首 長 四 方（集 團）有 限 公 司 *

SHOUGANG CONCORD GRAND (GROUP) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 730)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012 AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The board of directors (the "Board") of Shougang Concord Grand (Group) Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2012 with comparative figures for the year ended 31 December 2011. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTES	**2012** **HK$'000**	2011 *HK$'000* (Restated)
Revenue	*3*	**55,534**	67,505
Cost of sales		**(34,969)**	(44,012)
Gross profit		**20,565**	23,493
Interest income from entrusted loans receivable		**–**	12
Other income	*5*	**8,109**	5,487
Distribution costs and selling expenses		**(1,007)**	(2,044)
Administrative expenses		**(34,182)**	(48,425)
Impairment loss on finance lease receivables		**–**	(8,225)
Increase in fair value of investment properties		**13,600**	65,055
Changes in fair value of held-for-trading investments		**3,229**	(10,441)
Finance costs	*6*	**(553)**	(2,100)
Share of results of associates		**24,659**	166,521
Impairment loss on interests in an associate	*15*	**(30,000)**	(66,994)
Loss on disposal of partial interests and dilution of interests in an associate	*7*	**–**	(6,883)
Profit before tax		**4,420**	115,456
Income tax expense	*8*	**(2,372)**	(2,465)
Profit for the year	*9*	**2,048**	112,991

	NOTES	**2012** **HK$'000**	2011 HK$'000 (Restated)
Other comprehensive income (expense):			
Exchange gain arising on translation		**3,007**	10,987
Share of translation difference of an associate		**3,964**	9,324
Release of translation reserve upon disposal of partial interests in an associate		**–**	(646)
Release of translation reserve on dilution of interests in an associate		**–**	(2,819)
		6,971	16,846
Total comprehensive income for the year		**9,019**	129,837
Profit for the year attributable to:			
Owners of the Company		**2,024**	112,978
Non-controlling interests		**24**	13
		2,048	112,991
Total comprehensive income for the year attributable to:			
Owners of the Company		**8,986**	129,770
Non-controlling interests		**33**	67
		9,019	129,837
Earnings per share – basic and diluted	*10*	**HK0.18 cents**	HK9.81 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	NOTES	**31.12.2012** **HK$'000**	31.12.2011 *HK$'000* (Restated)	1.1.2011 *HK$'000* (Restated)
Non-current assets				
Property, plant and equipment	*11*	**31,295**	31,677	30,459
Investment properties	*12*	**88,400**	74,800	190,590
Goodwill	*14*	**52,935**	52,935	52,935
Interests in associates	*15*	**278,012**	279,390	204,888
Finance lease receivables	*16*	**279,412**	297,505	342,228
Restricted bank deposits		**31,970**	25,926	10,619
Available-for-sale investments	*20*	**5,251**	5,185	4,941
Deferred tax assets		**275**	855	968
		767,550	768,273	837,628
Current assets				
Inventories	*17*	**3,848**	2,483	–
Amount due from an associate		**388**	388	396
Finance lease receivables	*16*	**223,540**	311,149	206,414
Entrusted loan receivables		**–**	–	235
Loan to an associate		**–**	9,772	–
Trade receivables	*18*	**–**	128	132
Prepayments, deposits and other receivables		**6,482**	5,723	6,284
Held-for-trading investments	*19*	**39,928**	36,888	15,002
Structured deposits	*21*	**12,500**	13,580	–
Bank balances and cash		**316,267**	291,868	308,337
		602,953	671,979	536,800
Assets classified as held for sale	*13*	**–**	132,000	–
		602,953	803,979	536,800
Current liabilities				
Other payables and accruals		**13,558**	17,452	6,504
Income received in advance		**4,682**	5,947	4,896
Rental and management fee in advance and other deposits received		**488**	14,274	1,210
Tax liabilities		**12,113**	12,056	10,855
Secured bank borrowings – due within one year	*22*	**217,995**	414,350	333,803
		248,836	464,079	357,268
Net current assets		**354,117**	339,900	179,532
Total assets less current liabilities		**1,121,667**	1,108,173	1,017,160

	NOTES	**31.12.2012**	31.12.2011	1.1.2011
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Capital and reserves				
Share capital	*23*	**11,522**	11,522	11,522
Retained earnings		**639,330**	637,306	523,744
Other reserves		**194,604**	187,642	171,434
Equity attributable to owners of the Company		**845,456**	836,470	706,700
Non-controlling interests		**761**	728	661
Total equity		**846,217**	837,198	707,361
Non-current liabilities				
Income received in advance		**3,799**	4,147	3,520
Secured bank borrowings – due after one year	*22*	**241,099**	248,322	295,691
Security deposits received		**30,552**	18,506	10,588
		275,450	270,975	309,799
Total equity and liabilities		**1,121,667**	1,108,173	1,017,160

