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 2015

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 2015 with comparative figures for the year ended 31 December 2014. 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 2015

	NOTES	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**63,166**	53,991
Cost of sales		**(35,671)**	(29,116)
Gross profit		**27,495**	24,875
Other income	*5*	**5,531**	8,139
Distribution costs and selling expenses		**(2,177)**	(872)
Administrative expenses		**(41,547)**	(35,538)
Increase in fair value of investment properties		**12,455**	2,400
Changes in fair value of held-for-trading investments		**(2,005)**	635
Impairment loss on finance lease receivables	*14*	**(81,723)**	–
Finance costs	*6*	**(613)**	(370)
Share of results of an associate		**4,483**	12,994
(Loss) profit before tax		**(78,101)**	12,263
Income tax credit (expense)	*7*	**11,619**	(2,141)
(Loss) profit for the year	*8*	**(66,482)**	10,122

	NOTES	2015 HK$'000	2014 HK$'000
Other comprehensive (expense) income:			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation		**(82,194)**	(6,731)
Share of translation difference of an associate		**(16,250)**	(8,002)
Gain on revaluation upon transfer from property, plant and equipment to investment properties	*10*	**–**	12,830
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties		**–**	(5,438)
		(98,444)	(7,341)
Item that may be reclassified subsequently to profit or loss:			
Share of investment revaluation reserve of an associate		**(8,328)**	10,597
		(106,772)	3,256
Total comprehensive (expense) income for the year		**(173,254)**	13,378
(Loss) profit for the year attributable to:			
Owners of the Company		**(55,244)**	10,165
Non-controlling interests		**(11,238)**	(43)
		(66,482)	10,122
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		**(142,006)**	13,439
Non-controlling interests		**(31,248)**	(61)
		(173,254)	13,378
(Loss) earnings per share	*9*		
Basic		**HK(2.87) cents**	HK0.88 cents
Diluted		**HK(2.87) cents**	HK0.88 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015

	NOTES	**2015** **HK$'000**	2014 HK$'000
Non-current assets			
Property, plant and equipment	*10*	**17,515**	19,398
Investment properties	*11*	**126,912**	116,150
Goodwill	*12*	**52,935**	52,935
Interests in associates	*13*	**294,964**	315,059
Finance lease receivables	*14*	**1,450,479**	250,514
Available-for-sale investments	*19*	**4,942**	5,251
Restricted bank deposits		**25,496**	21,302
Deferred tax assets		**10,448**	233
		1,983,691	780,842
Current assets			
Inventories	*15*	**3,200**	4,325
Amount due from an associate		**388**	388
Finance lease receivables	*14*	**715,778**	273,162
Entrusted loan payment receivable	*16*	**75,477**	–
Trade receivables	*17*	**81**	36
Prepayments, deposits and other receivables		**8,078**	7,708
Held-for-trading investments	*18*	**4,916**	11,036
Structured deposits	*20*	**90,588**	–
Restricted bank deposits		**9,704**	8,930
Bank balances and cash		**439,651**	292,107
		1,347,861	597,692
Current liabilities			
Other payables and accruals		**57,728**	25,008
Income received in advance		**7,666**	3,247
Rental and management fee received in advance and other deposits received		**997**	940
Tax liabilities		**8,261**	12,118
Secured bank borrowings – due within one year	*21*	**590,561**	232,391
Security deposits received – due within one year		**10,150**	9,989
		675,363	283,693
Net current assets		**672,498**	313,999
Total assets less current liabilities		**2,656,189**	1,094,841

	NOTES	2015 HK$'000	2014 HK$'000
Capital and reserves			
Share capital	*22*	**26,722**	11,522
Retained earnings		**600,072**	656,468
Other reserves		**727,786**	211,487
Equity attributable to owners of the Company		**1,354,580**	879,477
Non-controlling interests		**281,446**	696
Total equity		**1,636,026**	880,173
Non-current liabilities			
Income received in advance		**9,644**	2,361
Secured bank borrowings – due after one year	*21*	**957,878**	182,345
Security deposits received – due after one year		**52,641**	24,524
Deferred tax liabilities		**–**	5,438
		1,020,163	214,668
Total equity and liabilities		**2,656,189**	1,094,841

