or waiver of the aforesaid outstanding condition to be further extended to 30 June 2013 or such other date as might be further agreed with Guang Hua. Based on the facts and circumstances as at 31 December 2012, the management of the Group remained confident that the approval from Southern Yinshi would ultimately be obtained after the completion of the Reform and the delay in completing the disposal was caused by the delay in implementing the Reform. Although the expected completion date of the Reform was delayed, the policy about the Reform remained unchanged. Thus, the Directors considered the transaction remained highly probable and the DTV Disposal Group was still continued to be classified as held-for-sale in the consolidated statement of financial position as at 31 December 2012.

At 31 December 2012, the recoverable amount of the DTV Disposal Group, based on the estimated net proceeds from the disposal pursuant to the Guang Hua Sales Agreement, was expected to exceed the carrying amounts of the DTV Disposal Group and accordingly, no impairment loss had been recognised. As disclosed in the Company's announcement dated 2 July 2013, the approval from Southern Yinshi had not yet been obtained. The Group and Guang Hua could not agree upon extension of the time for fulfilment or waiver of such approval. As a result, the Guang Hua Sales Agreement lapsed on 30 June 2013.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

Due to the delay in completing the disposal, the Directors initiated discussion with Guangdong Network and are seeking for a potential buyer for the disposal of the DTV Disposal Group. In 2013, Guangdong Network, Yijiatong and another state-owned enterprise jointly engaged a valuer in the PRC to perform valuation of the DTV Disposal Group. There is no formal sales agreement and no valuation of the DTV Disposal Group has been concluded as at the date these consolidated financial statements were authorised for issuance.

The Directors are still committed to sell the DTV Disposal Group and consider the disposal transaction remains highly probable as the policy of the Reform remains unchanged. The Directors consider it is appropriate that the DTV Disposal Group is continued to be classified as held-for-sale in the consolidated statement of financial position as at 31 December 2013 and 2014.

As at 31 December 2014, the net assets value (excluding amounts due to group entities) of the DTV Disposal Group included in the consolidated financial statements (the "Net Assets Value of the DTV Disposal Group") amounted to HK$891,946,000 (2013: HK$894,820,000) and the Directors are confident that the recoverable amount of the DTV Disposal Group would not be less than the Net Assets Value of the DTV Disposal Group.

(i) Revenue

As mentioned above, the Group is no longer able to operate the DTV business under the existing structure and no longer entitled to own the operation rights in providing multi-media information services based on cabled DTV network in the Guangdong Province in return of certain percentage of technical service income generated from Southern Yinshi and local DTV project companies. Thus, there is no revenue recognised for both years.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(ii) Property, plant and equipment

The DTV equipments is depreciated on a straight-line basis over their estimated useful lives of 10 years.

During the year, DTV Disposal Group acquired property, plant and equipment of approximately HK$5,692,000 (2013: HK$24,252,000) to operate its DTV business.

The Group assessed the impairment of its properties by comparing the fair values of its properties against its carrying amounts. The fair values of the DTV business's properties at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by Messrs. Guangdong Jinghua Assets & Real Estate Appraisal Co., Ltd. ("Guangdong Jinghua"). Guangdong Jinghua is a member of China Appraisal Society and its address is No. 1, Guangming Road, Yuexiu District, Guangzhou City, Guangdong, PRC. Guangdong Jinghua is an independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition. As the fair values of the properties are higher than the carrying amounts, no impairment loss has been recognised. The Group has not provided for impairment loss of the remaining items of property, plant and equipment as the amount will be recovered in full through the recoverable amount of DTV Disposal Group which is expected to be higher that the Net Assets Value of the DTV Disposal Group.

(iii) Investment properties at fair value

	HK$'000
At 1 January 2013	45,453
Increase in fair value recognised in profit or loss	2,073
Exchange adjustment	1,803
At 31 December 2013	49,329
Increase in fair value recognised in profit or loss	675
Exchange adjustment	(1,201)
At 31 December 2014	48,803

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(iii) Investment properties at fair value (continued)

The fair values of the investment properties of the DTV business at 31 December 2014 and 2013 have been arrived at on the basis of a valuation carried out on that date by Guangdong Jinghua. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and condition.

In estimating the fair value of the investment properties, the highest and best use of the properties is their current use. All of the investment properties of the DTV business are classified as level 2 of the fair value hierarchy. The valuation technique is based on the open market value by reference to recent market transactions for comparable properties and the key input is the price per square meter which there is no significant unobservable input.

All of the DTV business property interests held under medium-term lease in the PRC to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

(iv) Intangible assets

The intangible assets in the DTV Disposal Group represent contract acquisition costs for acquiring the rights to provide technical services and equipment. The contract acquisition costs are amortised over the terms of the contract of 20 years on a straight-line basis.

The Group assessed the impairment of its intangible assets. In the circumstance that the DTV Disposal Group is sold, the intangible assets will still be valid and enforceable in accordance with the contract signed with the DTV operator in Guangdong Province. As the amount will be recovered in full through the recoverable amount of DTV Disposal Group which is expected to be higher than the Net Assets Value of the DTV Disposal Group, the management determined that there is no impairment loss recognised.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(v) Trade receivables

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

	2014 HK$'000	2013 HK$'000
1 – 2 years	–	72,502
Over 2 years	175,750	107,620
	175,750	180,122

Included in assets held-for-sale are trade receivables with an aggregate carrying amount of approximately HK$175,750,000 (2013: HK$180,122,000) which are past due as at the reporting date for which the Group has not provided for impairment loss as the amounts are still considered recoverable as the amount will be recovered in full through the recoverable amount of DTV Disposal Group which is expected to be higher than the Net Assets Value of the DTV Disposal Group. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	2014 HK$'000	2013 HK$'000
1 – 2 years	–	72,502
Over 2 years	175,750	107,620
	175,750	180,122

The trade receivables are all denominated in functional currencies of respective group entities in both years.

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(vi) Trade and bills payables

An aged analysis of the trade and bills payables associated with disposal group classified as held-for-sale at the end of reporting period based on the invoice date is as follows:

	2014 HK$'000	2013 HK$'000
0 – 90 days	**1,738**	24,942
91 – 180 days	**2,256**	–
181 – 365 days	**183**	1,254
1 – 2 years	**23,302**	401
Over 2 years	**338**	5
	27,817	26,602

The trade and bills payables associated with disposal group classified as held-for-sale are all denominated in functional currencies of respective entities in both years.

(vii) Bank borrowings

	2014 HK$'000	2013 HK$'000
Bank borrowings	**184,669**	339,545
Secured	**35,883**	102,486
Unsecured	**148,786**	237,059
	184,669	339,545
Carrying amount repayable:		
Within one year *(Note)*	**155,037**	198,975
More than one year, but not exceeding two years	**29,632**	114,942
More than two years, but not exceeding five years	**–**	25,628
	184,669	339,545

15. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE (continued)

DTV business (continued)

(vii) Bank borrowings (continued)

Note: During the year ended 31 December 2013, the Group failed to repay a bank loan amounted to HK$102,486,000 in accordance with the repayment schedule. Based on the initial repayment term, amount of HK$31,112,000 was due for repayment in 2013 and the remaining HK$2,563,000 and HK$68,811,000 was repayable in 2014 and 2015 respectively. As agreed with the relevant bank in 2014 and in accordance with the revised repayment term, amount of HK$72,117,000, HK$25,628,000 and HK$4,741,000 was repayable in 2014, 2015 and 2016 respectively. During the year ended 31 December 2014, HK$64,115,000 was repaid and the remaining amount of HK$35,884,000 has not been settled, which will be repaid on or before 30 June 2015 as agreed with the relevant bank. This bank loan is secured by investment properties of HK$48,803,000 (2013: HK$49,329,000) and buildings of HK$10,510,000 (2013: HK$11,106,000) as disclosed in Note 32.

The bank borrowings associated with disposal group classified as held-for-sale are variable rate borrowings carrying interest at two to five years benchmark interest rate of The People's Bank of China with 0% – 20% (2013: 0% – 20%) mark up.

The effective interest rates (which are also equal to contracted interest rates) on these borrowings ranged from 6.55% to 7.07% (2013: 6.55% to 9.31%) per annum.

During the year ended 31 December 2014, there is no new loans associated with DTV Disposal Group classified as held-for-sale obtained by the Group (2013: HK$68,811,000, which was guaranteed by the Company).

The borrowings of the disposal group are all denominated in functional currencies of respective group entities in both years.

16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' and chief executive's emoluments

The emoluments paid or payable to each of the 9 (2013: 12) Directors are as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
2014				
Li Tongshuang	**–**	**2,400**	**–**	**2,400**
Mung Bun Man, Alan	**1,200**	**–**	**–**	**1,200**
Mung Kin Keung	**2,400**	**–**	**–**	**2,400**
Leung Kai Cheung	**240**	**–**	**–**	**240**
Leung Shun Sang, Tony	**190**	**–**	**–**	**190**
Li Shaofeng (Note 1)	**–**	**–**	**–**	**–**
Liem Chi Kit, Kevin	**240**	**–**	**–**	**240**
Lam Kin Fung, Jeffrey	**240**	**–**	**–**	**240**
Xu Haohao (Note 2)	**–**	**3**	**–**	**3**
	4,510	**2,403**	**–**	**6,913**

	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total emoluments HK$'000
2013				
Li Tongshuang	253	200	–	453
Mung Bun Man, Alan	227	–	–	227
Chau Chit (Note 3)	–	2,940	102	3,042
Mung Kin Keung	2,400	–	–	2,400
Leung Kai Cheung	240	–	–	240
Leung Shun Sang, Tony	190	–	–	190
Wong Kun Kim (Note 4)	111	–	–	111
Li Shaofeng	–	1,960	98	2,058
Wong Wai Kwan (Note 3)	196	–	–	196
Lu Yeow Leong (Note 5)	100	–	–	100
Liem Chi Kit, Kevin	129	–	–	129
Lam Kin Fung, Jeffrey	45	–	–	45
	3,891	5,100	200	9,191

16. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

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

Notes:

1. This director resigned on 31 December 2014.
2. This director was appointed on 31 December 2014.
3. These directors resigned on 24 October 2013.
4. This director resigned on 18 June 2013.
5. This director resigned on 28 August 2013.

Mr. Chau Chit was also the Chief Executive of the Company and his emoluments disclosed above included those for services rendered by him as Chief Executive. Mr. Chau Chit resigned as Chief Executive since 24 October 2013 and Mr. Li Tongshuang was appointed as the Chief Executive of the Company on 24 October 2013 and his emoluments disclosed above included those for services rendered by him as Chief Executive.