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2012

	Attributable to owners of the Company								
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Contributed surplus reserve** *HK$'000* *(Note (a))*	**Translation reserve** *HK$'000*	**Share options reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 January 2011 (originally stated)	11,522	1,007	115,576	25,763	29,088	520,794	703,750	661	704,411
Adjustments *(Note 1)*	–	–	–	–	–	2,950	2,950	–	2,950
At 1 January 2011 (restated)	11,522	1,007	115,576	25,763	29,088	523,744	706,700	661	707,361
Exchange difference on translation	–	–	–	10,933	–	–	10,933	54	10,987
Share of translation difference of an associate	–	–	–	9,324	–	–	9,324	–	9,324
Release upon disposal of partial interests in an associate	–	–	–	(646)	–	–	(646)	–	(646)
Release upon dilution of interests in an associate	–	–	–	(2,819)	–	–	(2,819)	–	(2,819)
Profit for the year (restated)	–	–	–	–	–	112,978	112,978	13	112,991
Total comprehensive income for the year (restated)	–	–	–	16,792	–	112,978	129,770	67	129,837
Lapse of share options	–	–	–	–	(584)	584	–	–	–
At 31 December 2011 and 1 January 2012 (restated)	11,522	1,007	115,576	42,555	28,504	637,306	836,470	728	837,198
Exchange difference on translation	–	–	–	2,998	–	–	2,998	9	3,007
Share of translation difference of an associate	–	–	–	3,964	–	–	3,964	–	3,964
Profit for the year	–	–	–	–	–	2,024	2,024	24	2,048
Total comprehensive income for the year	–	–	–	6,962	–	2,024	8,986	33	9,019
At 31 December 2012	11,522	1,007	115,576	49,517	28,504	639,330	845,456	761	846,217

Notes:

(a) The contributed surplus reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the group reorganisation in 1991 over the nominal value of the Company's shares issued in exchange, and the transfers as mentioned in Note (b) below.

(b) A special resolution was passed by shareholders of the Company at the special general meeting of the Company held on 6 June 2008 and completed thereafter that an amount of approximately HK$425,259,000 standing to the credit of the share premium account of the Company as at 31 December 2007 be reduced, with the credit arising from being transferred to the contributed surplus reserve of the Company. Upon the said transfer becoming effective, an amount of approximately HK$311,818,000 standing to the credit of the contributed surplus reserve of the Company has been applied to eliminate the accumulated losses of the Company as at 31 December 2007. The Company has complied with the requirements of section 46(2) of The Companies Act 1981 of Bermuda (as amended). Details of which were set out in the circular of the Company dated 9 May 2008.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 *HK$'000*	2011 *HK$'000*
OPERATING ACTIVITIES		
Profit before tax	**4,420**	115,456
Adjustments for:		
Loss on disposal of partial interests and dilution of interests in an associate	**–**	6,883
Depreciation of property, plant and equipment	**1,507**	1,340
Interest expenses (included in finance costs and cost of sales)	**31,523**	42,515
Impairment loss on finance lease receivables	**–**	8,225
Share of results of associates	**(24,659)**	(166,521)
Impairment loss on interests in an associate	**30,000**	66,994
(Gain) loss on disposal of property, plant and equipment	**(48)**	8
Increase in fair value of investment properties	**(13,600)**	(65,055)
Changes in fair value of held-for-trading investments	**(3,140)**	7,534
Interest income	**(5,886)**	(4,871)
Interest income from entrusted loan receivables	**–**	(12)
Dividend income from held-for-trading investments	**(1,549)**	(285)
Operating cash flows before movements in working capital	**18,568**	12,211
Increase in inventories	**(1,334)**	(2,483)
Decrease in amount due from an associate	**–**	8
Increase in security deposits received	**11,815**	7,395
Decrease (increase) in finance lease receivables	**73,835**	(88,788)
Decrease in trade receivables	**128**	4
(Increase) decrease in prepayments, deposits and other receivables	**(737)**	624
Decrease (increase) in held-for-trading investments	**121**	(29,329)
(Decrease) increase in other payables and accruals	**(3,990)**	10,815
(Decrease) increase in rental and management fee in advance and other deposits received	**(149)**	13,064
(Decrease) increase in income received in advance	**(1,686)**	1,273
Cash generated from (used in) operations	**96,571**	(75,206)
Dividend received from held-for-trading investments	**1,549**	285
Income tax paid	**(1,882)**	(1,670)
Interest received	**39,475**	47,644
Interest paid	**(31,523)**	(42,515)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**104,190**	(71,462)

	2012	2011
	HK$'000	*HK$'000*
INVESTING ACTIVITIES		
Purchase of structured deposits	**(24,390)**	(13,580)
Proceeds from redemption of structured deposits	**25,640**	–
Proceeds from disposal of partial interests in an associate	**–**	24,002
Purchases of property, plant and equipment	**(756)**	(1,159)
Withdrawal of restricted bank deposits	**10,000**	11,143
Placement of restricted bank deposits	**(15,720)**	(25,926)
Repayment from entrusted loan receivables	**–**	247
Interest received	**5,886**	4,871
Interest received from entrusted loan receivables	**–**	12
Proceeds from disposal of property, plant and equipment	**48**	8
Proceeds from disposal of assets classified as held for sale	**118,312**	48,845
Repayment of loan to an associate	**9,772**	–
Loan to an associate	**–**	(9,772)
NET CASH FROM INVESTING ACTIVITIES	**128,792**	38,691
FINANCING ACTIVITIES		
Repayment of bank loans	**(394,938)**	(257,662)
New bank loans raised	**184,624**	267,116
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(210,314)**	9,454
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**22,668**	(23,317)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**291,868**	308,337
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**1,731**	6,848
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**316,267**	291,868

NOTES:

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

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in 2012

Except as described below, the application of the 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 disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 Deferred Tax: Recovery of Underlying Assets

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of the Company ("Directors") reviewed the investment property portfolios held by the subsidiaries and associate of the Group and concluded that the investment properties held by the subsidiaries and associate of the Group in Hong Kong and Mainland China, ("Mainland China", for the purpose of this announcement does not include Hong Kong, Macau and Taiwan) are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time rather than through sale. Therefore, the Directors have determined that the "sale" presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties (which are all located in Hong Kong) as the Group is not subject to any income tax on disposal of its investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties on the basis that the entire carrying amounts of the properties were recovered through use.