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company										
	Share capital *HK$'000*	Share premium *HK$'000*	Property revaluation reserve *HK$'000*	Investment revaluation reserve *HK$'000*	Contributed surplus reserve *HK$'000* *(Note (a))*	Translation reserve *HK$'000*	Share options reserve *HK$'000*	Retained earnings *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2014	11,522	1,007	–	–	115,576	63,549	28,297	646,087	866,038	757	866,795
Exchange differences on translation	–	–	–	–	–	(6,713)	–	–	(6,713)	(18)	(6,731)
Share of translation difference of an associate	–	–	–	–	–	(8,002)	–	–	(8,002)	–	(8,002)
Gain on revaluation upon transfer from property, plant and equipment to investment properties	–	–	12,830	–	–	–	–	–	12,830	–	12,830
Deferred tax on revaluation upon transfer from property, plant and equipment to investment properties	–	–	(5,438)	–	–	–	–	–	(5,438)	–	(5,438)
Share of investment revaluation reserve of an associate	–	–	–	10,597	–	–	–	–	10,597	–	10,597
Profit (loss) for the year	–	–	–	–	–	–	–	10,165	10,165	(43)	10,122
Total comprehensive income (expense) for the year	–	–	7,392	10,597	–	(14,715)	–	10,165	13,439	(61)	13,378
Lapse of share options	–	–	–	–	–	–	(216)	216	–	–	–
At 31 December 2014	11,522	1,007	7,392	10,597	115,576	48,834	28,081	656,468	879,477	696	880,173
Exchange differences on translation	–	–	–	–	–	(62,184)	–	–	(62,184)	(20,010)	(82,194)
Share of translation difference of an associate	–	–	–	–	–	(16,250)	–	–	(16,250)	–	(16,250)
Share of investment revaluation reserve of an associate	–	–	–	(8,328)	–	–	–	–	(8,328)	–	(8,328)
Loss for the year	–	–	–	–	–	–	–	(55,244)	(55,244)	(11,238)	(66,482)
Total comprehensive expense for the year	–	–	–	(8,328)	–	(78,434)	–	(55,244)	(142,006)	(31,248)	(173,254)
Placing of new shares	6,000	240,000	–	–	–	–	–	–	246,000	–	246,000
Subscription of new shares	9,200	368,000	–	–	–	–	–	–	377,200	–	377,200
Transaction costs attributable to placing and subscription of new shares *(Note(c))*	–	(4,939)	–	–	–	–	–	–	(4,939)	–	(4,939)
Capital injection from Shougang Holding into South China Leasing *(Note (d))*	–	–	–	–	–	–	–	–	–	310,846	310,846
Loss on deemed disposal of South China Leasing	–	–	–	–	–	–	–	(1,152)	(1,152)	1,152	–
At 31 December 2015	26,722	604,068	7,392	2,269	115,576	(29,600)	28,081	600,072	1,354,580	281,446	1,636,026

Notes:

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

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

(c) The amount represented transaction costs incurred directly attributable to the issuance of shares upon the completion of shares placing and subscription on 29 June 2015.

(d) Details of Shougang Holding and South China Leasing has been defined in Note 16 and Note 7, respectively.

NOTES

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the above 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.

New and revised HKFRSs in issue 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[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
Amendments to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after a date to be determined

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and 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:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required 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. 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 that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company ("Directors") anticipate that the application of HKFRS 9 in the future may have an impact on the amounts reported and disclosed in the Group's consolidated financial statements. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 ***Revenue from Contracts with Customers***
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 a material 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 do not anticipate that the applicable of other new and revised HKFRSs will have a material impact on the Group's consolidated financial statements.

2. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Estimated impairment of finance lease receivables and entrusted loan payment receivable
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 entrusted loan payment receivable and fair value of the pledged assets less cost to sell. The amount of the impairment loss is measured as the difference between the asset's carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the pledged assets less cost to sell. The fair value of the pledged assets is determined with reference to the relevant market information or valuation result performed by independent valuer. The Group also takes into consideration the financial positions and the guarantee of the relevant customers, the expected timing and other uncertainties on realising the pledged assets. Where the present value of estimated future cash flows or the fair value of the pledged assets less cost to sell are less than expected, a material impairment loss may arise.

During the year ended 31 December 2015, impairment loss of HK$81,723,000 has been recognised for finance lease receivables (2014: Nil). As at 31 December 2015, the carrying amount of finance lease receivables is HK$2,166,257,000 (2014: HK$523,676,000).

As at 31 December 2015, the carrying amount of entrusted loan payment receivable is HK$75,477,000 (2014: Nil).

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 2015, the carrying amount of goodwill is approximately HK$52,935,000, net of accumulated impairment loss of HK$201,854,000 (2014: 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 interests in an associate, Global Digital Creations Holdings Limited ("GDC"), is impaired as indicated by the decline in the quoted market price of the shares of GDC. The fair value less costs to sell is determined based on the quoted market price of the shares of the associate as management of the Group considers that the costs of disposal are insignificant. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associate and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 December 2015, the carrying amount of interests in associates is approximately HK$294,964,000, net of accumulated impairment loss of HK$96,994,000 (2014: HK$315,059,000, net of accumulated impairment loss of HK$96,994,000). Details of the recoverable amount calculation are disclosed in Note 13.

Fair value measurements and valuation processes
Some of the Group's assets are measured at fair value for financial reporting purposes.

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

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

3. REVENUE

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

	2015	2014
	HK$'000	*HK$'000*
Finance leasing and other financial services income		
Interest income	**45,629**	36,156
Handling fee	**5,613**	3,702
Consultancy fee income	**525**	5,060
Other financial services income	**3,384**	–
Property leasing income	**5,125**	3,697
Sale of goods	**2,890**	5,376
	63,166	53,991

4. SEGMENT INFORMATION

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

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

Segment revenue and results

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

For the year ended 31 December 2015

	Finance leasing and other financial services *HK$'000*	**Property leasing and building management services** *HK$'000*	**Assets management** *HK$'000*	**Total** *HK$'000*
Segment revenue	**55,151**	**5,125**	**2,890**	**63,166**
Segment result	**(58,236)**	**7,410**	**(104)**	**(50,930)**
Other income				**756**
Central administration costs				**(29,792)**
Changes in fair value of held-for-trading investments				**(2,005)**
Finance costs				**(613)**
Share of results of an associate				**4,483**
Loss before tax				**(78,101)**

For the year ended 31 December 2014

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

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

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of central administration costs including Directors' salaries, certain other income, changes in fair value of held-for-trading investments, finance costs and share of results of 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:

	2015	2014
	HK$'000	*HK$'000*
Segment assets		
Finance leasing and other financial services	**2,772,828**	656,492
Property leasing and building management services	**127,947**	117,204
Assets management	**24,621**	39,141
Total segment assets	**2,925,396**	812,837
Interests in associates	**294,964**	315,059
Held-for-trading investments	**4,916**	11,036
Structured deposits	**90,588**	–
Other unallocated corporate assets	**15,688**	239,602
Consolidated assets	**3,331,552**	1,378,534

	2015	2014
	HK$'000	*HK$'000*
Segment liabilities		
Finance leasing and other financial services	**1,663,917**	465,788
Property leasing and building management services	**1,648**	883
Assets management	**810**	701
Total segment liabilities	**1,666,375**	467,372
Unallocated secured bank borrowings	**21,547**	24,149
Other unallocated corporate liabilities	**7,604**	6,840
Consolidated liabilities	**1,695,526**	498,361

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

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

– all liabilities are allocated to reportable segments other than unallocated secured bank borrowings not for finance leasing and other financial services and other unallocated corporate liabilities.

Geographical information
The Group operates in two principal geographical areas – Mainland China (for the purpose of this announcement, "Mainland China" refers to the mainland of the People's Republic of China (the "PRC") and does not include Hong Kong, Macau and Taiwan) and Hong Kong.

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

	Revenue from external customers		Non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**56,161**	50,294	**46,811**	40,949
Hong Kong	**7,005**	3,697	**97,616**	94,599
	63,166	53,991	**144,427**	135,548

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

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group under reportable segment of finance leasing and other financial services for the corresponding years are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**11,964**	N/A[1]
Customer B	**8,300**	N/A[1]
Customer C	**7,532**	N/A[1]
Customer D	**N/A[1]**	5,939

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

5. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Interest income from bank deposits	**4,746**	5,374
Write off on interest payables	**–**	1,751
Dividend income from held-for-trading investments	**133**	611
Interest penalty received on overdue finance lease receivables	**473**	6
Government grant	**–**	143
Others	**179**	254
	5,531	8,139

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on bank borrowings	**30,994**	24,362
Amortisation of loan raising costs	**655**	–
	31,649	24,362
Less: amounts included in cost of sales	**(31,036)**	(23,992)
	613	370

Included in cost of sales are interest on bank borrowings amounting to HK$30,381,000 (2014: HK$23,992,000) and amortisation of loan raising costs amounting to HK$655,000 (2014: Nil) under the finance leasing and other financial services segment.

7. INCOME TAX (CREDIT) EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**233**	151
PRC Enterprise Income Tax ("EIT")	**3,111**	4,098
Withholding tax on deemed distribution from South China International Leasing Co., Ltd. ("South China Leasing"), an indirect non-wholly-owned subsidiary of the Company	**4,535**	–
	7,879	4,249
Overprovision in prior years:		
Hong Kong	**(8)**	–
PRC EIT	**(4,409)**	(2,341)
Deferred taxation	**(15,081)**	233
	(11,619)	2,141

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in Mainland China was 25% (2014: 25%).

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

	2015	2014
	HK$'000	*HK$'000*
(Loss) profit before tax	**(78,101)**	12,263
Tax calculated at PRC EIT rate of 25%	**(19,525)**	3,066
Tax effect on share of results of an associate	**(1,121)**	(3,249)
Tax effect of expenses not deductible for tax purposes	**33**	115
Tax effect of income not taxable for tax purposes	**(1,157)**	(853)
Tax effect of tax losses not recognised	**7,693**	5,666
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(203)**	(350)
Overprovision in prior years	**(4,417)**	(2,341)
Withholding tax charged on deemed distribution of South China Leasing	**4,535**	–
Deferred tax effect of LAT in respect of change in fair value of investment property located in Mainland China	**2,779**	–
Others	**(236)**	87
Income tax (credit) expense for the year	**(11,619)**	2,141

8. (LOSS) PROFIT FOR THE YEAR

	2015 HK$'000	2014 HK$'000
(Loss) profit for the year has been arrived at after charging (crediting):		
Staff costs, including the Directors' and chief executive's remuneration:		
– Fees	**910**	910
– Salaries, wages and other benefits	**18,265**	17,472
– Retirement benefit scheme contributions	**1,305**	867
Total staff costs	**20,480**	19,249
Auditor's remuneration	**1,438**	1,304
Depreciation of property, plant and equipment	**865**	1,435
Gain on disposal of property, plant and equipment	**–**	149
Loss on written off of property, plant and equipment	**1**	7
Exchange loss(gain), net	**224**	(36)
Gross rent from investment properties	**(5,125)**	(3,697)
Less: direct operating expenses from investment properties that generated rental income during the year	**323**	305
	(4,802)	(3,392)

9. (LOSS) EARNINGS PER SHARE

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

	2015 HK$'000	2014 HK$'000
(Loss) profit for the year attributable to owners of the Company for the purposes of basic and diluted (loss) earnings per share	**(55,244)**	10,165

	2015 '000	2014 '000
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	**1,926,768**	1,152,192

For the year ended 31 December 2015, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