(b) Employees' Emoluments

Of the five individuals with highest emoluments in the Group, three (2013: three) were Directors of the Company whose emoluments are set out above. The emoluments of the remaining two (2013: two) highest individuals which the sum of salaries are as follows:

	2014 HK$'000	2013 HK$'000
Salaries and other benefits	**1,427**	1,800
Contributions to retirement benefit schemes	**30**	30
	1,457	1,830

Their emoluments were within the following bands:

	2014 Number of employees	2013 Number of employees
Nil to HK$1,000,000	**2**	1
HK$1,000,001 to HK$1,500,000	**–**	1
	2	2

No emoluments were paid by the Group to the Directors or the five highest paid individuals as compensation for loss of office or as an inducement to join or upon joining the Group. During the year ended 31 December 2014, one director waived emoluments of HK$1,926,000 (2013: one director waived emoluments of HK$440,000).

17. DIVIDEND

No dividend was paid or proposed during the years ended 31 December 2014 and 2013, nor has any dividend been proposed since the end of reporting period.

18. LOSS PER SHARE

From continuing and discontinued operations

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

	2014	2013
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic and diluted loss per share (Loss for the year attributable to owners of the Company)	**(335,016)**	(318,378)

	2014	2013
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**3,259,991**	2,692,141

The computation of diluted loss per share does not assume exercise of share options and conversion of convertible loan notes in 2014 and 2013 because the assumed exercise of share options and conversion of convertible loan notes would result in decrease in loss per share from continuing operations.

18. LOSS PER SHARE (continued)

From continuing operations

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

	2014 HK$'000	2013 HK$'000
Loss figures are calculated as follows:		
Loss for the year attributable to the owners of the Company	(335,016)	(318,378)
Less: Loss for the year from discontinued operation	(149,991)	(140,345)
Loss for the purpose of basic and diluted loss per share from continuing operations	(185,025)	(178,033)

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

From discontinued operation

Basic and diluted loss per share for the discontinued operation is HK4.60 cents per share (2013: loss of HK5.22 cents per share).

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

	2014 HK$'000	2013 HK$'000
Loss for the purposes of basic and diluted loss per share attributable to owners of the Company	(149,991)	(140,345)

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

19. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Hotel and buildings for golf business HK$'000	Leasehold land and buildings HK$'000	Machinery, moulds and tools HK$'000	Equipment, furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST							
At 1 January 2013	–	3,172	–	9,239	13,813	698	26,922
Additions	–	–	–	1,911	317	1,250	3,478
Disposals	–	–	–	(293)	(891)	–	(1,184)
Exchange realignment	–	124	–	480	512	27	1,143
At 31 December 2013	–	3,296	–	11,337	13,751	1,975	30,359
Acquisition through business combination	286,921	–	18,489	–	986	–	306,396
Additions	–	–	1,254	64	–	536	1,854
Disposals	–	–	(59)	(225)	–	–	(284)
Exchange realignment	22	(80)	(9)	(133)	(322)	(23)	(545)
At 31 December 2014	286,943	3,216	19,675	11,043	14,415	2,488	337,780
ACCUMULATED DEPRECIATION							
At 1 January 2013	–	971	–	7,199	6,609	647	15,426
Provided for the year	–	158	–	679	1,703	468	3,008
Eliminated on write off/disposals	–	–	–	(170)	(166)	–	(336)
Exchange realignment	–	40	–	384	261	24	709
At 31 December 2013	–	1,169	–	8,092	8,407	1,139	18,807
Provided for the year	4,823	157	1,674	786	1,495	430	9,365
Eliminated on disposals	–	–	–	(156)	–	–	(156)
Exchange realignment	(41)	(29)	(14)	(56)	(207)	(18)	(365)
At 31 December 2014	4,782	1,297	1,660	8,666	9,695	1,551	27,651
CARRYING VALUES							
At 31 December 2014	282,161	1,919	18,015	2,377	4,720	937	310,129
At 31 December 2013	–	2,127	–	3,245	5,344	836	11,552

19. PROPERTY, PLANT AND EQUIPMENT (continued)

THE COMPANY

	Equipment, furniture and fixtures HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST			
At 1 January 2013	1,255	–	1,255
Additions	–	1,250	1,250
At 31 December 2013	1,255	1,250	2,505
Additions	–	–	–
At 31 December 2014	1,255	1,250	2,505
ACCUMULATED DEPRECIATION			
At 1 January 2013	1,217	–	1,217
Provided for the year	22	417	439
At 31 December 2013	1,239	417	1,656
Provided for the year	5	416	421
At 31 December 2014	1,244	833	2,077
CARRYING VALUES			
At 31 December 2014	11	417	428
At 31 December 2013	16	833	849

19. PROPERTY, PLANT AND EQUIPMENT (continued)
THE COMPANY (continued)

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
The carrying value of leasehold land and buildings comprises:				
Land in the PRC:				
Medium-term leases	**1,919**	2,127	**–**	–

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their residual value, as follows:

Hotel and buildings for golf business	9 years, or over the lease terms, whichever is shorter
Leasehold land and buildings	50 years, or over the lease terms, whichever is shorter
Machinery, moulds and tools	3 – 25 years
Equipment, furniture and fixtures	3 – 10 years
Motor vehicles	3 – 10 years
Leasehold improvements	Over the shorter of lease terms or 25 years

The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the usage of the Group's property, plant and equipment. In addition, the estimated residual values reflect the Directors' estimate of the amounts that the Group would receive from the assets when they are already of the age and in the condition expected at the end of their useful lives. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Hotel and buildings for golf business amounting to HK$282,161,000 (2013: Nil) are pledged to banks for securing the banking facilities of the Group (see Note 32).

20. LAND USE RIGHTS

	2014	2013
	HK$'000	HK$'000
The Group's land use rights comprise:		
Medium-term leasehold land in the PRC	**1,341,831**	–
Analysed for reporting purposes as:		
Current assets	**17,093**	–
Non-current assets	**1,324,738**	–
	1,341,831	–

21. INTANGIBLE ASSETS

	Development costs for intelligent information systems HK$'000	Project contracts HK$'000	Total HK$'000
THE GROUP			
COST			
At 1 January 2013	14,915	1,473	16,388
Exchange realignment	582	–	582
At 31 December 2013	15,497	1,473	16,970
Exchange realignment	(376)	–	(376)
At 31 December 2014	15,121	1,473	16,594
AMORTISATION			
At 1 January 2013	10,098	1,473	11,571
Charge for the year	2,021	–	2,021
Exchange realignment	423	–	423
At 31 December 2013	12,542	1,473	14,015
Charge for the year	2,011	–	2,011
Exchange realignment	(316)	–	(316)
At 31 December 2014	14,237	1,473	15,710
CARRYING VALUES			
At 31 December 2014	884	–	884
At 31 December 2013	2,955	–	2,955

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Development costs for intelligent information systems	5 years
Project contracts	5 years

Development costs for intelligent information systems represent costs incurred for the design and development of intelligent information systems.

Project contracts represent the contracts based intangible assets relating to system installation and integration project contracts.

22. OTHER RECEIVABLES

The amount originally represented deposit amounting to RMB35,000,000 (equivalent to approximately HK$43,761,000 based on exchange rate prevailing at 31 December 2014) paid to acquire a commercial property in the PRC for owner occupation pursuant to an agreement entered into between the Group and an independent third party 浙江華海實業有限公司 ("the Developer") dated 11 February 2010 ("Agreement"). The deposit carried interest at 10% per annum. Pursuant to the Agreement, if the transfer is not completed within five years from 11 February 2010, the Group can request for refund of the deposit from the Developer or the Group can occupy this property up to 2054.

In August 2012, the Developer informed the Group that the government body may not issue the official premises permit for that property and orally agreed to refund the deposit to the Group in 2015. Taking into account the financial position of the Developer, the Group estimated the future cash flows to be recovered from the Developer in respect of the deposit and overdue interest, and considered that an impairment loss of HK$13,400,000, computed using the original effective rate of 10% per annum, in profit or loss in 2012. Due to expected delay in repayment, the carrying amount of the other receivable was adjusted downward, resulting in an impairment loss of HK$3,745,000 (2013: Nil) being charged to profit or loss in the current year and reported in "other gains and losses". For the year ended 31 December 2014, the Group recognised imputed interest income of HK$3,745,000 (2013: HK$3,763,000) in profit or loss and reported under "other income".

Subsequent to 31 December 2014, upon completion of 5 years from 11 February 2010 and the lease term of the Agreement, the Directors decided that the Group will occupy the commercial property for use up to 2054 as per initial agreement, and hence, the Group will reclassify the amount to property, plant and equipment in 2015.

23. INVESTMENTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES

	THE COMPANY	
	2014	2013
	HK$'000	HK$'000
Unlisted shares, at cost	**980**	980
Deemed capital contributions	**218,248**	49,284
Less: Impairment loss recognised	**(980)**	(980)
	218,248	49,284
Advances to subsidiaries	**931,861**	346,724

23. INVESTMENTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES (continued)

Deemed capital contributions approximately HK$168,864,000 (2013: HK$10,948,000) made during the year ended 31 December 2014 represent fair value adjustment on non-current interest-free advances to subsidiaries at initial recognition at an effective interest rate of 8.35% per annum or upon revised estimates of the timing of repayment of advances by these subsidiaries at original effective interest at 3.16% per annum for the year ended 31 December 2014 (2013: 3.16% per annum).

The advances to subsidiaries are unsecured, non-interest bearing and denominated in HK$. In the opinion of the Directors, the Company will not demand repayment within one year from the end of reporting period and the advances are therefore considered as non-current. Such interest-free advances are measured at amortised cost based on estimated timing of repayment.

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

Name of subsidiary	Place/ country of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company 2014 %	2013 %	Principal activities
Continuing operations						
Ever Create Profits Limited	The British Virgin Islands ("B.V.I.")	Hong Kong	1 ordinary share of US$1	**100***	100*	Inactive
Hitech Electro-Optical Limited	Hong Kong	Hong Kong	2 ordinary shares	**–Δ**	100*	Inactive
Made Connection Limited	Samoa	Hong Kong	1 ordinary share of US$1	**100***	100*	Investment holding
Printronics Electronics Limited	Hong Kong	Hong Kong	5 ordinary shares	**60***	60*	Investment holding
Printronics Group Limited	Hong Kong	Hong Kong	2 ordinary shares	**100**	100	Investment holding
Santai Corporate Services Limited	Hong Kong	Hong Kong	2 ordinary shares	**100**	100	Provision of management services
SCS Investment Company Limited	Hong Kong	Hong Kong	1 ordinary share	**–Δ**	100*	Investment holding
SCT Electronics Limited	Hong Kong	Hong Kong	2 ordinary shares	**–Δ**	100	Investment holding

23. INVESTMENTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES (continued)

Name of subsidiary	Place/ country of incorporation/ registration	Principal place of operation	Issued and fully paid share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company 2014 %	2013 %	Principal activities
Sino Stride Technology (Holdings) Limited ("SST")	B.V.I.	Hong Kong	1,078,959,000 ordinary shares of HK$0.01 each	100*	100*	Investment holding
Sinostride Technology Company Limited@ ("Sinostride Technology") 中程科技有限公司	The PRC	The PRC	Registered capital RMB113,000,000	58.5*	58.5*	System value-added service solution and development
Zhejiang Concord Optic – Electronic Technology Company Limited@ 浙江協和光電科技有限公司	The PRC	The PRC	Registered capital RMB10,000,000	80	80	System design, and sales of system hardware and light emitted diode products
Hillview Golf Development Company Limited ("Hillview")	B.V.I.	The PRC	50,000 ordinary shares of USD1 each	100*	–	Investment holding
Dongguan Hillview Golf Company Limited ("DG Hillview") 東莞峰景高爾夫有限公司	The PRC	The PRC	Registered capital USD34,060,000	65%*	–	Operation of golf club and hotel and leisure services
Chongqing SinoStride Technology Co., Ltd.@ 重慶中程科技有限公司	The PRC	The PRC	Registered capital RMB200,000,000	100*	100*	Inactive
深圳市泰格信息科技開發有限公司#	The PRC	The PRC	Registered capital RMB20,000,000	100*	100*	Investment holding
Discontinued operation						
South China Digital TV Holdings Limited	Hong Kong	Hong Kong	1 ordinary share	100	100	Investment holding
Yijatong 廣州市易家通互動信息發展有限公司#	The PRC	The PRC	Registered capital RMB15,050,000	100*	100*	Provision of DTV technical solutions and equipment

23. INVESTMENTS IN SUBSIDIARIES/ADVANCES TO SUBSIDIARIES (continued)

* Indirectly held through subsidiaries

@ Registered under the laws of the PRC as a Sino-foreign co-operative joint venture

\# Registered under the laws of the PRC on the form of domestic incorporated entity

Δ Deregistered during the current year

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. These subsidiaries operate in Hong Kong and the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of business	Number of subsidiaries 31.12.2014	31.12.2013
Investment holding	Hong Kong	**3**	3
	The PRC	**2**	2
		5	5
Inactive	Hong Kong	**5**	7
	The PRC	**3**	4
		8	11
		13	16

None of the subsidiaries had issued any debt securities for the years ended 31 December 2014 and 2013.

23a. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss (profit) allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Sinostride Technology	PRC	**41.5**	41.5	**21,755**	36,130	**50,950**	74,383
DG Hillview	PRC	**35.0**	–	**(5,597)**	–	**440,305**	–
Individually immaterial subsidiaries with non-controlling interest				**84**	922	**(4,123)**	(4,114)
				16,242	37,052	**487,132**	70,269

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Details of non-wholly owned subsidiaries that have material non-controlling interests

In the opinion of the Directors, no summarised financial information is disclosed in respect of the Group's individually immaterial subsidiaries that have non-controlling interest because the financial impacts of these subsidiaries are not material to the Group.

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Sinostride Technology

	2014 HK$'000	2013 HK$'000
Current assets	**518,099**	535,779
Non-current assets	**20,477**	27,272
Current liabilities	**(415,805)**	(383,816)
Equity attributable to owners of the Company	**71,821**	104,852
Non-controlling interests	**50,950**	74,383

23a. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

Sinostride Technology (continued)

	Year ended 31 December	
	2014	2013
	HK$'000	HK$'000
Revenue	**254,674**	277,386
Expenses	**(305,628)**	(344,393)
Loss for the year	**(52,423)**	(87,060)
Loss attributable to owners of the Company	**(30,668)**	(50,930)
Loss attributable to the non-controlling interests	**(21,755)**	(36,130)
Loss for the year	**(52,423)**	(87,060)
Other comprehensive (expense) income attributable to the owners of the Company	**(2,368)**	5,155
Other comprehensive (expense) income attributable to the non-controlling interests	**(1,678)**	3,657
Other comprehensive (expense) income for the year	**(4,046)**	8,812
Total comprehensive expense attributable to the owners of the Company	**(33,036)**	(45,775)
Total comprehensive expense attributable to the non-controlling interests	**(23,433)**	(32,473)
Total comprehensive expenses for the year	**(56,469)**	(78,248)
Net cash (outflows) inflows used in operating activities	**(67,654)**	44,573
Net cash inflows (outflows) from investing activities	**15,551**	(21,075)
Net cash inflows (outflows) from financing activities	**57,850**	(25,756)
Net cash inflows (outflows)	**5,747**	(2,199)

23a. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

DG Hillview

	2014 HK$'000
Current assets	244,626
Non-current assets	2,152,873
Current liabilities	(124,792)
Non-current liabilities	(1,014,693)
Equity attributable to owners of the Company	817,709
Non-controlling interests	440,305

23a. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

DG Hillview (continued)

	1.7.2014 to 31.12.2014 HK$'000
Revenue	83,059
Expenses	(98,068)
Profit for the period	15,992
Profit attributable to owners of the Company	10,395
Profit attributable to the non-controlling interests	5,597
Profit for the period	15,992
Other comprehensive expense attributable to the owners of the Company	(24)
Other comprehensive expense attributable to the non-controlling interests	(13)
Other comprehensive expense for the year	(37)
Total comprehensive income attributable to the owners of the Company	10,371
Total comprehensive income attributable to the non-controlling interests	5,584
Total comprehensive income for the year	15,955
Net cash inflows from operating activities	9,248
Net cash outflows used in investing activities	(5,277)
Net cash inflows	3,971

24. INVESTMENT IN AN ASSOCIATE

	THE GROUP 2014 HK$'000	2013 HK$'000
Unlisted investment in an associate, at cost less impairment	**2,563**	2,460
Deregistration of an associate	**(2,563)**	–
Exchange realignment	**–**	103
	–	2,563

At 31 December 2014 and 2013, the Group had interest in the following associate:

Name of entity	Form of business structure	Place of establishment and operation	Proportion of nominal value of registered capital held by the Group 2014	2013	Principal activities
Shenzhen Fasten Sino Stride Technology Limited 深圳市法爾勝中程科技有限公司 ("Shenzhen Fasten")	Corporate	The PRC	**–** **(Note)**	23.4%	Inactive

Note: Shenzhen Fasten was deregistered on 2 January 2014. There was no gain or loss resulted from the deregistration.

25. AVAILABLE-FOR-SALE INVESTMENTS/LOAN TO AN INVESTEE

The unlisted equity investments that are measured at fair value and at cost less impairment comprises of:

	THE GROUP 2014 HK$'000	2013 HK$'000
Unlisted equity investments:		
– Measure at fair value (Note (i))	**–**	2,323
– Measure at cost less impairment (Note (ii))	**887**	5,316
	887	7,639
Loan to an investee (Note (ii))	**–**	83,291

25. AVAILABLE-FOR-SALE INVESTMENTS/LOAN TO AN INVESTEE (continued)

Notes:

(i) It represents the Group's 19% equity interest in Success East, an entity incorporated in Hong Kong and principally involved in investment in securities, which is measured at fair value.

The fair value of the Group's interest in Success East as at 31 December 2014 continued to decline which is mainly attributable to the fair value loss of the underlying financial assets held by Success East. Impairment loss of HK$2,323,000 (2013: HK$15,793,000) is made in profit or loss for the years ended 31 December 2014.

(ii) It represents the Group's 19% equity interest in Wuxi Remarkable Mask Limited (無錫中微掩模電子有限公司) ("Wuxi Remarkable"), a company registered in the PRC, and 7.5% equity interest in Zhejiang Century Concord Energy-saving Technology, Co., Limited (浙江世紀協和節能科技有限公司) ("Zhejiang Century"), a company registered in the PRC. Wuxi Ledong Microelectronics Co., Ltd. (無錫樂東微電子有限公司) ("Ledong"), has been holding the 19% interest in Wuxi Remarkable as a trustee for the Group since 2009.

Wuxi Remarkable

In the first half of 2012, Shenzhen Tiger Information Technology Development Co., Ltd. (深圳市泰格信息科技開發有限公司) ("Tiger Information"), a wholly-owned subsidiary of the Group, entered into a loan agreement with Ledong pursuant to which Tiger Information provided a loan of RMB65,000,000 (equivalent to approximately HK$80,165,000) to Ledong, which in turn was lent to Wuxi Remarkable as a shareholder's loan for the development of its photomask project in the PRC (the "Shareholder's Loan"). Such loan is unsecured and non-interest bearing.

In the first half of 2012, Ledong issued an offer letter (the "Offer") to acquire the Group's entire equity interest in, together with the Shareholder's Loan, from Wuxi Remarkable for a consideration of RMB68,439,000 (equivalent to approximately HK$84,406,000 based on exchange rate prevailing at 30 June 2012). The offer has been expired since the end of June 2013. As disclosed in the Group's interim report for the six months ended 30 June 2012, the Directors had committed to a plan to dispose of Wuxi Remarkable before 30 June 2013 and considered that the disposal was highly probable at 30 June 2012. Accordingly, the related investment cost and Shareholder's Loan were classified as a disposal group held-for-sale, which was presented separately in the condensed consolidated statement of financial position as at 30 June 2012.

In the second half of 2012, Ledong disposed of its own equity interest in Wuxi Remarkable to one of the existing shareholders of Wuxi Remarkable. In addition, Ledong orally informed the Group to withdraw the Offer. In view of the changes in circumstances and the restriction imposed in the Article of Wuxi Remarkable that transfer of its equity interest is restricted to the existing shareholders, the Directors considered that the completion of the disposal of Wuxi Remarkable within one year is no longer highly probable at 31 December 2012. Accordingly, the investment in Wuxi Remarkable and Shareholder's Loan have been reclassified as "available-for-sale investments" of HK$4,241,000 and "loan to an investee" of HK$80,165,000 respectively as at 31 December 2012.

At 31 December 2013, the Directors consider that the loan would not be receivable within one year, as such, the amount was reclassified as non-current assets as at 31 December 2013.

At 31 December 2013, the investment in Wuxi Remarkable was stated at cost amounting to RMB3,439,000 (equivalent to approximately HK$4,407,000 based on the exchange rate prevailing at 31 December 2013) as the Directors considered that the fair value cannot be measured reliably. In prior financial years, the management of the Group considered that no impairment was considered necessary on the investment cost and the loan to Wuxi Remarkable as at 31 December 2013 having considered the financial position of Wuxi Remarkable.

During the year ended 31 December 2014, the Directors has requested for a settlement plan and financial information of Wuxi Remarkable, however, Wuxi Remarkable did not have any response on the settlement plan nor provide any financial information. Despite the Directors will continue to take appropriate action to recover the loan, the Directors are of the opinion that the recovery of the outstanding balance is no longer probable. Hence, the Group recognised full impairment loss of HK$4,313,000, together with the loan granted to the investee.

Zhejiang Century

The investment in Zhejiang Century is stated at cost as the Directors considered that the fair value cannot be measured reliably. No impairment is considered necessary at 31 December 2014.

26. CLUB DEBENTURES

	2014 HK$'000	2013 HK$'000
THE GROUP AND THE COMPANY		
Cost	**960**	960
Impairment loss recognised	**(260)**	(260)
	700	700

Club debentures are tested for impairment annually and whenever there is an indication that it may be impaired. No impairment loss was recognised at year end by reference to the quoted market prices of club debentures.