For the investment properties in Mainland China held by the Group's associate, the applications of the amendments to HKAS 12 does not have material impact on the deferred taxes on changes in fair value of the investment properties as the Group's associate had not recognised any changes in fair value of the investment properties in prior years.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK$1,692,000 and deferred tax assets being increased by HK$855,000 as at 31 December 2011 with the corresponding adjustment being recognised in retained earnings.

In the current year, no deferred taxes have been provided for changes in fair value of the Group's investment properties. The change in accounting policy has resulted in the Group's income tax expense for the year ended 31 December 2012 being decreased by HK$374,000 (2011: increased by HK$403,000) and hence resulted in the profit for the year ended 31 December 2012 being increased by HK$374,000 (2011: decreased by HK$403,000).

Amendments to HKAS 1 Presentation of Financial Statements
(as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is *Annual Improvements to HKFRSs (2009 – 2011 Cycle)*. The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 January 2011 without the related notes.

Summary of the effect of the above change in accounting policy

The effect of the change in accounting policy described above on the results for the current and preceding years by line items presented in the consolidated statement of comprehensive income is as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Decrease (increase) in income tax expense and increase (decrease) in profit for the year	**374**	(403)

The effect of the above change in accounting policy on the financial positions of the Group as at 31 December 2011, is as follows:

	As at 31 December 2011 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 31 December 2011 (restated) *HK$'000*
Deferred tax assets	–	855	855
Deferred tax liabilities	(1,692)	1,692	–
Total effects on net assets	(1,692)	2,547	855
Retained profits, total effects on equity	634,759	2,547	637,306

The effect of the above change in accounting policy on the financial positions of the Group as at 1 January 2011, is as follows:

	As at 1 January 2011 (originally stated) *HK$'000*	Adjustments *HK$'000*	As at 1 January 2011 (restated) *HK$'000*
Deferred tax assets	–	968	968
Deferred tax liabilities	(1,982)	1,982	–
Total effects on net assets	(1,982)	2,950	968
Retained profits, total effects on equity	520,794	2,950	523,744

The effect of the above change in accounting policy on the financial positions of the Group as at 31 December 2012, is as follows:

	As at 31 December 2012 *HK$'$000*
Increase in deferred tax assets	**1,110**
Decrease in deferred tax liabilities	**1,811**
Total effects on net assets	**2,921**
Retained profits, total effects on equity	**2,921**

Impact on basic and diluted earnings per share

	2012 ***HK cents***	2011 *HK cents*
Basic and diluted earnings per share before adjustments	**0.15**	9.84
Adjustments arising from change in accounting policy in relation to:		
– application of amendments to HKAS 12 in respect of deferred taxes on investment properties	**0.03**	(0.03)
Reported basic and diluted earnings per share	**0.18**	9.81

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:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle, except for the amendments to HKAS 1[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2015.
4 Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial Instruments
HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be 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. 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. As at 31 December 2012, available-for-sale investments of approximately HK$5,251,000 are measured at cost less any identified impairment losses.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures
In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements if the Group's investment in Global Digital Creations Holdings Limited ("GDC") is considered as a subsidiary of the Group. In the opinion of the Directors, the Group does not have control as defined in HKFRS 10 over GDC, and therefore the Directors anticipate that the application of these standards will have no material impact on the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad, it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements. The Directors are still in the progress of assessing the financial impact.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

Deferred taxation on investment properties

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

Key sources of estimation uncertainty

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

Estimated impairment of finance lease receivables

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

During the year ended 31 December 2012, no impairment loss has been recognised for finance lease receivables (2011: HK$8,225,000). As at 31 December 2012, the carrying amount of finance lease receivables is approximately HK$502,952,000 (2011: HK$608,654,000).

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2012, the carrying amount of goodwill is approximately HK$52,935,000, net of accumulated impairment loss of HK$201,854,000 (2011: HK$52,935,000, net of accumulated impairment loss of HK$201,854,000).

Estimated impairment of interests in associates

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

As at 31 December 2012, the carrying amount of interests in associates is approximately HK$278,012,000 net of accumulated impairment loss of HK$96,994,000 (2011: HK$279,390,000, net of accumulated impairment loss of HK$66,994,000). Details of the recoverable amount calculation are disclosed in Note 15.

3. REVENUE

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

	2012	2011
	HK$'000	*HK$'000*
Finance lease income	**44,949**	55,395
Property leasing income	**3,668**	6,491
Sale of goods	**6,917**	5,619
	55,534	67,505

4. SEGMENT INFORMATION

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

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

Segment revenue and results

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

For the year ended 31 December 2012

	Property leasing and building management services *HK$'000*	Finance leasing *HK$'000*	Assets management *HK$'000*	Total *HK$'000*
Segment revenue	**3,668**	**44,949**	**6,917**	**55,534**
Segment result	**16,513**	**8,315**	**484**	**25,312**
Other income				**5,785**
Central administration costs				**(24,012)**
Changes in fair value of held-for-trading investments				**3,229**
Finance costs				**(553)**
Share of results of associates				**24,659**
Impairment loss on interests in an associate				**(30,000)**
Profit before tax				**4,420**

For the year ended 31 December 2011

	Property leasing and building management services *HK$'000*	Finance leasing *HK$'000*	Assets management *HK$'000*	Total *HK$'000*
Segment revenue	6,491	55,395	5,619	67,505
Segment result	69,120	190	189	69,499
Other income				2,440
Central administration costs				(36,586)
Changes in fair value of held-for-trading investments				(10,441)
Finance costs				(2,100)
Share of results of associates				166,521
Impairment loss on interests in an associate				(66,994)
Loss on disposal of partial interests and dilution of interests in an associate				(6,883)
Profit before tax				115,456