For the year ended 31 December 2014, the computation of diluted earnings per share does not include the potential ordinary shares arising from all 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 the year.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings *HK$'000* *(Note)*	Leasehold improvements *HK$'000*	Other fixed assets *HK$'000*	Total *HK$'000*
COST				
At 1 January 2014	34,298	1,963	7,544	43,805
Exchange realignment	(816)	(1)	(74)	(891)
Additions	–	71	83	154
Transferred to investment properties	(10,955)	–	–	(10,955)
Disposals	–	–	(813)	(813)
Written off	–	(8)	(236)	(244)
At 31 December 2014	22,527	2,025	6,504	31,056
Exchange realignment	(1,228)	(2)	(111)	(1,341)
Additions	–	–	84	84
Written off	–	–	(6)	(6)
At 31 December 2015	21,299	2,023	6,471	29,793
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2014	4,751	1,745	6,537	13,033
Exchange realignment	(82)	(1)	(54)	(137)
Provided for the year	753	165	517	1,435
Transferred to investment properties	(1,760)	–	–	(1,760)
Eliminated on disposals	–	–	(676)	(676)
Eliminated on written off	–	(1)	(236)	(237)
At 31 December 2014	3,662	1,908	6,088	11,658
Exchange realignment	(140)	(3)	(97)	(240)
Provided for the year	535	104	226	865
Eliminated on written off	–	–	(5)	(5)
At 31 December 2015	4,057	2,009	6,212	12,278
CARRYING VALUES				
At 31 December 2015	17,242	14	259	17,515
At 31 December 2014	18,865	117	416	19,398

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

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

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

During the year ended 31 December 2014, leasehold land and buildings with carrying value of HK$9,195,000 were transferred to investment properties as they were rented out to independent third parties to earn rental income during the year. The fair value of these leasehold land and buildings at the date of transfer was HK$22,025,000, resulting in recognition of surplus on revaluation of HK$12,830,000 in other comprehensive income and accumulated in property revaluation reserve.

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

11. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2014	92,000
Net increase in fair value recognised in profit or loss	2,400
Transfer from property, plant and equipment *(Note 10)*	22,025
Exchange realignment	(275)
At 31 December 2014 and 1 January 2015	116,150
Net increase in fair value recognised in profit or loss	12,455
Exchange realignment	(1,693)
At 31 December 2015	126,912

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

The fair values of the Group's investment properties at 31 December 2015 have been arrived at on the basis of a valuation carried out on that date by Greater China Appraisal Limited (31 December 2014: AA Property Services Limited), an independent qualified professional valuer not connected with the Group. Greater China Appraisal Limited is a registered firm of the Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

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

Market comparable approach has been adopted for valuing the Group's residential property units. One of the key inputs used in valuing the Group's residential property units was the price per square foot, which ranged from HK$10,979 to HK$17,751 per square foot (2014: HK$10,053 to HK$17,540 per square foot). An increase in the price per square foot used would result in an increase in fair value measurement of the residential property units, and vice versa.

Market comparable approach has been adopted for valuing the Group's commercial property units. One of the key inputs used in valuing the Group's commercial property units was the price per square foot, which is HK$5,115 per square foot (2014: HK$3,782). An increase in the price per square foot used would result in an increase in fair value measurement of the commercial property units, and vice versa.

Income capitalisation method has been adopted for valuing the Group's industrial property units. Key inputs used in valuing the Group's industrial property units were the monthly market rent per square foot which is HK$46 (2014: HK$45) and the discount rate of 12% (2014: 12%) used. Market rent per square foot is extrapolated using zero growth rate. An increase in the market rent per square foot or discount rate used would result in an increase or decrease in fair value measurement of the industrial property units, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2015 and 2014 are as follows:

	Level 3		Fair value	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Residential and industrial property units located in Hong Kong	**97,500**	94,400	**97,500**	94,400
Commercial property units located in Mainland China	**29,412**	21,750	**29,412**	21,750

There were no transfers out of Level 3 during the year. Commercial property units with fair value of HK$21,750,000 were transferred from property, plant and equipment to investment properties during the year ended 31 December 2014.

At 31 December 2015, all of the Group's investment properties are located in Hong Kong and Mainland China with the lease terms of 35 to 118 years (2014: 36 to 119 years).

The carrying amounts of investment properties shown above comprise properties situated on land in:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**97,500**	94,400
Mainland China	**29,412**	21,750
Total	**126,912**	116,150

All of the Group's investment properties located in Hong Kong have been pledged to banks to secure general banking facilities granted to the Group (Note 23).

12. GOODWILL

	HK$'000
COST	
At 1 January 2014, 31 December 2014 and 2015	254,789
IMPAIRMENT	
At 1 January 2014, 31 December 2014 and 2015	(201,854)
CARRYING VALUE	
At 31 December 2014 and 2015	52,935

13. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Cost of investments in associates		
Listed in Hong Kong	**186,613**	186,613
Unlisted	**–**	–
Share of post-acquisition results	**205,989**	201,506
Share of post-acquisition translation reserve	**(2,913)**	13,337
Share of post-acquisition investment revaluation reserve	**2,269**	10,597
	391,958	412,053
Impairment loss	**(96,994)**	(96,994)
	294,964	315,059
Fair value of listed investments in Hong Kong	**235,284**	198,134
Carrying amount of interests in associates listed in Hong Kong	**294,964**	315,059

Details of the Group's principal associate at 31 December 2015 and 2014 are as follows:

Name of entity	Form of business structure	Place of incorporation/ establishment and operation	Proportion of nominal value of issued share capital held by the Group 2015	2014	Proportion of voting power held 2015	2014	Principal activities
GDC	Incorporated	Bermuda/ Mainland China	**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 and property leasing

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 2015 and 2014 has been determined based on the value in use calculations which were more than the corresponding carrying value. The Group did not recognise any impairment loss for the years ended 31 December 2015 and 2014 in relation to the interests in GDC.

