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

首長科技集團有限公司
SHOUGANG CONCORD TECHNOLOGY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 521)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	**2014** *HK$'000*	2013 *HK$'000*
Continuing operations			
Revenue	*4*	**339,993**	281,402
Cost of sales		**(288,035)**	(245,295)
Gross profit		**51,958**	36,107
Other income	*5*	**35,545**	8,893
Other expenses		**(4,517)**	(9,934)
Other gains and losses	*6*	**(101,714)**	(90,568)
Selling and distribution costs		**(9,930)**	(10,241)
Administrative expenses		**(63,370)**	(68,753)
Finance costs	*7*	**(109,574)**	(70,497)
Loss before tax		**(201,602)**	(204,993)
Income tax credit (expense)	*8*	**335**	(10,092)
Loss for the year from continuing operations	*10*	**(201,267)**	(215,085)
Discontinued operation			
Loss for the year from discontinued operation	*9*	**(149,991)**	(140,345)
Loss for the year		**(351,258)**	(355,430)

	NOTES	**2014** HK$'000	2013 HK$'000
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)
Loss for the year attributable to the owners of the Company			
– from continuing operations		**(185,025)**	(178,033)
– from discontinued operation	9	**(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	11		
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		**310,129**	11,552
Land use rights		**1,324,738**	–
Intangible assets		**884**	2,955
Other receivables		**39,284**	40,262
Loan to an investee		**–**	83,291
Investment in an associate		**–**	2,563
Available-for-sale investments		**887**	7,639
Club debentures		**700**	700
Amounts due from related companies		**526,546**	–
		2,203,168	148,962
Current assets			
Land use rights		**17,093**	–
Amounts due from related companies		**191,798**	–
Inventories		**15,897**	9,601
Trade and bills receivables	*12*	**113,288**	55,927
Prepayments, deposits and other receivables		**222,425**	189,794
Amounts due from customers for contract work		**168,006**	250,792
Tax recoverable		**4,090**	693
Pledged bank deposits		**7,460**	24,101
Bank balances and cash		**31,096**	5,648
		771,153	536,556
Disposal group classified as held-for-sale		**1,223,172**	1,383,952
		1,994,325	1,920,508
Current liabilities			
Trade and bills payables	*13*	**114,621**	144,993
Other payables, deposits received, receipt in advance and accruals		**126,290**	122,971
Borrowings – due within one year		**271,803**	128,012
Amounts due to related companies		**9,744**	–
Convertible loan notes and related payables		**173,036**	264,660
Embedded derivative components of convertible loan notes		**10,868**	24,914
Tax liabilities		**18,239**	8,261
Financial guarantee liabilities		**3,948**	2,283
Deferred revenue		**43,235**	–
		771,784	696,094
Liabilities associated with disposal group classified as held-for-sale		**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

	2014	2013
	HK$'000	*HK$'000*
Non-current liabilities		
Deferred revenue	**271,897**	–
Borrowings – due after one year	**473,239**	–
Promissory note	**609,479**	–
Deferred tax liabilities	**269,557**	–
	1,624,172	–
Net assets	**1,470,311**	884,244
Capital and reserves		
Share capital	**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

Notes:

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 People's Republic of China ("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 Units 2606A-2608, 26th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong.

The Company is an investment holding company.

The functional currency of the Company is Renminbi ("RMB"), as the Company mainly holds investments in subsidiaries whose operations are primarily in the 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 amount 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 and the Company, including the Group's and the Company's unutilised banking facilities, the Group's and the Company'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.

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.

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.

- 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 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

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. 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. 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 9.

(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)**

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. 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.

(b) Segment assets and liabilities

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

	2014	2013
	HK$'000	*HK$'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 9)*	**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

	2014	2013
	HK$'000	*HK$'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 9)*	**331,226**	489,132
	1,166,570	707,096
Unallocated liabilities:		
Bank borrowings	**668,786**	128,012
Convertible loan notes and related payables (including embedded derivative components)	**183,904**	289,574
Financial guarantee liabilities	**3,948**	2,283
Loan from a related company	**26,256**	–
Loan from a third party	**50,000**	–
Tax liabilities	**18,239**	8,261
Deposit refundable to Guang Hua on termination of agreement	**–**	50,000
Promissory note	**609,479**	–
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 borrowings, convertible loan notes and related payables, tax liabilities, financial guarantee liabilities, deposit refundable to Guang Hua on termination of agreement and promissory note.