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

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

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Segment assets		
Property leasing and building management services	**99,225**	213,522
Finance leasing	**813,532**	890,104
Assets management	**27,685**	35,417
Total segment assets	**940,442**	1,139,043
Interests in associates	**278,012**	279,390
Loan to an associate	**–**	9,772
Held-for-trading investments	**39,928**	36,888
Structured deposits	**12,500**	13,580
Other unallocated assets	**99,621**	93,579
Consolidated assets	**1,370,503**	1,572,252

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Segment liabilities		
Property leasing and building management services	**703**	15,926
Finance leasing	**474,822**	573,805
Assets management	**1,648**	1,624
Total segment liabilities	**477,173**	591,355
Tax liabilities	**12,113**	12,056
Unallocated secured bank borrowings	**29,262**	123,757
Other unallocated liabilities	**5,738**	7,886
Consolidated liabilities	**524,286**	735,054

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

– all assets are allocated to reportable segments other than interests in associates, held-for-trading investments, structured deposits, loan to an associate and other unallocated corporate assets (including primarily unallocated property, plant and equipment, cash and bank balances and prepayments).

– all liabilities are allocated to reportable segments other than current tax liabilities, unallocated secured bank borrowings not for finance leasing and other unallocated liabilities.

Geographical information
The Group operates in two principal geographical areas – Mainland China and Hong Kong.

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

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**51,866**	61,014	**83,574**	83,667
Hong Kong	**3,668**	6,491	**89,056**	75,745
	55,534	67,505	**172,630**	159,412

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

Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A	**8,591**	11,786
Customer B	**8,051**	N/A[1]
Customer C	**7,412**	N/A[1]
Customer D	**N/A[1]**	11,844
Customer E	**N/A[1]**	10,197

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

5. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Interest income from bank deposits	**5,322**	4,871
Interest income from loan to an associate	**564**	–
Dividend income from held-for-trading investments	**1,549**	285
Others	**674**	331
	8,109	5,487

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**31,523**	42,515
Less: Interest on bank borrowings wholly repayable within five years included in cost of sales	**(30,970)**	(40,415)
	553	2,100

Included in cost of sales is interest on bank borrowings wholly repayable within five years amounting to HK$30,970,000 (2011: HK$40,415,000) under the finance leasing segment.

7. LOSS ON DISPOSAL OF PARTIAL INTERESTS AND DILUTION OF INTERESTS IN AN ASSOCIATE

	2012	2011
	HK$'000	*HK$'000*
Gain on disposal of partial interests in GDC *(Note a)*	**–**	15,417
Loss on dilution of interests in GDC *(Note b)*	**–**	(22,300)
	–	(6,883)

Notes:

(a) During the year ended 31 December 2011, the Group had disposed of certain of its GDC shares in the open market at total cash consideration of approximately HK$24,002,000, resulting in a gain on partial disposal of approximately HK$15,417,000. The gain on partial disposal is calculated based on the sales proceeds minus the carrying value attributable to the disposed interest in GDC, release of other comprehensive income upon disposal and transaction costs incurred. The Group's equity interest in GDC has been decreased from 49.84% to 47.80%.

(b) On 4 October 2011, upon allotment and issue of the relevant GDC shares pursuant to the subscription agreement entered into by GDC dated 12 July 2011, the Group's equity interest in GDC has been diluted from 47.80% to 40.78%, resulting in a loss on deemed disposal of approximately HK$22,300,000.

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Current tax:		
Hong Kong		
Provision for the year	**252**	242
Mainland China Enterprise Income Tax ("EIT")		
Provision for the year	**1,540**	2,110
	1,792	2,352
Deferred taxation:		
Current year	**580**	113
	2,372	2,465

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

Under the Law of Mainland China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of certain subsidiaries of the Group operating in Mainland China was either reduced from 33% to 25% or was increased from 15% to 25% progressively from 1 January 2008 onwards. For the year ended 31 December 2012, the relevant tax rates for the Group's subsidiaries in Mainland China is 25% (2011: 24% to 25%).

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit before tax	**4,420**	115,456
Tax calculated at Mainland China EIT rate of 25%	**1,105**	28,864
Tax effect on share of results of associates	**(6,165)**	(41,630)
Tax effect of expenses not deductible for tax purposes	**7,617**	22,563
Tax effect of income not taxable for tax purposes	**(5,712)**	(17,450)
Tax effect of tax losses not recognised	**6,453**	11,039
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(1,025)**	(962)
Others	**99**	41
Income tax expense for the year	**2,372**	2,465

9. PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Staff costs, including Directors' remuneration:		
– Salaries, wages and other benefits	**18,512**	25,877
– Retirement benefit scheme contributions	**666**	421
Total staff costs	**19,178**	26,298
Auditor's remuneration	**1,155**	1,332
Impairment loss on finance lease receivables	**–**	8,225
Depreciation of property, plant and equipment	**1,507**	1,340
(Gain)/loss on disposal of property, plant and equipment	**(48)**	8
Exchange loss (gain), net	**7**	(6)
Gross rent from investment properties	**(3,668)**	(6,491)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**312**	754
	(3,356)	(5,737)

10. EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share	**2,024**	112,978

	2012	2011
	'000	*'000*
Number of ordinary shares for the purposes of basic and diluted earnings per share	**1,152,192**	1,152,192