The recoverable amount of the investment in GDC as at 31 December 2015 has been determined based on the Group's share of the present value of the estimated future cash flows expected to be generated by GDC, including the cash flows from the operations of each of the business units consisting of the CG creation and production, CG training courses business, the investment in cultural park business and the property leasing business. The cash flow projections for the CG creation and production, CG training courses business and the property leasing business are based on financial budgets approved by management covering a 5-year period and a discount rate of 16.5% (2014: 16.5%) and a 3.5% (2014: 3.5%) growth rate after the 5-year period. Other key assumptions for the cash flow projections relate to the estimation of cash inflow/outflows which include budgeted revenue and gross margins during the budget period. Budgeted revenue and gross margins have been determined based on past performance and management's expectations for the market development.

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

Summarised financial information of material associate

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

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

GDC

	2015	2014
	HK$'000	*HK$'000*
Current assets	**337,940**	420,434
Non-current assets	**809,430**	859,472
Current liabilities	**(91,386)**	(161,347)
Non-current liabilities	**(58,739)**	(78,819)

	2015	2014
	HK$'000	*HK$'000*
Revenue	**181,664**	204,404
Profit for the year	**20,185**	32,619
Other comprehensive (expense) income for the year	**(62,680)**	4,995
Total comprehensive (expense) income for the year	**(42,495)**	37,614

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

	2015	2014
	HK$'000	*HK$'000*
Net assets of GDC	**997,245**	1,039,740
Net assets attributable to non-controlling interests of GDC	**(53,411)**	(46,631)
Net assets attributable to owners of GDC	**943,834**	993,109
Proportion of the Group's ownership interest in GDC	**40.78%**	40.78%
The Group's ownership interest in GDC	**384,910**	405,005
Impairment loss	**(96,994)**	(96,994)
Other adjustments	**7,048**	7,048
Carrying amount of the Group's interest in GDC	**294,964**	315,059

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

14. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		**Present value of minimum lease receipts**	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Note)	*(Note)*		
Finance lease receivables comprise:				
Within one year	**761,728**	253,473	**690,713**	218,707
In more than one year but not more than two years	**791,975**	135,873	**715,185**	119,036
In more than two years but not more than three years	**769,438**	81,830	**734,118**	72,728
In more than three years but not more than four years	**1,233**	38,895	**1,176**	35,000
In more than four years but not more than five years	**–**	24,405	**–**	23,750
	2,324,374	534,476	**2,141,192**	469,221
Overdue finance lease receivables	**25,065**	54,455	**25,065**	54,455
Less: Unearned finance lease income	**(183,182)**	(65,255)	**N/A**	N/A
Present value of minimum lease receipts	**2,166,257**	523,676	**2,166,257**	523,676

	2015 *HK$'000*	2014 *HK$'000*
Analysed as:		
Current finance lease receivables (receivable within 12 months)	**715,778**	273,162
Non-current finance lease receivables (receivable after 12 months)	**1,450,479**	250,514
	2,166,257	523,676

	2015 *HK$'000*	2014 *HK$'000*
Fixed-rate finance lease receivables	**911,837**	151,112
Variable-rate finance lease receivables	**1,254,420**	372,564
	2,166,257	523,676

Note: The minimum lease receipts amounts as at 31 December 2015 and 2014 are presented using the prevailing People's Bank of China Renminbi Lending Rate ("PBC rate") as at 31 December 2015 and 2014 respectively.

Movement in provision for finance lease receivables

	2015 *HK$'000*	2014 *HK$'000*
At 1 January	**38,195**	39,175
Impairment loss recognised	**81,723**	–
Written off of impairment losses previously recognised	**(4,982)**	–
Exchange realignment	**(2,583)**	(980)
At 31 December	**112,353**	38,195

Included in the provision for finance lease receivables are individually impaired finance lease receivables with an aggregate balance of HK$112,353,000 (2014: HK$38,195,000), which the borrowers were either under severe financial difficulties, placed in liquidation or in legal proceedings. In the opinion of the Directors, these amounts cannot be recovered due to the debtors' default in payment.

15. INVENTORIES

Inventories represent goods held for resale.

16. ENTRUSTED LOAN PAYMENT RECEIVABLE

Pursuant to the entrusted loan contract entered into between a related company (a subsidiary of Shougang Corporation ("Shougang Corporation"), as defined below) and the Group on 28 January 2015, the Group agreed to provide the related company with entrusted loan amounting to approximately US$9,302,000 (equivalent to approximately HK$72,093,000) at a fixed interest rate of 5.6% per annum, with a maturity date of 2 February 2016. Interest income of HK$3,384,000 has been recognised in profit or loss during the year ended 31 December 2015. The amount was subsequently settled in February 2016.

The Company's parent company and Controlling Shareholder, which is defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as a person who is entitled to exercise or control the exercise of 30% or more of the voting power at general meetings of the issuer, is Shougang Holding (Hong Kong) Limited ("Shougang Holding"), a company incorporated in Hong Kong with limited liability and the ultimate holding company of Shougang Holding is Shougang Corporation, a company established in the PRC.

17. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Rental receivables	**81**	36

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

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

	2015	2014
	HK$'000	*HK$'000*
0 – 90 days	**74**	36
91 – 180 days	**7**	–
Total	**81**	36

18. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments as at 31 December 2015 and 2014 represented debt securities and equity securities as follows:

	2015	2014
	HK$'000	*HK$'000*
Listed equity securities:		
– in Hong Kong	**3,172**	4,766
– in Mainland China	**1,744**	2,246
Listed debt securities in Hong Kong	**–**	4,024
	4,916	11,036

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

19. AVAILABLE-FOR-SALE INVESTMENTS

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

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

20. STRUCTURED DEPOSITS

The structured deposits as at 31 December 2015 consisted of deposits HK$90,588,000 (2014: Nil) denominated in Renminbi and issued by banks in Mainland China. The structured deposits carries interest at expected interest rate of 3.0% to 3.6% per annum, depending on the market price of the underlying money market instruments and debt instruments invested by the banks, payable on maturity ranging from 90 to 91 days from the date of purchase. The structured deposits were designated at FVTPL on initial recognition as they contain non-closely related embedded derivative. The Directors considered the fair values of the structured deposits, which are measured by reference to the discounted cash flow approach, approximate to their carrying values.

The structured deposits were redeemed in March 2016. The change in fair value up to the date of redemption was not significant.

No change in fair value for those deposits that have been matured is recognised for the year ended 31 December 2015 as the effect is not significant.

21. SECURED BANK BORROWINGS

	2015 *HK$'000*	2014 *HK$'000*
Secured bank borrowings	**1,556,282**	414,736
Less: loan raising costs	**(7,843)**	–
	1,548,439	414,736
Carrying amount repayable *(Note)*:		
Within one year	**499,014**	138,242
More than one year, but not exceeding two years	**465,956**	80,516
More than two years, but not exceeding three years	**491,922**	49,329
More than three years, but not exceeding four years	**–**	30,000
More than four years, but not exceeding five years	**–**	22,500
	1,456,892	320,587
Carrying amount of bank borrowings that are repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)	**72,634**	72,602
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)	**18,913**	21,547
	1,548,439	414,736
Less: Amounts due within one year shown under current liabilities	**(590,561)**	(232,391)
Amounts due after one year	**957,878**	182,345

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

	2015 *HK$'000*	2014 *HK$'000*
Analysed for reporting purpose:		
Fixed-rate secured bank borrowings	**210,785**	–
Variable-rate secured bank borrowings	**1,337,654**	414,736
	1,548,439	414,736

The ranges of effective interest rates on the Group's secured bank borrowings are as follows:

	2015	2014
Effective interest rate:		
Fixed-rate secured bank borrowings	**4.8%**	N/A
Variable-rate secured bank borrowings	**1.2% to 7.2%**	1.2% to 8.0%

The Group's secured bank borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
Denominated in HK$	**91,547**	94,149

22. SHARE CAPITAL

	Number of Shares			
	2015	2014	**2015**	2014
			HK$'000	*HK$'000*
Ordinary shares of HK$0.01 each				
Authorised:				
At 1 January and 31 December	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid:				
At 1 January	**1,152,192,469**	1,152,192,469	**11,522**	11,522
Issue of shares *(Note)*	**1,520,000,000**	–	**15,200**	–
At 31 December	**2,672,192,469**	1,152,192,469	**26,722**	11,522

Note: Upon the completion of shares placing by third parties and shares subscription by Shougang Holding on 29 June 2015, the Company issued 1,520,000,000 ordinary shares at the price of HK$0.41 per share. The net proceeds from the placing and subscription was injected into South China Leasing, an indirect non-wholly-owned subsidiary of the Company.

23. CHARGE ON ASSETS

As at 31 December 2015, the Group has the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of approximately HK$97,500,000 (2014: HK$94,400,000) were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$21,547,000 (2014: HK$24,149,000).

(ii) The Group's finance lease receivables with a carrying value of approximately HK$1,463,190,000 (2014: HK$342,852,000) were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$1,456,892,000 (2014: HK$320,587,000).

(iii) There were bank deposits of approximately HK$35,200,000 (2014: HK$30,232,000) restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowing with outstanding amount of approximately HK$269,168,000 (2014: HK$235,490,000).

24. CONTINGENCY

As explained in the consolidated financial statements of GDC, GDC has properties interest under construction (classified as investment properties under construction and stated at cost less impairment) which amounted to HK$86,483,000 as at 31 December 2015 in respect of which the original period during which construction was to be completed in accordance with the framework agreement governing the lease of the related land has expired. GDC is currently negotiating with 珠江電影製片有限公司 ("Pearl River Film Production"), the owner of the land use right who had granted to GDC the right to construct under the terms agreed in the framework agreement, on the future development direction including but not limited to the extension of the original construction period, reassessment of the future development plan of these properties or returning the captioned properties interest under construction to Pearl River Film Production at a price to be agreed between the parties. The negotiation is still in progress and no conclusion has been reached as of the date of approval of GDC's consolidated financial statements. Depending on the ultimate outcome of the negotiation, GDC might incur a significant impairment loss on the related assets, which will be recognised as a loss in future financial periods. The ultimate outcome of the negotiation cannot be assessed at this stage. However, in the opinion of the Directors, the above matter may not have material impact on the Group's financial performance and position for the current year and/or the disclosures set out in these consolidated financial statements.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2014: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 27 June 2016 to Wednesday, 29 June 2016 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Wednesday, 29 June 2016 (the "AGM"). During such period no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 24 June 2016 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Key Performance Indicators