(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**

* Guangzhou HNA Real Estate Development Company Limited ("Guangzhou HNA Real Estate") (Formerly known as "HNA Huanan (Holdings) Group Company Limited"), being a related company.

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 but excludes those relating to discontinued operations.

5. OTHER INCOME

	2014 **HK$'000**	2013 *HK$'000*
Continuing operations		
Interest on bank deposits	**413**	5,130
Imputed interest income in respect of other receivables	**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

6. OTHER GAINS AND LOSSES

	2014	2013
	HK$'000	*HK$'000*
Continuing operations		
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)
Net foreign exchange loss	**(1,027)**	(706)
Impairment loss recognised in respect of amounts due from customers for contract work	**(19,717)**	(30,889)
Impairment loss in respect of trade receivables	**(11,801)**	(3,102)
Impairment loss recognised in respect of available-for-sale investments	**(6,636)**	(15,793)
Impairment loss recognised in respect of goodwill	**–**	(70,188)
Impairment loss recognised in respect of prepayment *(Note)*	**(53)**	(5,123)
Impairment loss recognised in respect of a loan to an investee	**(81,744)**	–
Impairment loss recognised in respect of receivables from the Developer	**(3,745)**	–
Amortisation of financial guarantee contracts	**697**	9,245
Loss on financial guarantee contracts	**(14,255)**	(4,769)
Others	**(1,440)**	1,520
	(101,714)	(90,568)

Note: 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.

7. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'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	**45,534**	54,088
	109,574	70,497

8. INCOME TAX (CREDIT) EXPENSE

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

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.

9. 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, Yang 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 in Note 9) remain 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)

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

	2014	2013
	HK$'000	***HK$'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 4, 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.

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	2013
	HK$'000	*HK$'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	2013
	HK$'000	*HK$'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)

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. (廣東省廣播網絡有限公司) ("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 Hong Kong Guang Hua Resources Investments Company Limited ("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.

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.

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 and Reform is still ongoing. 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.

(ii) *Property, plant and equipment*

The DTV equipments are 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

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.

(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	2013
	HK$'000	*HK$'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	2013
	HK$'000	*HK$'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.

(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	2013
	HK$'000	*HK$'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	2013
	HK$'000	*HK$'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

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 to 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).

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 was 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.

10. 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.

11. 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.

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	2013
	HK$'000	*HK$'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	2013
	HK$'000	*HK$'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.

12. TRADE AND BILLS RECEIVABLES

Trading terms with customers are on credit, except for new customers, where cash on delivery is normally required. Invoices are normally payable 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	2013
	HK$'000	*HK$'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

13. 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

14. COMPARATIVE FINANCIAL 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.

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Thursday, 28 May 2015 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 22 May 2015 for registration.

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	2013
	HK cents	*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).

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 9 of this result announcement.

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.

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.

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	31 December 2013
	HK$'000	*HK$'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.

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.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The auditor expressed a disclaimer opinion in the auditor's report. The basis for disclaimer of opinion is extracted as follows:

Basis for Disclaimer of Opinion

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.

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 carrying amounts 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 where proper books of account had been kept.

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.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the 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.

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

APPRECIATION

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

By order of the Board
Shougang Concord Technology Holdings Limited
Mung Kin Keung
Co-Chairman

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises Mr. Mung Kin Keung (Executive Director and Co-Chairman), Mr. Li Xiaoming (Executive Director and Co-Chairman), Mr. Fan Ning (Executive Director and Chief Executive Officer), Mr. Xu Haohao (Executive Director and Executive President), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Li Tongshuang (Non-executive Director), Mr. Leung Kai Cheung (Independent Non-executive Director), Mr. Liem Chi Kit, Kevin (Independent Non-executive Director) and Mr. Lam Kin Fung, Jeffrey (Independent Non-executive Director).