The calculation of diluted earnings per share for both years does not include the potential ordinary shares arising from the Company's share options because the exercise prices of these share options were higher than the average market price of the shares of the Company for both years.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	**Leasehold improvements**	**Other fixed assets**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note)			
COST				
At 1 January 2011	31,610	1,603	6,152	39,365
Exchange realignment	1,479	2	64	1,545
Additions	–	220	939	1,159
Disposals	–	(102)	(130)	(232)
At 31 December 2011	33,089	1,723	7,025	41,837
Exchange realignment	393	1	27	421
Additions	–	27	729	756
Disposals	–	–	(343)	(343)
At 31 December 2012	33,482	1,751	7,438	42,671
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2011	2,322	1,594	4,990	8,906
Exchange realignment	59	2	69	130
Provided for the year	734	28	578	1,340
Eliminated on disposals	–	(102)	(114)	(216)
At 31 December 2011	3,115	1,522	5,523	10,160
Exchange realignment	28	1	23	52
Provided for the year	760	80	667	1,507
Eliminated on disposals	–	–	(343)	(343)
At 31 December 2012	3,903	1,603	5,870	11,376
CARRYING VALUES				
At 31 December 2012	29,579	148	1,568	31,295
At 31 December 2011	29,974	201	1,502	31,677

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

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

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

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

12. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2011	190,590
Transfer to assets classified as held for sale *(Note 13)*	(132,000)
Derecognised upon disposal	(48,845)
Net increase in fair value recognised in profit or loss	65,055
At 31 December 2011 and 1 January 2012	74,800
Net increase in fair value recognised in profit or loss	13,600
At 31 December 2012	88,400

The fair values of the Group's investment properties at 31 December 2012 and 2011 have been arrived at on the basis of a valuation carried out on that date by AA Property Services Limited, an independent qualified professional valuer not connected with the Group. AA Property Services Limited is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

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

At 31 December 2012, all of the Group's investment properties are located in Hong Kong and held under medium and long leases with the lease terms of 47 to 121 years (2011: 48 to 122 years).

The carrying amounts of investment properties shown above are situated on:

	2012 ***HK$'000***	2011 *HK$'000*
Land in Hong Kong		
Long lease	**65,200**	55,500
Medium-term lease	**23,200**	19,300
Total	**88,400**	74,800

All of the Group's investment properties have been pledged to banks to secure general banking facilities granted to the Group (Note 24).

13. ASSETS CLASSIFIED AS HELD FOR SALE

	2012	2011
	HK$'000	*HK$'000*
Investment properties *(Note 12)*	**–**	132,000

On 27 May 2011, a subsidiary of the Company entered into a provisional agreement with an independent purchaser pursuant to which the subsidiary agreed to sell its entire ownership interests in the properties to the purchaser for a cash consideration of HK$132,000,000 (the "Property Disposal"), the direct transaction cost associated with the Property Disposal amounted to approximately HK$1,419,000. The properties comprised units A and B on all of the 3rd, 6th and 9th floors and all the car parking spaces on the 4th floor of Tin Fung Industrial Mansion, 63 Wong Chuk Hang Road, Aberdeen, Hong Kong. The properties were held by the Group as investment properties. The Property Disposal was completed on 1 February 2012. Details of the Property Disposal are set out in the announcement of the Company dated 27 May 2011 and the circular of the Company dated 17 June 2011.

14. GOODWILL

	HK$'000
COST	
At 1 January 2011, 31 December 2011 and 2012	254,789
IMPAIRMENT	
At 1 January 2011, 31 December 2011 and 2012	201,854
CARRYING VALUE	
At 31 December 2011 and 2012	52,935

15. INTERESTS IN ASSOCIATES

	2012	2011
	HK$'000	*HK$'000*
Cost of investments in associates		
Listed in Hong Kong	**186,613**	186,613
Unlisted	**–**	1
Share of post-acquisition results	**174,792**	150,133
Share of post-acquisition exchange reserve	**13,601**	9,637
	375,006	346,384
Impairment loss	**(96,994)**	(66,994)
	278,012	279,390
Fair value of listed investments in Hong Kong	**106,497**	154,792
Carrying amount of interests in associates listed in Hong Kong	**278,012**	279,389

Details of the Group's principal associate at 31 December 2012 and 2011 are as follows:

Name of entity	**Form of business structure**	**Place of incorporation/ establishment and operation**	**Proportion of nominal value of issued share capital/registered capital held by the Group**		**Proportion of voting power held**		**Principal activities**
			2012	2011	**2012**	2011	
GDC	Incorporated	Bermuda/Hong Kong	**40.78%**	40.78%	**40.78%**	40.78%	Provision and distribution of cultural recreation content including computer graphic ("CG") creation and production, CG training courses and investment in cultural park

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

The recoverable amount of the investment in GDC as at 31 December 2012 has been determined based on the value in use calculations which was less than the corresponding carrying value. Hence, the Group recognised an impairment loss of approximately HK$30,000,000 (2011: HK$66,994,000) for the year ended 31 December 2012 in relation to the interests in GDC.

The recoverable amount of the investment in GDC as at 31 December 2012 has been determined on the basis of value in use calculations using cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 19% (2011: 11%) and a 3.5% (2011: 4%) growth rate after the 5-year period. Other key assumptions for the value in use calculations relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development.

The summarised financial information in respect of the Group's associates is set out below:

	2012	2011
	HK$'000	*HK$'000*
Total assets	**1,290,539**	1,198,322
Total liabilities	**(331,047)**	(339,859)
Net assets	**959,492**	858,463
The Group's share of net assets of associates	**375,006**	346,384
Revenue	**111,022**	94,677
Profit for the year	**89,031**	349,991
The Group's share of profit of associates for the year	**24,659**	166,521#
The Group's share of translation difference	**3,964**	9,324

Contingent liability of GDC is set out in Note 25.