The financial key performance indicators are analysed as below:

	2015	2014	+/(-)
	HK$'000	*HK$'000*	Change
Financial Performance			
Revenue	**63,166**	53,991	17%
Gross profit margin (%)	**44%**	46%	-2%
(Loss) profit attributable to owners of the Company	**(55,244)**	10,165	(65,409)
Key Financial Indicators			
Total cash	**565,439**	322,339	75%
Total assets	**3,331,552**	1,378,534	142%
Total liabilities	**1,695,526**	498,361	240%
Bank borrowings	**1,548,439**	414,736	273%
Equity attributable to owners of the Company	**1,354,580**	879,477	54%
Current ratio	**200%**	211%	-11%
Net debt to total equity	**60%**	10%	50%
Basic (loss) earning per share (HK cents)	**(2.87)**	0.88	(3.75)

Financial Overview

The Group recorded loss of approximately HK$55,244,000 for the year ended 31 December 2015 attributable to owners of the Company as compared to a profit of approximately HK$10,165,000 for the year ended 31 December 2014 attributable to owners of the Company. The turning from profit to loss was mainly attributable to the impairment loss of approximately HK$82 million made by the Group on certain finance lease receivables for the finance lease and other financial services segment. Revenue of the Group for the year ended 31 December 2015 was approximately HK$63,166,000 represented an increase of approximately 17% when compared with that of approximately HK$53,991,000 for the year of 2014. The increase was mainly attributable to the increase in income from the finance lease and other financial services segment. The Group returned a gross profit of approximately HK$27,495,000 for the year ended 31 December 2015, representing a gross profit margin of approximately 44%, which is a slight decrease when compared with the gross profit margin of approximately 46% for the year 2014. Basic loss per share for the year ended 31 December 2015 was HK2.87 cents (2014: earnings per share HK0.88 cents).

Revenue of the Group for the year ended 31 December 2015 was approximately HK$63,166,000, represented an increase of approximately 17% when compared with that of approximately HK$53,991,000 for the year of 2014. The increase was mainly attributable to the increase in income from the finance leasing and other financial services segment by approximately HK$10,233,000.

The Group made a gross profit of approximately HK$27,495,000 for the year ended 31 December 2015, representing a gross profit margin of approximately 44%, which is a slight decrease when comparing with the gross profit margin of 46% for the year 2014 which was mainly attributable to the decrease in gross profit margin from the finance leasing and other financial services segment.

Other income for the year ended 31 December 2015 amounted to approximately HK$5,531,000 (2014: HK$8,139,000), representing a decrease of approximately 32%. The decrease was mainly due to no write off on interest payables during the year (2014: HK$1,751,000).

Administrative expenses for the year ended 31 December 2015 amounted to approximately HK$41,547,000 (2014: HK$35,538,000), representing an increase of approximately 17%. The increase was mainly due to the increase in professional service fees for the development of the finance leasing business.

For the year ended 31 December 2015, share of profits from associated companies amounted to approximately HK$4,483,000 (2014: HK$12,994,000).

Business Review and Outlook

Finance Leasing and other financial services

During the year, revenue from the finance leasing and other financial services segment increased by approximately 23% to approximately HK$55,151,000 (2014: HK$44,918,000), while the segment recorded a loss of approximately HK$58,236,000 (2014: profit of HK$15,301,000). The increase in revenue from the finance leasing and other financial services segment was mainly attributed to certain finance leases carried out during the year with the subsidiaries of the Company's ultimate holding company. The segmental results turning from profit to loss were mainly attributed to the impairment loss of approximately HK$82 million made on certain finance lease receivables. Excluding the effect of the impairment on finance lease receivables, the finance leasing and other financial services segment showed growth in its operation. During the year, after overall consideration of the business risk, assets conditions, on-site inspections, litigation progress and other factors associated with such customers, the Group made provision for impairment on certain finance lease receivables from such customers.

The Group adhered to a prudent risk management policy, with the finance leasing and other financial services 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 through continuing to track the assets conditions and the progress of litigations, combined with non-litigations methods.

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 and other financial services 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.

Property Investment and Management

During the year, revenue from the property leasing and building management services segment increased by 39% to approximately HK$5,125,000 (2014: HK$3,697,000), while the segment recorded a profit of approximately HK$7,410,000 (2014: HK$4,866,000). The increase in revenue from the property leasing and building management services segment was mainly attributed to the increase in rentable floor area. During the year, the Group had rent out part of the office area which was previously self-occupied to promote assets efficiency. The increase in segment result was mainly attributable to the increase in rental income and the increase in fair value gain of investment properties of the Group. The Group recorded an increase in fair value of investment properties of approximately HK$12,455,000 during the year 2015 (2014: fair value increase of HK$2,400,000).

Capturing market opportunities, the Group disposed of certain investment properties in the past few years (including residential, commercial and industrial property units) so as to adjust the combination and quality of the investment properties portfolio. To improve assets return, the Group had reviewed and rearranged the layout of the self-occupied office so as to release rentable floor area. 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.