27. AMOUNTS DUE FROM/TO RELATED COMPANIES

	31 December 2014 HK$'000	31 December 2013 HK$'000
Interest-bearing advance to a Guangzhou HNA Real Estate (Note a)	**472,438**	–
Interest receivables on interest-bearing advance to Guangzhou HNA Real Estate (Note a)	**139,939**	–
Interest-free advance to a Guangzhou HNA Real Estate (Note b)	**43,545**	–
Amount due from other related companies (Note c)	**62,422**	–
	718,344	–
Less: amounts repayable within one year shown under current assets (Note a)	**(191,798)**	–
Amounts shown under non-current assets	**526,546**	–
Amounts due to other related companies (Note c)	**9,744**	–

27. AMOUNTS DUE FROM/TO RELATED COMPANIES (continued)

Notes:

(a) Guangzhou HNA Real Estate Development Company Limited ("Guangzhou HNA Real Estate") (Formerly known as "HNA Huanan (Holdings) Group Company Limited") is a subsidiary of HNA International, which is a substantial shareholder with significant influence over the Company. As such, Guangzhou HNA Real Estate is a related company of the Group. The advance to Guangzhou HNA Real Estate of HK$472,438,000 carries interest at 9% per annum and at 31 December 2014, based on the agreed repayment terms, HK$34,834,000 was classified as current assets and the remaining amounts of HK$437,604,000 were classified as non-current assets respectively. The advance to Guangzhou HNA Real Estate and the related interest are unsecured and repayable from 2014 to 2017.

The amounts of HK$139,939,000 at 31 December 2014 represented the interest receivables arising from the advance to Guangzhou HNA Real Estate and is expected to be settled in 2015.

(b) The advance to Guangzhou HNA Real Estate is unsecured, interest-free and has no fixed repayment terms. The Directors considered the amount will not be settled within the next twelve months after the end of reporting period, and thus classified it as non-current asset. At 31 December 2014, the advance to Guangzhou HNA Real Estate with principal amount of HK$44,601,000 is measured at amortised cost using an effective interest rate of 9% per annum.

(c) At 31 December 2014, amounts due from/to other related companies represented the amounts due from subsidiaries of HNA International.

At 31 December 2014, amounts due from other related companies with principal amount of HK$51,887,000 is measured at amortised cost amounting to HK$45,397,000 using an effective interest rate of 9% per annum and are classified as an non-current asset as the directors considered the amount due from other related companies will not be settled within the next twelve months after the end of reporting period. The remaining amount of HK$17,025,000, is interest-free, unsecured and repayable on demand.

At 31 December 2014, amounts due to other related companies represent the payments on behalf of the Group. The amount is unsecured, non-interest bearing and repayable on demand.

28. INVENTORIES

	THE GROUP	
	2014	2013
	HK$'000	HK$'000
Raw materials	**5,376**	3,425
Finished goods	**10,521**	6,176
	15,897	9,601

29. TRADE AND BILLS RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

(a) Trade and bills receivables

	2014 HK$'000	2013 HK$'000
Trade and bills receivables	137,239	68,387
Less: Allowance for doubtful debts	(23,951)	(12,460)
	113,288	55,927

Trading terms with customers are on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable within 90 days of issuance. Each customer has a designated credit limit.

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

	2014 HK$'000	2013 HK$'000
0 – 90 days	61,604	15,787
91 – 180 days	37,024	15,084
181 – 365 days	1,069	18,898
1 – 2 years	13,591	4,682
Over 2 years	–	1,476
	113,288	55,927

Before accepting any new customer, the Group assesses the credit quality of each potential customer and defines a credit rating and limit for each customer. In addition, the Group reviews the repayment history of receivables of each customer with reference to the payment terms stated in contracts to determine the recoverability. In the opinion of Directors, trade receivables that are not past due nor impaired at the end of the reporting period were of good credit quality.

Included in the Group's trade and bills receivables balance are debtors with an aggregate carrying amount of approximately HK$51,684,000 (2013: HK$40,140,000) which are past due as at the reporting date for which the Group has not provided for impairment loss as the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

29. TRADE AND BILLS RECEIVABLES AND PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

(a) Trade and bills receivables (continued)

Aging of trade and bills receivables which are past due but not impaired

	2014 HK$'000	2013 HK$'000
91 – 180 days	**37,024**	15,084
181 – 365 days	**1,069**	18,898
1 – 2 years	**13,591**	4,682
Over 2 years	**–**	1,476
	51,684	40,140

Movement in the allowance for doubtful debts

	2014 HK$'000	2013 HK$'000
At 1 January	**12,460**	40,748
Written-off	**–**	(31,998)
Impairment losses recognised on receivables	**11,801**	3,102
Exchange differences	**(310)**	608
At 31 December	**23,951**	12,460

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of approximately HK$23,951,000 (2013: HK$12,460,000) of which the Group has chased for settlements from customers but the amounts remained unsettled. In the opinion of Directors, the amounts are considered uncollectible. The Group does not hold any collateral over these balances.

(b) Prepayments, deposits and other receivables

At 31 December 2014, the balances mainly included advances to suppliers in relation to intelligent information business of HK$73,840,000 (2013: HK$84,453,000), value added tax receivable of HK$79,453,000 (2013: HK$64,026,000) and deposit for projects for intelligent information business of HK$32,453,000 (2013: HK$30,937,000).

30. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2014 HK$'000	2013 HK$'000
THE GROUP		
Contract costs incurred plus recognised profits less recognised losses	**1,718,807**	1,577,081
Less: Progress billings	**(1,550,801)**	(1,326,289)
	168,006	250,792
Analysed for reporting purposes of:		
Amounts due from contract customers	**168,006**	250,792

At 31 December 2014, certain contract work amounting to approximately HK$7,283,000 (31 December 2013: HK$3,580,000) is pending for final billing upon the issuance of audited completion reports by the customers. The amounts were included in amounts due from customers for contract work. At 31 December 2014, retentions held by customers for contract works of approximately HK$956,000 (2013: HK$980,000) were included in other receivables. There is no advance received from customers for contract work before the commencement of the contract. In the opinion of the Directors, the amounts are expected to be realised in the next twelve months from the end of the reporting period.

Based on the assessment of the Directors, certain contract works have been suspended or have not yet been compromised with the customers on amount of final billing nor issuance of certified completion reports, as such the related carrying amounts of contract works are not probable to recover. During the year, an impairment loss of amounts due from customers for contract work of HK$19,717,000 (2013: HK$30,889,000) was recognised in the profit or loss.

31. AMOUNTS DUE FROM (TO) SUBSIDIARIES

THE COMPANY

The amounts due from subsidiaries, net of impairment of HK$656,651,000 (2013: HK$494,508,000), are unsecured and non-interest bearing. The amounts are expected to be realised in the next twelve months from the end of the reporting period.

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Included in the Company's amount due from subsidiaries, there are HK$795,200,000 (2013: HK$792,635,000) payable by DTV Disposal Group as at 31 December 2014. In the opinion of the Directors, such amount are expected to be realised on the next twelve months from the end of the reporting period upon the disposal of DTV Business. The Company has provided for impairment loss of HK$161,880,000 (2013: Nil) during the year and the net amounts are expected to be recovered in full through the recoverable amount of DTV Disposal Group which is expected to be higher than the Net Assets Value of the DTV Disposal Group.

32. PLEDGE OF ASSETS

THE GROUP

At the end of the reporting period, assets pledged to banks to secure banking facilities and borrowings granted to the Group were as follows:

	2014	2013
	HK$'000	HK$'000
DTV – Investment properties	**48,803**	49,329
DTV – Buildings	**10,510**	11,106
Hotel and buildings for golf business	**282,161**	–
Land use rights	**1,341,831**	–
Bank deposits	**7,460**	24,101
Trade and bills receivables	**33,209**	–
	1,723,974	84,536

Among the pledged assets, investment properties of HK$48,803,000 (2013: HK$49,329,000) and buildings of HK$10,510,000 (2013: HK$11,106,000) as at 31 December 2014 were included in disposal group classified as held-for-sale (Note 15).

32. PLEDGE OF ASSETS (continued)

THE GROUP (continued)

The above assets were pledged for securing the following liabilities, including the bank borrowings associated with disposal group classified as held-for-sale, with carrying amounts as follows:

	2014 **HK$'000**	2013 HK$'000
Bank borrowings – due within one year	**131,782**	102,486
Bank borrowings – due after one year	**477,864**	–
Bills payables	**4,075**	24,101
	613,721	126,587

The pledged bank deposits carry interest at market rates ranging from 2.60% to 3.30% (2013: 4.16% to 4.23%) per annum. The pledged bank deposits will be released upon the settlement of relevant bills payables in year 2014 (2013: released upon settlement of bank borrowings in year 2014) and are therefore classified as current assets.

THE COMPANY

The Company has no pledge of assets as at 31 December 2014 and 2013.

33. BANK BALANCES AND CASH

THE GROUP AND THE COMPANY

Bank balances carry interest at prevailing bank saving deposits rates ranging from 0.01% to 0.35% (2013: 0.01% to 0.3%) per annum.

The Group's and the Company's bank balances and cash that are denominated in currencies other than the functional currency of the respective group entities are set out below:

	2014 **HK$'000**	2013 HK$'000
THE GROUP		
HK$	**2,078**	633
US$	**13**	118
THE COMPANY		
HK$	**2,078**	633
US$	**9**	69

34. TRADE AND BILLS PAYABLES AND OTHER PAYABLES, DEPOSITS RECEIVED, RECEIPT IN ADVANCE AND ACCRUALS

(a) Trade and bills payables

The following is an aged analysis of the trade and bills payables based on the invoice date at the end of reporting period:

	2014	2013
	HK$'000	HK$'000
0 – 90 days	**81,256**	58,966
91 – 180 days	**3,441**	18,997
181 – 365 days	**3,873**	5,801
1 – 2 years	**10,671**	13,156
Over 2 years	**15,380**	48,073
	114,621	144,993

The average credit period for purchase of goods ranged from 90 to 180 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

The Group's trade and bills payables are all denominated in functional currency of the respective group entities in both years.

(b) Other payables, deposits received, receipt in advance and accruals

At 31 December 2014 and 2013, the balance mainly represented deposits received from suppliers, value added tax payable in relation to intelligent information business, accrued staff costs, advances from customers for purchase of materials and other taxes payable. At 31 December 2013, the balance also included the deposit received from Guang Hua related to the disposed of the DTV business of HK$50,000,000.