During the year ended 31 December 2011, GDC disposed certain of its subsidiaries and resulted in gain on disposal of discontinued operations of HK$277,329,000. The Group's share of the gain on disposal was HK$113,095,000.

16. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Note)	*(Note)*		
Finance lease receivables comprise:				
Within one year	**258,649**	354,865	**223,540**	311,149
In more than one year but not more than two years	**151,395**	176,684	**133,774**	157,857
In more than two years but not more than three years	**124,277**	77,679	**117,037**	68,446
In more than three years but not more than four years	**29,615**	63,785	**28,601**	60,091
In more than four years but not more than five years	**–**	11,432	**–**	11,111
	563,936	684,445	**502,952**	608,654
Less: Unearned finance lease income	**(60,984)**	(75,791)	**N/A**	N/A
Present value of minimum lease receipts	**502,952**	608,654	**502,952**	608,654
Analysed as:				
Current finance lease receivables (receivable within 12 months)			**223,540**	311,149
Non-current finance lease receivables (receivable after 12 months)			**279,412**	297,505
			502,952	608,654

	2012	2011
	HK$'000	*HK$'000*
Fixed-rate finance lease receivables	**6,697**	–
Variable-rate finance lease receivables	**496,255**	608,654
	502,952	608,654

Note: The minimum lease receipts amounts as at 31 December 2012 and 2011 are presented using the prevailing People's Bank of China Renminbi Lending Rate as at 31 December 2012 and 2011 respectively.

17. INVENTORIES

Inventories represent goods held for resale.

18. TRADE RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**–**	128
Less: Allowance for doubtful debts	**–**	–
	–	128

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

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

	2012	2011
	HK$'000	*HK$'000*
0 – 90 days	**–**	123
91 – 180 days	**–**	5
	–	128

As at 31 December 2011, included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$5,000 which are past due as at the end of the reporting period of which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The average age of these receivables is 122 days as at 31 December 2011.

19. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2012 and 2011 represented equity securities as follows:

	2012	2011
	HK$'000	*HK$'000*
Listed in Mainland China	**1,720**	1,703
Listed in Hong Kong	**38,208**	35,185
	39,928	36,888

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

20. AVAILABLE-FOR-SALE INVESTMENTS

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

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

21. STRUCTURED DEPOSITS

The structured deposits as at 31 December 2012 consist of deposits of HK$12,500,000 (2011: HK$13,580,000) issued by banks in Mainland China. The structured deposits carry interest at expected interest rate of 2.7% (2011: 6% and 5.25%) per annum, depending on the market price of the underlying financial products invested by the banks, payable on maturity where the maturity is 63 days (2011: 30 to 45 days) from the date of purchase. The structured deposits are designated at FVTPL on initial recognition as they contain non-closely related embedded derivative. The Directors consider the fair values of the structured deposits, which are based on the prices the counterparty bank would pay to redeem at 31 December 2012, approximate to their carrying values at 31 December 2012.

The structured deposits are redeemed in January 2013. The change in fair value up to the date of redemption is not significant.

22. SECURED BANK BORROWINGS

	2012	2011
	HK$'000	*HK$'000*
Secured variable-rate bank borrowings	**459,094**	662,672
Carrying amount repayable *(Note)*:		
Within one year	**188,733**	382,593
More than one year, but not exceeding two years	**110,118**	130,186
More than two years, but not exceeding three years	**103,154**	56,905
More than three years, but not exceeding four years	**27,827**	50,120
More than four years, but not exceeding five years	**–**	11,111
	429,832	630,915
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**2,534**	2,491
Carrying amount of bank borrowings that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**26,728**	29,266
	459,094	662,672
Less: Amounts due within one year shown under current liabilities	**(217,995)**	(414,350)
Amounts due after one year	**241,099**	248,322

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

23. SHARE CAPITAL

	2012 & 2011 Number of shares	Nominal value *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January and 31 December	**2,000,000,000**	**20,000**
Issued and fully paid:		
At 1 January and 31 December	**1,152,192,469**	**11,522**

24. CHARGE ON ASSETS

As at 31 December 2012, the Group has the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of approximately HK$88,400,000 (2011: HK$74,800,000) were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$29,262,000 (2011: HK$31,757,000).

As at 31 December 2011, the Group's assets classified as held for sale with an aggregate carrying value of approximately HK$132,000,000 were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$92,000,000.

(ii) The Group's finance lease receivables with a carrying value of approximately HK$438,513,000 (2011: HK$536,731,000) were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$429,832,000 (2011: HK$538,915,000).

(iii) There were bank deposits of approximately HK$31,970,000 (2011: HK$25,926,000) restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowing with an outstanding amount of approximately HK$242,591,000 (2011: HK$139,165,000).

25. LITIGATION

GDC (an associate of the Company) received an original complaint in April 2010, a first amended complaint in July 2010 and a second amended complaint in March 2011 for damages and injunctive relief, and demand for jury trial (the "Proceeding") filed with the District Court, Central District of California Western Division of the United States (the "Court") by X6D Limited, X6D USA Inc. and XpanD, Inc. (collectively, the "X6D") against, among others, GDC and its former subsidiaries namely GDC Technology Limited, GDC Technology China Limited, GDC Technology (USA), LLC and GDC Technology of America LLC (collectively, the "Defendants") for copyright infringement, trademark and trade dress infringement, patent infringement, misappropriation of trade secrets and statutory unfair competition in relation to the 3D glasses sold by the Defendants. Sale of 3D glasses is not a core business of GDC and its subsidiaries (the "GDC Group").