Assets Management

During the year, the assets management segment recorded revenue of approximately HK$2,890,000 (2014: HK$5,376,000) while the segment recorded a loss of approximately HK$104,000 (2014: loss of HK$306,000). The drop in revenue and increase in loss was mainly attributable to the decrease in gross profit owing to the change in market environment.

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

Corporate Strategy

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

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

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

Key risks and uncertainties

Environmental and economic performance of individual markets

The global economic situation is complicated, monetary policy adopted by the world's major economies caused persistent volatility to major economic indicators, such as interest rates, exchange rates, commodity and energy prices. Under the influence of these uncertainties, capital investment in the market may also slowdown which affects the Group's earnings.

Market Risk

The Group is exposed to certain market risk, such as interest rate risk, credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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 2015 as compared to 31 December 2014 is summarized below:

	31 December 2015	31 December 2014
	HK$'000	*HK$'000*
Total borrowings		
Current borrowings	**590,561**	232,391
Non-current borrowings	**957,878**	182,345
sub-total	**1,548,439**	414,736
Total cash		
Bank balances and cash	**439,651**	292,107
Structured deposits	**90,588**	–
Restricted bank deposits	**35,200**	30,232
sub-total	**565,439**	322,339
Net borrowings	**983,000**	92,397
Total equity	**1,636,026**	880,173
Total assets	**3,331,552**	1,378,534
Financial leverage		
Net debt to total equity	**60%**	10%
Net debt to total assets	**30%**	7%
Current ratio	**200%**	211%

As at 31 December 2015, the Group had bank balances and cash of approximately HK$439,651,000 (31 December 2014: HK$292,107,000), structured deposits of approximately HK$90,588,000 (31 December 2014: Nil) and restricted bank deposits of approximately HK$35,200,000 (31 December 2014: HK$30,232,000) which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The increase was mainly from the net bank loans raised of approximately HK$1,160,404,000, proceeds from issue of shares of approximately HK$618,261,000 and capital contribution from Shougang Holding into South China Leasing of approximately HK$310,846,000 netting off with the net cash outflow from operating activities of approximately HK$1,779,771,000 and net purchase of structured deposits of approximately HK$90,588,000.

As at 31 December 2015, the Group's borrowings amounted to approximately HK$1,548,439,000, of which approximately HK$590,561,000 were repayable within twelve months from 31 December 2015 and approximately HK$957,878,000 were repayable after twelve months from 31 December 2015. During the year, the Group obtained new bank borrowings of approximately HK$1,411,765,000 applying for the finance leasing and other financial services business. All loans bore interest at market rates.

Capital Structure

The equity attributable to owners of the Company amounted to approximately HK$1,354,580,000 as at 31 December 2015 (31 December 2014: HK$879,477,000). The increase was mainly due to subscription of new shares of approximately HK$377,200,000 and placing of new shares of approximately HK$246,000,000 netting off with the loss for the year ended 31 December 2015 attributable to owners of the Company of approximately HK$55,244,000 and exchange differences arising on translation of approximately HK$78,434,000 in total during the year. The Company issued 1,520 million new shares during the year. The issued share capital of the Company was HK$26,722,000 (represented by 2,672 million ordinary shares).

Material Acquisition, Disposals and Significant Investment

The Company (through its subsidiaries) and the controlling shareholder had injected capital to South China Leasing during the year. Subsequent to the completion of the capital injection, the controlling shareholder held 25% of the enlarged registered capital of South China Leasing and the Company's equity interest in South China Leasing was reduced from 100% to 75% and constituted a deemed disposal. The group recognised an increase in non-controlling interests of HK$311,998,000 and a decrease in equity attributable to owners of the Company of HK$1,152,000. Except for this deemed disposal, the Group had no material acquisitions, disposals and significant investment during the year ended 31 December 2015.

Charge on Assets

As at 31 December 2015, the Group has the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of approximately HK$97,500,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$21,547,000.

(ii) The Group's finance lease receivables with a carrying value of approximately HK$1,463,190,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$1,456,892,000.

(iii) There were bank deposits of approximately HK$35,200,000 restricted for the repayment of bank borrowings, which will be released upon full settlement of the relevant bank borrowings with outstanding amount of approximately HK$269,168,000.

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 2015, the Group has no significant foreign exchange exposure.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2015.

Environmental Policies

Environmental Protection

The Group promotes environmental protection by raising the employees' awareness of resources saving and efficient use of energy. In recent years, the Group has implemented several policies to encourage employees for saving energy and paper. All these policies aim at reducing resources and saving costs which are beneficial to the environment and meet the commercial goals of the Group.

Relationship with Employees, Suppliers and Customers

The Group believes that employees are important assets and provides competitive remuneration packages to attract and retain employees. The management regularly reviews the Group's remuneration to its employees is up to prevailing market standard.

The Group values mutually beneficial long standing relationships with its suppliers and customers. The Group aims at delivering high quality services and products to its customers and developing on mutual trust among its suppliers.

Employees

As at 31 December 2015, the Group employed 50 (31 December 2014: 51) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employees share option scheme are also available to employee of the Group. Remuneration packages are reviewed either annually or through special increment.

During the year ended 31 December 2015, the Company and its subsidiaries has not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2015. 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 2015 annual report.

APPRECIATION

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

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

Hong Kong, 23 March 2016

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

* *For identification purpose only*