35. BORROWINGS

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Bank borrowings – due within one year (Note i)	**195,547**	128,012	**–**	–
Bank borrowings – due more than one year, but not more than two years (Note i)	**48,137**	–	**–**	–
Bank borrowings – due more than two years, but not more than five years (Note i)	**425,102**	–	**–**	–
Loan from a third party – due within one year (Note ii)	**50,000**	–	**50,000**	–
Loan from a related company – due within one year (Note iii)	**26,256**	–	**26,256**	–
	745,042	128,012	**76,256**	–
Carrying amount repayable				
Within one year	**271,803**	128,012	**76,256**	–
More than one year, but not more than two years	**48,137**	–	**–**	–
More than two years, but not more than five years	**425,102**	–	**–**	–
	745,042	128,012	**76,256**	–
Secured	**573,763**	–	**–**	–
Unsecured	**171,279**	128,012	**76,256**	–
	745,042	128,012	**76,256**	–

35. BORROWINGS (continued)

Notes:

(i) The bank borrowings include:

	2014 HK$'000	2013 HK$'000
Fixed-rate bank borrowings:		
Bank borrowings	**182,418**	128,012
Variable-rate bank borrowings carry interest at:		
One-year benchmark interest rate of		
The People's Bank of China with 10% – 15% markup	**486,368**	–
	668,786	128,012

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's bank borrowings are:

	2014	2013
Fixed-rate bank borrowings	**6.00% – 7.50%**	6.00% – 8.50%
Variable-rate bank borrowings	**7.38% – 7.86%**	Nil

During the year, the Group obtained new loans of HK$222,973,000 (2013: HK$218,991,000) from banks. The loans outstanding at 31 December 2014 bear interest at fixed rates, which will be repayable within five years (2013: one year). The new loans were borrowed by the group companies and several of them were under financial guarantee provided by the Company to the banks (Note 47).

(ii) During the year, the Group obtained loans from third parties, for HK$90,000,000 and HK$33,251,000 respectively, of which HK$40,000,000 and HK$33,251,000 have been repaid in the same year. Both loans carry interest at 10% per annum and are unsecured and repayable within one year.

(iii) During the year, the Group obtained a loan from a subsidiary of HNA International of RMB21,000,000 (approximately HK$26,256,000). The amount is unsecured and carries interest at 10% per annum and is repayable within one year.

36. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES

THE GROUP AND THE COMPANY

The movement of the debt component and the derivative components (including conversion option derivative, bondholder's early redemption option derivative and compulsory conversion option derivative) of the convertible loan notes for the years ended 31 December 2014 and 2013 are set out as follows:

	Debt component HK$'000	**Derivative components** HK$'000
At 1 January 2013	212,203	54,287
Interest charge	54,088	–
Interest paid	(1,688)	–
Exchange realignment	57	–
Gain arising on changes of fair value	–	(29,373)
At 31 December 2013	264,660	24,914
Interest charge	38,069	–
Interest paid	(462)	–
Gain arising on changes of fair value	–	(38,074)
Exchange realignment	(157)	(5)
Converted to shares	(22,500)	–
Principal paid	(90,000)	–
Derecognition of Convertible Bond I (including cumulative interest of HK$58,550,000)	(174,800)	–
Recognition of New Convertible Bond I	100,267	24,033
Carrying amount at 31 December 2014	115,077	10,868
Recognition of interest of payable of Convertible Bond I	50,500	–
Interest charge	7,465	–
Exchange realignment	(6)	–
	57,959	–
Total	173,036	10,868

36. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

Convertible Bonds Issued in 2009

(a) On 5 June 2009 ("Issue Date I"), the Company issued a convertible bond for a principal amount of US$15,000,000 (equivalent to approximately HK$116,250,000) ("Convertible Bond I") to an independent third party, Templeton Strategic Emerging Markets Fund III, LDC ("Templeton").

The original maturity date of Convertible Bond I was on 5 June 2014 ("Maturity Date I"). On 23 May 2014, the Company and Templeton entered into an agreement to extend the maturity date and conversion option expiry date of Convertible Bond I to the sixth anniversary of the date of issue of Convertible Bond I (i.e. 5 June 2015). The Convertible Bond I shall not bear any interest and will be redeemed at its outstanding principal amount plus a premium of 8.5% per annum compounded annually at Maturity Date I by the Company. The Convertible Bond I is denominated in United States dollars.

Pursuant to the resolution passed by the Directors on 7 April 2014, the maturity date and conversion option expiry date of the Convertible Bond I is extended by one year to 5 June 2015 ("New Maturity Date") under the supplemental agreement entered into between the Company and Templeton ("New Convertible Bond I"). Other terms and conditions of the New Convertible Bond I remain unchanged from the Convertible Bond I.

The major terms of New Convertible Bond I are as follows:

(i) Conversion option:

The New Convertible Bond I is convertible into shares of the Company at any time after the Issue Date I up to, but excluding the close of business on the New Maturity Date at the conversion price of HK$0.60 per share, subject to anti-dilutive adjustments.

(ii) Compulsory conversion option:

The Company has the compulsory conversion option to convert the New Convertible Bond I at any time starting from the first day after the second anniversary of the Issue Date I and prior to the New Maturity Date, if the volume weighted average of the closing market price of the shares of the Company for any consecutive 20 business days (excluding any days on which the trading of the shares is suspended) ("Trading Days") immediately preceding the date of exercise of such right exceeded 170% of the conversion price of HK$0.60 per share and there is a minimum daily trading value of HK$7,800,000 for each of such 20 Trading Days. Then, the Company may, having given not less than 30 but not more than 60 days' prior notice in writing to Templeton to convert all outstanding principal amount of the New Convertible Bond I into the Company's shares.

36. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

Convertible Bonds Issued in 2009 (continued)

(a) (continued)

(iii) Bondholder's early redemption option:

Templeton shall be entitled by giving 10 business days prior written notice to the Company to require the Company to redeem the whole amount, or any part, of the Convertible Bond I on the date falling on the second anniversary from the Issue Date I, which is on 5 June 2011. On 21 March 2012, the Company and Templeton entered into a supplemental agreement, pursuant to which Templeton is entitled by giving at least 21 days prior written notice to the Company requiring the Company to redeem the whole amount, or any part, of the Convertible Bond I during the period from 30 June 2012 up to (but excluding) the Maturity Date, which is extended to the New Maturity Date pursuant to another supplemental agreement dated 23 May 2014 entered into between the Company and Templeton. The amount payable on redemption in such case is an amount which is equal to the aggregate of (i) the principal amount of the Convertible Bond I to be redeemed; and (ii) a premium equal to 8.5% per annum, compounded annually, accrued from the Issue Date I up to (but excluding) the date of redemption for such Convertible Bond I to be redeemed, calculated on the basis of a 360 day per year consisting of 12 months of 30 days each, and in the case of an incomplete month, the actual number of days elapsed during that month.

The New Maturity Date is considered to be a substantial modification of Convertible Bond I as the net present value of the cash flows of the New Convertible Bond I is more than 10% difference from the net present value of the cash flows of the outstanding Convertible Bond I prior to the extension of maturity date, which discounted at the original effective interest rate of 33.6% per annum. As such, Convertible Bond I was derecognised and New Convertible Bond I was recognised.

At 5 June 2014, the principal amount and cumulative interests of Convertible Bond I amounted to HK$174,800,000 was derecognised. On initial recognition of New Convertible Bond I, the fair value of debt component and derivative components amounted to approximately HK$100,267,000 and HK$24,033,000, respectively, as well as fair value of interest payable of Convertible Bond I amounted to HK$50,500,000, are recognised in the consolidated statement of financial position. The fair value of New Convertible Bond I and interest payables approximate the carrying amounts of Convertible Bond I as at date of initial recognition, and accordingly no gain or loss is recorded. The effective interest rate of the debt component of New Convertible Bond I and interest payable of the Convertible Bond I is 25.88% per annum.

36. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

Convertible Bonds Issued in 2009 (continued)

(a) (continued)

(iii) Bondholder's early redemption option: (continued)

Binomial model is used for valuation of the derivative components of Convertible Bond I and New Convertible Bond I. The major inputs into the model were as follows:

	31 December 2014	**5 June 2014**	31 December 2013	5 June 2009
Stock price	**HK$0.30**	**HK$0.30**	HK$0.50	HK$0.60
Exercise price (Note a)	**HK$0.58**	**HK$0.60**	HK$0.60	HK$0.60
Volatility (Note b)	**39%**	**59%**	60%	50%
Dividend yield	**0%**	**0%**	0%	0%
Option life	**0.42 years**	**1 year**	0.42 years	5 years
Risk free rate (Note c)	**0.06%**	**0.16%**	0.10%	2.83%

Notes:

(a) Due to shares issued during the year ended 31 December 2014, exercise price has been adjusted to HK$0.584 pursuant to the terms and conditions of the subscription agreement dated 13 May 2009. The exercise price has further been adjusted to HK$0.580 due to shares issued after the year ended 31 December 2014.

(b) The volatility used in the model was determined with reference to the Company's historical volatility.

(c) The risk free rate used in the model was reference to US Sovereign yield at the end of the reporting period.

As at 31 December 2014, the carrying amount of the debt component of the New Convertible Bond I is approximately HK$115,077,000 (Convertible Bond I as at 31 December 2013: HK$156,095,000) and the fair value of the derivative components of New Convertible Bond I is approximately HK$10,868,000 (Convertible Bond I as at 31 December 2013: HK$5,332,000). At 31 December 2014, the interest payable of Convertible Bond I is approximately HK$57,959,000. At 31 December 2014, the New Convertible Bond I and interest payable of Convertible Bond I are classified as current liabilities. No conversion was noted for the years ended 31 December 2014 and 2013.

36. CONVERTIBLE LOAN NOTES AND RELATED PAYABLES AND EMBEDDED DERIVATIVE COMPONENTS OF CONVERTIBLE LOAN NOTES (continued)

Convertible Bonds Issued in 2009 (continued)

(b) On 11 April 2011 ("Issue Date II"), the Company issued another convertible bond for a principal amount of HK$360,000,000 ("Convertible Bond II") to seven independent third parties (the "Convertible Bondholder").

The Convertible Bond II contains debt component and conversion option derivative (the "Derivative Component II"). The conversion option is classified as a derivative as it will be settled by an exchange of a variable amount of cash for a fixed number of the Company's own equity instruments on the basis that the Convertible Bond II is denominated in foreign currency of the Company.

At the date of issue, the debt component was recognised at fair value, calculated based on the present value of the redemption amount at maturity. In subsequent periods, the debt component is carried at amortised cost using the effective interest method. The effective interest rate of the debt component is 14.49% per annum.

The Derivative Component II is measured at fair values at the date of issue and in subsequent periods with changes in fair value recognised in profit or loss.

As at 31 December 2013, the principal amount outstanding was HK$112,500,000. The carrying amount of the debt component of the Convertible Bond II was approximately HK$108,565,000 and the fair value of the Derivative Component II of the Convertible Bond II was approximately HK$19,582,000, respectively. At 31 December 2013, the Convertible Bond II was classified as current liabilities.

On 11 April 2014, the maturity date of Convertible Bond II, the Company redeemed part of the Convertible Bond II amounting to HK$90,000,000 at its principal amount and the Convertible Bondholder converted the remaining Convertible Bond II amounting to HK$22,500,000 into 50,000,000 shares of the Company at conversion price of HK$0.45. The issued shares were measured at the principal amount of HK$22,500,000 as the market price of the shares was less than the conversion price at the time of conversion.