The GDC Group filed its answer and counterclaims in November 2010 and amended answers and counterclaims in January 2011 and April 2011 denying X6D's allegations, asserting various affirmative defenses and asserting eight counterclaims against X6D generally that, among others, X6D did not own any valid intellectual property rights that cover the Defendants' 3D glasses and X6D wrongfully and intentionally interfered with the Defendants' prospective business relations with their potential customers. In January 2011 and May 2011, X6D filed its answers to the counterclaims denying the Defendants' allegations and asserting various affirmative defenses.

In May 2011, X6D filed with the United States Patent & Trademark Office re-issue request for all three of its design patents. In June 2011, the Defendants filed a motion to stay the litigation on the ground that the patent claims were in flux due to the re-issue applications, and that the same facts applied to the validity of all of X6D's intellectual property and trade secrets claims, and all claims involved common products. X6D filed its opposition to the motion in July 2011. The Court issued its order granting the stay as to the patent claims but denying the motion as to all non-patent claims in August 2011.

During the mediation on 9 March 2012, X6D and the GDC Group reached an agreement to settle the dispute out of the Court. The agreement to resolve the disputes was signed by the parties on 13 June 2012, the GDC Group had settled the compensation of HK$1,892,000 (equivalent to US$242,500) to Xpand, Inc. on 25 June 2012.

On 5 July 2012, the Court granted an order to dismiss the Defendants' claim against X6D in their entirety. Upon settlement of the case, no provision for the litigation is required in the consolidated financial statements of GDC.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2011: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 17 June 2013 to Tuesday, 18 June 2013 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Tuesday, 18 June 2013 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrars and transfer office of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 14 June 2013 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Overview

The Group recorded profit of approximately HK$2,024,000 for the year ended 31 December 2012 attributable to owners of the Company, represented a decrease of approximately 98% when compared with that of profits approximately HK$112,978,000 for the year ended 31 December 2011 attributable to owners of the Company. Drop in profits was mainly attributable to the decrease in share of profits from associated companies and the slowed growth in the fair value of the Group's investment properties. Revenue of the Group for the year ended 31 December 2012 was approximately HK$55,534,000, represented a decrease of approximately 18% when compared with that of approximately HK$67,505,000 for the year of 2011. The decrease was mainly attributable to the reduced income from the finance lease segment and decrease in rental income from the property leasing and building management services segment. The Group returned a gross profit of approximately HK$20,565,000 for the year ended 31 December 2012, representing a gross profit margin of approximately 37%, which is a slight improvement when compared with the gross profit margin for the year 2011. Basic earnings per share for the year ended 31 December 2012 was HK0.18 cents (2011: HK9.81 cents).

Revenue of the Group for the year ended 31 December 2012 was approximately HK$55,534,000, represented a decrease of approximately 18% when compared with that of approximately HK$67,505,000 for the year of 2011. The decrease was mainly attributable to the decrease in income from the finance lease segment by approximately HK$10,446,000 and the decrease in income from the property leasing and building management services segment by approximately HK$2,823,000.

Cost of sales for the year ended 31 December 2012 amounted to approximately HK$34,969,000, represented a decrease of approximately 21% when compared with the year 2011. The decrease was mainly attributed by finance lease segment in line with the decrease in income.

The Group made a gross profit of approximately HK$20,565,000 for the year ended 31 December 2012, representing a gross profit margin of approximately 37%, which is a slight improvement when comparing with the gross profit margin of 35% for the year 2011.

Other income for the year ended 31 December 2012 amounted to approximately HK$8,109,000 (2011: HK$5,487,000), representing an increase of approximately 48% over the year 2011. The increase was mainly due to an increase in interest income and dividend income.

Administrative expenses for the year ended 31 December 2012 amounted to approximately HK$34,182,000 (2011: HK$48,425,000), representing a decrease of approximately 29% when compared with the year ended 31 December 2011. The decrease was mainly due to the decrease in compliance and professional service fees for the development of the finance leasing business and the decreased staff costs.

For the year ended 31 December 2012, share of profits from associated companies amounted to approximately HK$24,659,000 (2011: HK$166,521,000) and impairment loss on interests in an associate amounted to HK$30,000,000 (2011: HK$66,994,000).

Business Review and Outlook

Property Investment and Management

During the year, revenue from the property leasing and building management services segment decreased by 43% to approximately HK$3,668,000 (2011: HK$6,491,000), while the segment recorded a profit of approximately HK$16,513,000 (2011: HK$69,120,000). The significant decrease in revenue from the property leasing and building management services segment was mainly attributed to the sale of bulk properties during 2012. During the year, Hong Kong property market remains prosperous. However, the relatively high value of properties significantly slowed the growth in the result of this segment. The Group recorded an increase in fair value of investment properties of approximately HK$13,600,000 (2011: fair value increase of HK$65,055,000).

Capturing market opportunities, the Group disposed of certain investment properties in the past 2 years (including residential, commercial and industrial units) so as to adjust the combination and quality of the investment properties portfolio. The Group will continue to monitor market changes and seek investment opportunities. The Group expected to receive stable cash flow from rental income and expected that the investment properties would continue to contribute stable cash return to the Group in the foreseeable future.

Finance leasing

During the year, revenue from the finance leasing segment decreased by approximately 19% to HK$44,949,000 (2011: HK$55,395,000), while the segment recorded a profit of approximately HK$8,315,000 (2011: HK$190,000). The decrease in revenue from the finance leasing segment was mainly attributed to the decrease in interest-bearing finance lease balances resulted from the completion of finance lease projects and early settlement of finance lease projects during the year. The improved segmental results were mainly attributed to no provision for doubtful debts for finance lease receivables made during the year.

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

In response to the fluctuated and unbalanced credit environment in Mainland China and the changing international economic environment, based on the ever strengthening and improving risk control mechanism, the finance leasing segment insisted on optimizing management system, enriching business team to solidify existing clients and proactively explore customers with good quality so as to promote an expanded business scale and increase overall revenue.

Assets Management

During the year, the assets management segment recorded revenue of approximately HK$6,917,000 (2011: HK$5,619,000) while the segment recorded a profit of approximately HK$484,000 (2011: HK$189,000). The assets management segment achieved stable business growth and generated stable income from its brand management service.

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

Corporate Strategy

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

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

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

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group aimed to maintain stable funding sources and financing is arranged to match business requirements and cash flows. The financial leverage of the Group as at 31 December 2012 as compared to 31 December 2011 is summarized below:

HK$'000	**31 December 2012**	31 December 2011 (Restated)
Total borrowings		
Current borrowings	**217,995**	414,350
Non-current borrowings	**241,099**	248,322
sub-total	**459,094**	662,672
Total cash		
Bank balances and cash	**316,267**	291,868
Structured deposits	**12,500**	13,580
Restricted bank deposits	**31,970**	25,926
sub-total	**360,737**	331,374
Net borrowings	**98,357**	331,298
Total equity	**846,217**	837,198
Total assets	**1,370,503**	1,572,252
Financial leverage		
Net debt to total equity	**12%**	40%
Net debt to total assets	**7%**	21%
Current ratio	**242%**	173%

As at 31 December 2012, the Group had bank balances and cash of approximately HK$316,267,000 (31 December 2011: HK$291,868,000), structured deposits of approximately HK$12,500,000 (31 December 2011: HK$13,580,000) and restricted bank deposits of approximately HK$31,970,000 (31 December 2011:HK$25,926,000) which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The increase was mainly from net cash inflow from operating activities of approximately HK$104,190,000, net proceeds from disposal of assets classified as held for sale of approximately HK$118,312,000 and netting off with the net bank loans repaid of approximately HK$210,314,000.

As at 31 December 2012, the Group's borrowings amounted to approximately HK$459,094,000, of which approximately HK$217,995,000 were repayable within twelve months from 31 December 2012 and approximately HK$241,099,000 were repayable after twelve months from 31 December 2012. During the year, the Group obtained new bank borrowings of approximately HK$184,624,000 for the finance leasing business of the Group. All loans bore interest at market rates.

Capital Structure

The equity attributable to owners of the Company amounted to approximately HK$845,456,000 as at 31 December 2012 (31 December 2011: HK$836,470,000). The increase was mainly due to the profits for the year ended 31 December 2012 attributable to owners of the Company of approximately HK$2,024,000 and exchange difference arising on translation of approximately HK$6,962,000 in total. The Company did not issue any new shares during the year under review. The issued share capital of the Company was HK$11,522,000 (represented by 1,152 million ordinary shares).

Material Acquisition, Disposals and Significant Investment

The Group had no material acquisitions, disposals and significant investment during the year ended 31 December 2012.

Charge on assets

As at 31 December 2012, the Group has the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of approximately HK$88,400,000 were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$29,262,000.

(ii) The Group's finance lease receivables with a carrying value of approximately HK$438,513,000 were pledged to banks to secure for bank borrowings with an outstanding amount of approximately HK$429,832,000.

(iii) There were new bank deposits of approximately HK$31,970,000 restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowings of approximately HK$242,591,000.

Foreign Exchange Exposure

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign currency exposures. As at 31 December 2012, the Group has no significant foreign exchange exposure.

Contingent liabilities

The Group had no significant contingent liabilities as at 31 December 2012.

Employees

As at 31 December 2012, the Group employed 46 (31 December 2011: 41) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employee share option scheme are also available to employees of the Group. Remuneration packages are reviewed either annually or through special increment.

During the year ended 31 December 2012, the Company and its subsidiaries has not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

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

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

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE

The Code on Corporate Governance Practices (the "Former Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange was revised to, and renamed as, Corporate Governance Code (the "Revised Code") from 1 April 2012. The Company has complied with the code provisions of the Former Code during the period from 1 January 2012 to 31 March 2012 and the Revised Code during the period from 1 April 2012 to 31 December 2012.

Details of the Company's compliance with the provisions of the Former Code and the Revised Code during the year will be set out in the Corporate Governance Report in the Company's 2012 annual report.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The existing authorised share capital of the Company is HK$20,000,000 divided into 2,000,000,000 ordinary shares of HK$0.01 each (the "Shares"). As at the date of this announcement, 1,152,192,469 Shares are in issue and there are outstanding share options carrying rights to subscribe for an aggregate of 135,938,000 Shares. In order to provide the Company with flexibility for future development, the Board proposes to increase the authorised share capital of the Company to HK$100,000,000 divided into 10,000,000,000 Shares by the creation of an additional 8,000,000,000 Shares ("Increase in Authorised Share Capital"). The proposed Increase in Authorised Share Capital is subject to the approval by the shareholders of the Company by way of an ordinary resolution at the AGM.

An ordinary resolution will be proposed to the shareholders of the Company to approve the Increase in Authorised Share Capital at the AGM. A circular containing, among other matters, details of the proposed Increase in Authorised Share Capital, together with a notice of AGM and the related proxy form, will be despatched to the Shareholders on or about 19 April 2013.

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
Li Shaofeng
Chairman

Hong Kong, 27 March 2013

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

* *For identification purpose only*