37. DEFERRED REVENUE

	2014 HK$'000	2013 HK$'000
Arising from golf club memberships (Note)	315,132	–
Analysed for reporting purposes as:		
Current liabilities	43,235	–
Non-current liabilities	271,897	–
	315,132	–

Note: The deferred revenue arises as a result of the golf membership fees in relation to the golf club operations on acquisition of a subsidiary (Note 43).

38. SHARE CAPITAL

	THE GROUP AND THE COMPANY			
	2014		2013	
	Number of shares	**HK$'000 (Note a)**	Number of shares	HK$'000
Ordinary shares of HK$0.25 each				
Authorised:				
At beginning of the year	**20,000,000,000**	**N/A**	4,000,000,000	1,000,000
Increase on 18 June 2013 (Note b)	**–**	**N/A**	16,000,000,000	4,000,000
At end of the year	**20,000,000,000**	**N/A**	20,000,000,000	5,000,000

	2014		2013	
	Number of shares	**HK$'000**	Number of shares	HK$'000
Issued and fully paid:				
At beginning of year	**2,692,141,179**	**673,035**	2,692,141,179	673,035
Transfer from share premium, capital redemption reserve and capital reserve upon abolition of par value	**–**	**858,228**	–	–
Exercise of conversion option of a convertible loan note (Note c)	**50,000,000**	**22,500**	–	–
Issues of shares on 7 May 2014 (Note d)	**379,520,000**	**109,414**	–	–
Issues of shares on 9 May 2014 (Note e)	**158,908,000**	**46,716**	–	–
Issues of shares on 25 July 2014 (Note f)	**418,144,000**	**124,595**	–	–
At end of year	**3,698,713,179**	**1,834,488**	2,692,141,179	673,035

38. SHARE CAPITAL (continued)

Notes:

(a) Under the Hong Kong Companies Ordinance (Cap. 622) ("New Hong Kong Companies Ordinance") with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

(b) On 18 June 2013, the shareholders of the Company approved the increase in the authorised share capital of the Company from HK$1,000,000,000 divided into 4,000,000,000 ordinary shares to HK$5,000,000,000 divided into 20,000,000,000 ordinary shares.

(c) On 11 April 2014, the Company allotted and issued 50,000,000 shares, at a price of HK$0.45 each to the Convertible Bondholder of Convertible Bond II (Note 36). The new shares ranked pari passu with the existing shares in all respects.

(d) On 25 April 2014, the Company conducted the top-up placing to issue a maximum of 379,520,000 shares at a price of HK$0.3 each to independent third parties to raise funds of HK$113.9 million (the "Top-up Placing"). The net proceeds of HK$109.4 million from a Top-up Placing was used by the Company mainly for repayment of convertible bonds upon maturity. The new shares ranked pari passu with the existing shares in all respects.

(e) On 29 April 2014, the Company entered into a placing agreement with a placing agent to place a maximum of 158,908,000 shares at a price of HK$0.3 each to raise funds of HK$47.7 million (the "Placing"). The net proceeds of HK$46.7 million from the Placing was used by the Company primarily for repayment of borrowings. The new shares ranked pari passu with the existing shares in all respects.

(f) On 28 July 2014, the Company issued 418,144,000 new shares to HNA International at a price of HK$0.3 each to raise proceeds of HK$125.4 million under an agreement signed on 18 June 2014. The net proceeds of HK$124.6 million was used by the Company primarily for repayment of borrowings. The new shares ranked pari passu with the existing shares in all respects.

39. SHARE-BASED PAYMENT TRANSACTIONS

On 29 May 2012, the Company terminated the share options scheme adopted on 7 June 2002 (the "2002 Scheme") and a new share option scheme (the "2012 Scheme") which was adopted at the annual general meeting held on 25 May 2012 became effective. Under the 2012 Scheme, the Board of Directors (the "Board") of the Company may, subject to and in accordance with the provisions of the 2012 Scheme and the Listing Rules of the Stock Exchange, grant share options to any eligible participant to subscribe for shares in the capital of the Company. The options granted under the 2002 Scheme remain valid until those options lapsed on their expiry date.

Qualifying grantees of the 2012 Scheme include any director (including executive, non-executive and independent non-executive), executive, officer, employee, shareholder of the Company or any of the subsidiaries or any of the associated companies or any of the jointly controlled entities and any supplier, customer, consultant, adviser, agent, partner or business associate, who will contribute or has contributed to the development and growth of the Group. Unless otherwise cancelled or amended, the 2012 Scheme will remain in force for a period of ten years from 29 May 2012.

The maximum number of shares issued and to be issued upon exercise of options granted to each eligible participant under the 2012 Scheme (including exercised, cancelled and outstanding options) in any 12-month period up to the date of grant shall not exceed 1% of the issued share capital of the Company in issue, as at the date of grant.

The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised later than 10 years after it has been granted.

Same as the 2002 Scheme, HK$1 should be payable by the grantee on acceptance of an offer by the grantee under the 2012 Scheme. The exercise price per share in relation to an option shall be a price to be determined by the Board and shall be no less than the highest of (a) the official closing price of the shares of the Company as stated in the daily quotation sheet issued by the Stock Exchange on the date on which the option is offered to an eligible participant; (b) the official average closing prices of the shares of the Company as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of offer of option to an eligible participant; and (c) the nominal value of shares of the Company on the date of offer of option to an eligible participant. During the years ended 31 December 2014 and 2013, no share option was granted under the 2012 Scheme.

Pursuant to the 2002 Scheme and 2012 Scheme, share options held by any eligible participants/ qualifying grantees will lapse automatically upon their termination of employment but the Board is empowered to extend the exercise period of the concerned share options at its discretion. Relevant exercise period of share options held by the eligible participant/qualifying grantee whose employment was terminated during the year was extended and approved by the Board. Such change does not constitute modification of the 2002 Scheme and 2012 Scheme.

39. SHARE-BASED PAYMENT TRANSACTIONS (continued)

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

For the year ended 31 December 2014

				Number of shares under options					
Category of grantees	Date of grant	Exercise period	Exercise price per share	At 1.1.2014	Granted during the year	Transferred during the year	Exercised during the year	Lapsed/ cancelled during the year	At 31.12.2014
Directors	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	423,810	–	–	–	–	423,810
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	16,800,000	–	–	–	–	16,800,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	10,000,000	–	–	–	–	10,000,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	32,000,000	–	–	–	(21,000,000)[1]	11,000,000
				59,223,810	–	–	–	(21,000,000)	38,223,810
Employees of the Group	18.3.2004	18.3.2004 – 17.3.2014	HK$1.200	4,000,000	–	–	–	(4,000,000)[5]	–
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	34,500,000	–	(4,500,000)[3]	–	(5,500,000)[6]	24,500,000
				38,500,000	–	(4,500,000)	–	(9,500,000)	24,500,000
Other participants	18.3.2004	18.3.2004 – 17.3.2014	HK$1.200	11,982,000	–	–	–	(11,982,000)[5]	–
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	12,148,000	–	–	–	–	12,148,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	41,000,000	–	4,500,000[3]	–	–	45,500,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	8,750,000	–	–	–	–	8,750,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	3,000,000	–	–	–	–	3,000,000
				76,880,000	–	4,500,000	–	(11,982,000)	69,398,000
				174,603,810	–	–	–	(42,482,000)	132,121,810
Exercisable at the end of the year				174,603,810					132,121,810
Weighted average exercise price per share				HK$0.700					HK$0.680

39. SHARE-BASED PAYMENT TRANSACTIONS (continued)

For the year ended 31 December 2013

				Number of shares under options					
Category of grantees	Date of grant	Exercise period	Exercise price per share	At 1.1.2013	Granted during the year	Transferred during the year	Exercised during the year	Lapsed/ cancelled during the year	At 31.12.2013
Directors	14.3.2003	14.3.2003 -13.3.2013	HK$0.495	3,200,000	–	–	–	(3,200,000)[2]	–
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	2,137,810	–	(1,714,000)[4]	–	–	423,810
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	28,600,000	–	(11,800,000)[4]	–	–	16,800,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	18,750,000	–	(8,750,000)[4]	–	–	10,000,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	35,000,000	–	(3,000,000)[4]	–	–	32,000,000
				87,687,810	–	(25,264,000)	–	(3,200,000)	59,223,810
Employees of the Group	18.3.2004	18.3.2004 – 17.3.2014	HK$1.200	4,000,000	–	–	–	–	4,000,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	79,000,000	–	–	–	(44,500,000)[1]	34,500,000
				83,000,000	–	–	–	(44,500,000)	38,500,000
Other participants	14.3.2003	14.3.2003 – 13.3.2013	HK$0.495	14,069,000	–	–	–	(14,069,000)[2]	–
	18.3.2004	18.3.2004 – 17.3.2014	HK$1.200	11,982,000	–	–	–	–	11,982,000
	19.1.2007	19.1.2007 – 18.1.2017	HK$0.406	10,434,000	–	1,714,000[4]	–	–	12,148,000
	22.1.2008	22.1.2008 – 21.1.2018	HK$0.780	29,200,000	–	11,800,000[4]	–	–	41,000,000
	16.12.2009	16.12.2009 – 15.12.2019	HK$0.596	–	–	8,750,000[4]	–	–	8,750,000
	14.12.2010	14.12.2010 – 13.12.2020	HK$0.420	–	–	3,000,000[4]	–	–	3,000,000
				65,685,000	–	25,264,000	–	(14,069,000)	76,880,000
				236,372,810	–	–	–	(61,769,000)	174,603,810
Exercisable at the end of the year				236,372,810					174,603,810
Weighted average exercise price per share				HK$0.700					HK$0.700

All share options are vested at the date of grant.

1 These share options were cancelled in 2014 and 2013 upon resignation of the director and the employees during the year.

2 The outstanding share options granted by the Company in 2003 entitling the grantees to subscribe for shares in the capital of the Company at an exercise price of HK$0.495 per share lapsed on 14 March 2013.

3 On 24 March 2014, the Board approved 4,500,000 outstanding share options held by one resigned employee who is reclassified as "other participants" under the 2002 Scheme to remain exercisable up to 21 January 2018.

4 On 17 June 2013 and 23 October 2013, the Board approved 3,514,000 and 21,750,000 outstanding share options held by two resigned directors who are reclassified as "other participants" under the 2002 Scheme to remain exercisable up to 21 January 2018 and 13 December 2020, respectively.

5 The outstanding share options granted by the Company in 2004 entitling the grantees to subscribe for shares in the capital of the Company at an exercise price of HK$1.2 per share lapsed on 17 March 2014.

6 The share options were held by two grantees who ceased to be employees of the Group during the year and such share options cancelled on 3 October 2014 and 30 November 2014 respectively according to the terms of the 2002 Scheme.

40. RESERVES

	Share premium HK$'000	Capital redemption reserve HK$'000 (Note 1)	Capital reserve HK$'000 (Note 2)	Share option reserve HK$'000	Translation reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
THE COMPANY							
At 1 January 2013	802,454	2,084	53,690	38,614	41,247	(856,759)	81,330
Profit for the year	–	–	–	–	–	26,224	26,224
Exchange difference arising during the year	–	–	–	–	39,926	–	39,926
Total comprehensive income for the year	–	–	–	–	39,926	26,224	66,150
Lapse/forfeiture of share options	–	–	–	(6,729)	–	6,729	–
At 31 December 2013	802,454	2,084	53,690	31,885	81,173	(823,806)	147,480
Loss for the year	–	–	–	–	–	(187,375)	(187,375)
Exchange difference arising during the year	–	–	–	–	(29,864)	–	(29,864)
Total comprehensive expense for the year	–	–	–	–	(29,864)	(187,375)	(217,239)
Lapse/cancellation of share options	–	–	–	(5,864)	–	5,864	–
Transfer upon abolition of par value under the new Hong Kong Companies Ordinance	(802,454)	(2,084)	(53,690)	–	–	–	(858,228)
Deemed capital contribution from HNA International	–	–	158,100	–	–	–	158,100
At 31 December 2014	–	–	158,100	26,021	51,309	(1,005,317)	(769,887)

Notes:

1. The capital redemption reserve represents the aggregate par value of shares which have been repurchased and cancelled.

2. By a special resolution passed at an extraordinary general meeting and subsequently approved by the Supreme Court of Hong Kong in 1993, the share premium of the Company was reduced by an amount of HK$270,000,000. This amount was used to reduce the Company's accumulated losses of HK$216,310,000 and the balance of HK$53,690,000 was credited to the Company's capital reserve which is non-distributable. As at 31 December 2013, the Company did not have any reserve available for distribution. Upon the abolition of par value under the new Hong Kong Companies Ordinance, the reserve is transferred to share capital in current year.

   Deemed contribution of HK$158,100,000 as at 31 December 2014 represented the fair value adjustment on promissory note at an interest rate of 8.35% per annum described in Note 23.

41. DEFERRED TAXATION

For financial reporting purpose, the deferred tax asset and liabilities are offset and net amount of HK$269,557,000 is presented in the consolidated statement of financial position at 31 December 2014. The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Deferred revenue HK$'000	Prepaid lease payments HK$'000	Property, plant and equipment HK$'000	Total HK$'000
At 1 January 2013 and 31 December 2013	–	–	–	–
Acquisition through business combination	(74,923)	314,137	32,969	272,183
Exchange realignment	25	33	(13)	45
Charged (credited) to profit or loss for the year	(3,719)	(737)	1,785	(2,671)
At 31 December 2014	(78,617)	313,433	34,741	269,557

At 31 December 2014, the Group has unused tax losses of approximately HK$847,899,000 (2013: HK$631,439,000) which are available for offsetting against future profits. No deferred tax asset has been recognised in respect of the tax loss due to the unpredictability of future profit streams for both years. Except below, other losses can be carried forward indefinitely.

	2014 HK$'000	2013 HK$'000
Tax losses to be expired in		
– 2014	**–**	19,695
– 2015	**44,042**	45,138
– 2016	**137,914**	141,345
– 2017	**31,941**	32,735
– 2018	**187,901**	176,903
– 2019	**185,554**	–
	587,352	415,816

As at 31 December 2014, the Company had unrecognised tax losses amounting to approximately HK$174,078,000 (2013: HK$144,791,000) which can be carried forward indefinitely. No deferred tax asset has been recognised due to the unpredictability of future profit scheme.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$69,858,000 (2013: HK$95,025,000) 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.

42. DISPOSAL OF PARTIAL INTEREST IN A SUBSIDIARY

On 7 January 2013, Sino Stride (HK) Limited ("Sino Stride HK"), a wholly-owned subsidiary of the Company, entered into a disposal agreement with Carrier Asia Limited ("Carrier Asia"), a non-controlling shareholder of SST, pursuant to which Sino Stride HK agreed to sell to Carrier Asia 20% of the registered capital of SST, a subsidiary of Sino Stride HK that is involved in development and provision of system integration solutions, system design and sales of system hardware, for a cash consideration of RMB58,300,000 (equivalent to approximately HK$71,969,000).

The transaction was completed on 17 January 2013, and the Group's equity interest in SST was reduced from 78.5% to 58.5% upon completion. After completion of disposal of SST, the Directors of the Company made an assessment of control over SST and consider that the Group still maintains control over SST in accordance with the definition of control and the related guidance set out in HKFRS 10.

The partial disposal of SST is accounted for as an equity transaction, resulting in net amount of HK$20,240,000 (less income tax effect of approximately HK$1,215,000) being recognised in accumulated losses.

Pursuant to the relevant tax laws in the PRC, the Group has provided capital gain tax of approximately HK$4,483,000 arising from the disposal of SST based on 10% of the difference between the cash consideration and 20% of registered capital of SST, of which HK$1,215,000 and HK$3,268,000 is recognised in equity and profit or loss, respectively.

In addition, Sino Stride HK has granted a call option to Carrier Asia whereby Carrier Asia has a right to acquire additional 55% of the registered capital of SST from Sino Stride HK and/or its affiliates during the period from 1 January 2015 to 31 December 2017 (the "Call Option").

The price for the exercise of the Call Option will be the fair market value of the amount of the equity of SST being purchased at the time the Call Option is exercised. The fair market value will be determined by Sino Stride HK and Carrier Asia, or if the parties are unable to agree on such value within 20 days of the date of notice for the exercise of the Call Option, the parties will jointly appoint a reputable accounting firm registered in the PRC to determine the value of the equity being purchased. The fair value of the Call Option at the initial recognition and 31 December 2014 and 2013 is considered as insignificant.

43. ACQUISITION OF A SUBSIDIARY

On 30 June 2014, the Group acquired the entire equity interest in Hillview Golf Development Company Limited ("Hillview") which holds 65% equity interest in DG Hillview (together with Hillview referred to as "Hillview Group") at a consideration of RMB585,000,000 (equivalent to approximately HK$743,100,000) satisfied by issue of a promissory note. DG Hillview is principally engaged in the operations of a golf club and provision of hotel and leisure services in Guangdong Province, the PRC. The acquisition will enable the Group with ready access to the growing tourism industry in the PRC and to allow the Group with new business opportunities for investment and development.

Consideration transferred

	HK$'000
Promissory note (Note)	585,000

Note: The total consideration was satisfied by issue of a promissory note with a principal amount of HK$743,100,000, which is non-interest bearing and will be matured on 30 June 2017. The fair value of the promissory note was approximately HK$585,000,000. The fair value has been arrived at using discounted cash flow method by discounting future cash flows at an interest rate of 8.35% per annum based on valuation performed by Vigers Appraisal and Consulting Limited ("Vigers"). Such promissory note is measured at amortised cost determined using the effective interest method as at 31 December 2014.

Acquisition-related costs amounting to HK$3,528,000 have been excluded from the cost of acquisition and have been recognised directly as an expense in the period and included in the "other expenses" line item in the consolidated statement of profit or loss and other comprehensive income.

Assets and liabilities recognised at the date of acquisition

	Fair value HK$'000
Land use rights	1,350,268
Inventories	8,191
Trade receivables	2,613
Other receivables and prepayments	2,343
Advance to Guangzhou HNA Real Estate	622,286
Pledged bank deposits	58
Bank balances and cash	4,013
Property, plant and equipment	306,396
Amounts due from other related companies	74,909

43. ACQUISITION OF A SUBSIDIARY (continued)

Assets and liabilities recognised at the date of acquisition (continued)

	Fair value
	HK$'000
Trade payables	(6,872)
Other payables, receipt in advance and accruals	(30,176)
Deferred revenue	(299,730)
Amounts due to related companies	(20,747)
Tax liabilities	(13,072)
Borrowings	(486,328)
Deferred tax liabilities	(272,183)
Net assets	1,241,969

Non-controlling interests

The non-controlling interest (35%) in DG Hillview recognised at the acquisition date was measured by reference to the proportionate share of recognised fair value of net assets of DG Hillview and amounting to approximately HK$434,721,000.

Capital reserve arising on acquisition

	HK$'000
Fair value of consideration transferred	585,000
Plus: non-controlling interests (35% in DG Hillview)	434,721
Less: fair value of identifiable net assets acquired (100%)	(1,241,969)
Excess of fair value of identifiable net assets acquired over consideration transferred (Note)	222,248

Note: The excess amount of the fair value of identifiable net assets acquired over the fair value of consideration transferred and non-controlling interest is considered as deemed capital contribution from HNA International and is credited to capital reserve. The vendor of the acquisition transaction is a subsidiary of HNA International.

The Directors have determined the fair values of assets and liabilities of Hillview Group by reference to a valuation performed by Vigers at the acquisition date.

43. ACQUISITION OF A SUBSIDIARY (continued)

Net cash inflow arising on acquisition

	HK$'000
Cash and cash equivalent balances acquired	4,013

Impact of acquisition on the results of the Group

Included in the loss for the year is profit of HK$15,992,000 attributable to Hillview Group since 30 June 2014 (date of the acquisition). Revenue for the year includes HK$83,059,000 in respect of Hillview Group.

Had the acquisition of Hillview Group been effected on 1 January 2014, the total amount of revenue of the Group for the year from continuing operations would have been HK$414,113,000, and the amount of the loss for the year from continuing operations would have been HK$186,456,000. The proforma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and loss of the Group had Hillview Group been acquired at the beginning of the current year, the Directors calculated depreciation of property, plant and equipment amortisation of land use rights and the release of deferred tax on the basis of the fair values at the date of acquisition.

44. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2014, the Group acquired Hillview Group at a consideration of HK$585,000,000 settled by issue of a promissory note which will mature on 30 June 2017 (Note 43).

During the year ended 31 December 2014, the Company allotted and issued 50,000,000 shares, at a price of HK$0.45 each to the Convertible Bondholder of Convertible Bond II. In addition, Convertible Bond I was derecognised and New Convertible Bond I was recognised upon extension of the maturity date and conversion option expiry date in the current year (Note 36).

45. OPERATING LEASES

The Group and the Company as lessee

Minimum lease payments paid by the Group under operating leases during the year amounted to approximately HK$2,499,000 (2013: HK$4,185,000).

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

	THE GROUP		THE COMPANY	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**2,016**	3,548	**1,706**	1,783
In the second to fifth year inclusive	**27**	1,858	**–**	1,645
	2,043	5,406	**1,706**	3,428

Operating lease payments represent rentals payable by the Group and the Company for certain of its office properties and quarters for Directors and staff. Leases are negotiated and rentals are fixed for terms ranging from one to ten years.

The Group as lessor

Property and motor vehicles rental income earned during the year was HK$351,000 (2013: HK$1,649,000), less direct operating expenses of Nil (2013: HK$302,000) which was included in loss for the year from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Advertising space rental income and sub-letting income earned during the year was HK$1,269,000 (2013: nil), which was included in loss for the year from continuing operations in the consolidated statement of profit or loss and other comprehensive income.

The Group leases its investment properties, advertising space and motor vehicles and sublets its office space under operating lease arrangements with leases negotiated for terms ranging from one to eighteen years. All the properties held have committed tenants for one year (2013: one year). All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

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

	2014	2013
	HK$'000	HK$'000
Within one year	**2,682**	264
In the second to fifth year inclusive	**3,669**	–
Over fifth year	**1,358**	–
	7,709	264

46. CAPITAL COMMITMENT

	2014 **HK$'000**	2013 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	**1,256**	–

47. CONTINGENT LIABILITIES

	THE GROUP		**THE COMPANY**	
	2014 **HK$'000**	2013 HK$'000	**2014** **HK$'000**	2013 HK$'000
Guarantee given to banks, in respect of banking facilities to third parties				
– amount that could be required to be paid if the guarantee was called upon in entirety	**104,400**	126,218	**–**	–
– amount utilised	**97,523**	111,482	**–**	–
Guarantee given to banks in respect of banking facilities obtained by subsidiaries				
– amount guaranteed	**–**	–	**650,031**	640,572
– amount utilised	**–**	–	**308,193**	365,071

At 31 December 2014 and 2013, the Company has provided guarantees to banks in respect of banking facilities granted to subsidiaries at Nil consideration. In addition, the Group entered into a cross guarantee arrangement with third parties whereby the third parties have also provided guarantee to banks in respect of Sinostride Technology's banking facilities for the years ended 31 December 2014 and 2013.

During the year ended 31 December 2014, the Group has provided additional or renewed the existing financial guarantees to the third parties and fair value of these financial guarantees is approximately HK$2,428,000 (2013: HK$4,769,000) at initial recognition based on valuation performed by Vigers (2013: Messrs. Jones Lang LaSalle Corporate Appraisal and Advisory Limited). During the year ended 31 December 2014, HK$697,000 (2013: HK$9,245,000) has been amortised and is included in "other gains and losses". At the end of the reporting period, an amount of HK$3,948,000 (2013: HK$2,283,000) has been recognised as liabilities in the consolidated statement of financial position. No provision for financial guarantee contracts has been made in the Company's statement of financial position.

47. CONTINGENT LIABILITIES (continued)

During the year ended 31 December 2014, one of guarantees failed to repay the bank borrowings and the Group repaid the bank borrowings on its behalf. As such, the Group recognised a loss on financial guarantee contract amounting to approximately HK$11,827,000. At 31 December 2014, no further provision for financial guarantee contracts has been made as the Directors consider that the default risk of borrowers is low.

In addition, the Company has provided guarantees to banks in respect of banking facilities granted to the DTV Disposal Group amounting of HK$500,120,000 (2013: HK$512,560,000) of which HK$148,786,000 (2013: HK$237,059,000) has been utilised by the DTV Disposal Group as at 31 December 2014. The Directors consider that the fair value of these financial guarantees at initial recognition is insignificant. No provision for financial guarantee contracts has been made in the Company's statement of financial position as at 31 December 2014 and 2013.

48. RETIREMENT BENEFIT SCHEMES

The Group operates a Hong Kong Mandatory Provident Fund Scheme (the "MPF Scheme") for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on percentage of the employees' basic salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. The Group contributes 5% of relevant payroll costs to the MPF Scheme, up to a maximum contribution of HK$1,500 effective from 1 June 2014 per employee monthly (2013: HK$1,250 per month per employee), which contribution is matched by employees.

The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme (the "State-managed Scheme") operated by the local municipal government. These PRC subsidiaries are required to contribute 8% to 20% (2013: 8% to 20%) of its payroll costs to the State-managed Scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the State-managed Scheme.

The total cost charged to profit or loss of approximately HK$3,264,000 (2013: HK$3,821,000) represents contributions payable of HK$246,000 (2013: HK$24,000) to the MPF Scheme and to the State-managed Scheme of HK$3,679,000 (2013: HK$3,797,000), net of forfeited contributions of HK$661,000 (2013: Nil) from employees who left the Group in the current year.

Where there are employees who leave the MPF Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions. The amount of forfeited contributions utilised in this manner during the year was HK$661,000 (2013: HK$261,000).

49. RELATED PARTY TRANSACTIONS

(a) Transactions and balances with PRC government-related entities

The Group operated in an economic environment currently pre-denominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Shougang Holding (Hong Kong) Limited ("Shougang HK") is a substantial shareholder with significant influence over the Company. Shougang HK is a wholly-owned subsidiary of Shougang Corporation, a state-owned enterprise under the direct supervision of the State Council of the PRC. Apart from the transactions with Shougang HK and its subsidiaries (collectively refer to the "Shougang HK Group") (which are disclosed below), the Group also conducts businesses with other PRC government-related entities in the ordinary course of business.

(i) Transactions with Shougang HK Group

	2014	2013
	HK$'000	HK$'000
Management fees paid	**165**	660
Interest expenses paid to a related company	**–**	912

In 2013, the Group obtained loans from Shougang HK Group of HK$92,647,000. The borrowings were fully settled with interest expenses of HK$912,000 for that year. The Group did not obtain additional loan from Shougang HK Group in the current year.

(ii) Transactions with Southern Yinshi

As at 31 December 2014, trade receivable due from Southern Yinshi amounting to approximately HK$175,750,000 (2013: HK$180,122,000) is included in disposal group classified as held-for-sale in Note 15.

(iii) Transactions with other PRC government-related entities

The Group has entered into various transactions, including deposit placements, borrowings and other general banking facilities, with certain banks and financial institutions which are PRC government-related entities in its ordinary course of business. In addition, the Group also carried out intelligent information business with certain government-related entities. In view of the nature of these transactions, the Directors are of the opinion that separate disclosure would not be meaningful.

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

(i) During the year ended 31 December 2013, the Group obtained a loan of HK$15,000,000 from a shareholder of the Company, Mega Start Limited ("Mega Start"), which was wholly-owned by Mr. Chau Chit, a former director. The loan was fully settled together with interest expenses of HK$116,000 in the same year.

49. RELATED PARTY TRANSACTIONS (continued)

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

(ii) Transactions with subsidiaries of HNA International

	2014 HK$'000	2013 HK$'000
Income		
Interest income on advance to Guangzhou HNA Real Estate	22,075	–
Imputed interest income on advance to Guangzhou HNA Real Estate	1,887	–
Imputed interest income on interest-free amounts due from other subsidiaries of HNA International	5,054	–
Rental income from related companies	558	–
Golf club membership income	6,489	–
Golf club competition events income	1,132	–
Expenses		
Interest expense paid to a related company	195	–
Washing expense	695	–

In addition, on 30 June 2014, the Group has acquired 100% equity interest of Hillview from Leader Well Management Limited, which is wholly-owned and controlled by HNA International (Note 43).

(iii) Transactions with directors

During the year ended 31 December 2014, Mr. Mung Bun Man, Alan provided a loan of HK$5,000,000 to the Company which was fully repaid during the year. The loan carried interest at a rate of 7.5% p.a.

In addition, the Company subletted its office space to entities controlled by Mr. Mung Kin Keung and Mr. Mung Bun Man, Alan for a sublet income of HK$558,000 (2013: Nil) during the year ended 31 December 2014.

(iv) The following guarantees were provided to banks to secure general banking facilities granted to the Group:

Guarantor	Relationship	Type of guarantee	Guarantee amount 2014 HK$'000	Guarantee amount 2013 HK$'000
Mr. Chau Chit	Former director of the Company	Personal guarantee	N/A (Note)	19,221

Note: Mr. Chau Chit is no longer a related party of the Group upon his resignation on 24 October 2013.

49. RELATED PARTY TRANSACTIONS (continued)

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

(v) Compensation of key management personnel

The remuneration of key management members, who are the Directors of the Group during the year, was as follows:

	2014	2013
	HK$'000	HK$'000
Short term benefits	**6,913**	8,991
Post-employment benefits	**–**	200
	6,913	9,191

The remuneration of executive directors is determined by the remuneration committee having regard to the performance of individuals and market trends.

(vi) During the year ended 31 December 2014, the Group acquired the entire equity interest in Hillview which holds 65% equity interest in DG Hillview at a consideration of RMB585,000,000 satisfied by issue of a promissory note resulting in recognition of imputed interest expense of HK$24,479,000 in 2014.

(vii) During the year ended 31 December 2014, the Group obtained a loan of RMB21,000,000 (approximately HK$26,256,000) from a subsidiary of HNA International resulting in recognition of interest expenses of HK$195,000 in 2014.

(c) Details of balances with related parties of the Group and the Company are set out in the Company's statement of financial position and the Group's consolidated statement of financial position on pages 60 to 63 and Notes 23, 27, 31 and 35 to the consolidated financial statements.

50. EVENTS AFTER THE REPORTING PERIOD

On 2 January 2015, arrangements were made for a private placement to an independent third party, Eternity Finance Group Limited, a company incorporated in the British Virgin Islands with limited liability, of 240,000,000 shares in the Company, at a price of HK$0.253 per share representing a discount of approximately 19.68% to the closing market price of the Company's shares on 2 January 2015.

Pursuant to a subscription agreement of the same date, Eternity Finance Group Limited, subscribed for 240,000,000 new shares in the Company at a price of HK$0.253 per share (the "Subscription"). The proceeds will be used as general working capital of the Group. These new shares were issued under the general mandate granted to the directors at the annual general meeting of the Company held on 6 June 2014 and rank pari passu with other shares in issue in all respects.

The Subscription was completed on 13 January 2015. Pursuant to the terms and conditions of the New Convertible Bond I, as a result of the issues of the Company's shares on 7 May 2014 and 9 May 2014, and the Subscription, the price per share at which the New Convertible Bond I may be converted into shares (the "Conversion Price") of the New Convertible Bond I has been adjusted to HK$0.58 per share. The new Conversion Price of HK$0.58 per Share shall take effect on 13 January 2015.

51. COMPARATIVE INFORMATION

Certain comparative information relating to the classification of amounts due from customers for contract work and prepayments, deposits and other receivables has been re-presented to conform to current year presentation in the consolidated statement of financial position. There is no impact on the total assets and liabilities as at 31 December 2013.

FIVE-YEAR FINANCIAL SUMMARY

RESULTS

	For the years ended 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Attributable to:					
Owners of the Company	9,507	(148,642)	(379,628)	(318,378)	**(335,016)**
Non-controlling interests	(676)	4,970	(15,919)	(37,052)	**(16,242)**
	8,831	(143,672)	(395,547)	(355,430)	**(351,258)**
Earnings (loss) per share					
Basic (HK cents)	0.44	(6.79)	(16.59)	(11.83)	**(10.28)**
Diluted (HK cents)	–	–	–	–	**–**
Dividends	–	–	–	–	**–**

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	At the year ended 31 December				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Total assets	3,234,810	3,080,299	2,548,311	2,069,470	**4,197,493**
Total liabilities	(1,938,910)	(1,820,549)	(1,426,030)	(1,185,226)	**(2,727,182)**
	1,295,900	1,259,750	1,122,281	884,244	**1,470,311**
Equity attributable to owners of the Company	1,249,671	1,205,682	1,077,880	813,975	**983,179**
Non-controlling interests	46,229	54,068	44,401	70,269	**487,132**
	1,295,900	1,259,750	1,122,281	884,244	**1,470,311**