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 2018

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 2018 with comparative figures for the year ended 31 December 2017. 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 2018

	NOTES	**2018** **HK$'000**	2017 *HK$'000*
Revenue	*3*		
Rental income		**3,133**	3,616
Finance lease and entrusted loan payment interest income		**85,076**	96,557
Service income		**8,414**	9,339
Total revenue		**96,623**	109,512
Cost of finance leases and services		**(42,427)**	(50,380)
Gross profit		**54,196**	59,132
Other income	*5*	**15,620**	4,389
Selling expenses		**(418)**	(993)
Administrative expenses		**(58,798)**	(40,530)
Changes in fair value of investment properties		**3,147**	10,781
Changes in fair value of financial assets at fair value through profit or loss		**(641)**	67
Other gains	*6*	**2,824**	285
Impairment loss, net of reversal		**1,242**	672
Finance costs	*7*	**(5,823)**	(2,445)
Share of results of associates		**(122,547)**	(11,947)
Impairment loss reversed (recognised) on interest in an associate	*15*	**75,640**	(9,626)
(Loss) profit before tax		**(35,558)**	9,785
Income tax expense	*8*	**(14,531)**	(12,206)
Loss for the year	*9*	**(50,089)**	(2,421)

	NOTE	2018 HK$'000	2017 HK$'000
Other comprehensive (expenses) income:			
Items that will not be reclassified to profit or loss:			
Exchange differences on translation to presentation currency		**(75,573)**	96,973
Share of translation difference of an associate		**(16,328)**	23,228
Share of property revaluation reserve of an associate		**18,673**	–
		(73,228)	120,201
Items that may be reclassified subsequently to profit or loss:			
Share of investment revaluation reserve of an associate		**–**	(1,655)
Fair value loss on debt instruments measured at fair value through other comprehensive income		**(126)**	–
Other comprehensive (expenses) income for the year		**(73,354)**	118,546
Total comprehensive (expenses) income for the year		**(123,443)**	116,125
(Loss) profit for the year attributable to:			
Owners of the Company		**(58,882)**	(11,332)
Non-controlling interests		**8,793**	8,911
		(50,089)	(2,421)
Total comprehensive (expenses) income for the year attributable to:			
Owners of the Company		**(114,570)**	83,646
Non-controlling interests		**(8,873)**	32,479
		(123,443)	116,125
			(Restated)
Loss per share	*11*		
Basic and diluted		**HK(2.00) cents**	HK(0.43) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2018

	NOTES	**2018** **HK$'000**	2017 *HK$'000*
Non-current assets			
Property, plant and equipment	*12*	**17,639**	17,134
Investment properties	*13*	**66,705**	117,663
Goodwill	*14*	**50,848**	52,935
Interest in an associate	*15*	**1,591**	204,325
Finance lease receivables	*16*	**543,101**	1,027,923
Equity instrument at fair value through other comprehensive income	*17*	**11,558**	–
Debt instruments at fair value through other comprehensive income	*18*	**69,870**	–
Financial assets at fair value through profit or loss	*20*	**2,371**	–
Deferred tax assets		**18,006**	22,069
		781,689	1,442,049
Current assets			
Finance lease receivables	*16*	**505,042**	858,906
Entrusted loan payment receivable	*19*	**8,349**	–
Prepayments, deposits and other receivables		**6,772**	5,997
Financial assets at fair value through profit or loss	*20*	**–**	3,923
Structured deposit	*21*	**–**	12,048
Restricted bank deposits		**–**	19,811
Bank balances and cash		**806,150**	288,221
		1,326,313	1,188,906
Non-current asset classified as held for sale	*22*	**110,212**	–
		1,436,525	1,188,906
Current liabilities			
Other payables and accruals		**20,256**	26,567
Income received in advance		**–**	7,589
Contract liabilities	*23*	**3,221**	–
Rental and other deposits received		**310**	548
Tax liabilities		**25,336**	23,807
Secured bank borrowings – due within one year	*24*	**238,859**	535,048
Security deposits received – due within one year		**33,484**	54,261
		321,466	647,820
Net current assets		**1,115,059**	541,086
Total assets less current liabilities		**1,896,748**	1,983,135

	NOTES	2018 HK$'000	2017 HK$'000
Capital and reserves			
Share capital	*25*	**40,083**	26,722
Retained earnings		**467,698**	524,192
Other reserves		**831,907**	731,003
Equity attributable to owners of the Company		**1,339,688**	1,281,917
Non-controlling interests		**286,402**	297,540
Total equity		**1,626,090**	1,579,457
Non-current liabilities			
Income received in advance		**–**	3,678
Contract liabilities	*23*	**771**	–
Secured bank borrowings – due after one year	*24*	**255,682**	361,446
Security deposits received – due after one year		**14,205**	38,554
		270,658	403,678
Total equity and liabilities		**1,896,748**	1,983,135

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	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 2017	26,722	604,068	7,392	1,655	115,576	(102,920)	27,497	518,281	1,198,271	265,061	1,463,332
(Loss) profit for the year	–	–	–	–	–	–	–	(11,332)	(11,332)	8,911	(2,421)
Exchange differences on translation to presentation currency	–	–	–	–	–	73,405	–	–	73,405	23,568	96,973
Share of translation difference of an associate	–	–	–	–	–	23,228	–	–	23,228	–	23,228
Share of investment revaluation reserve of an associate	–	–	–	(1,655)	–	–	–	–	(1,655)	–	(1,655)
Other comprehensive (expenses) income for the year	–	–	–	(1,655)	–	96,633	–	–	94,978	23,568	118,546
Total comprehensive (expenses) income for the year	–	–	–	(1,655)	–	96,633	–	(11,332)	83,646	32,479	116,125
Lapse of share options	–	–	–	–	–	–	(17,243)	17,243	–	–	–
At 31 December 2017	26,722	604,068	7,392	–	115,576	(6,287)	10,254	524,192	1,281,917	297,540	1,579,457
Adjustments *(see note 1)*	–	–	–	–	–	–	–	(7,180)	(7,180)	(2,394)	(9,574)
At 1 January 2018	**26,722**	**604,068**	**7,392**	**–**	**115,576**	**(6,287)**	**10,254**	**517,012**	**1,274,737**	**295,146**	**1,569,883**
(Loss) profit for the year	–	–	–	–	–	–	–	(58,882)	(58,882)	8,793	(50,089)
Exchange differences on translation to presentation currency	–	–	–	–	–	(57,907)	–	–	(57,907)	(17,666)	(75,573)
Share of translation difference of an associate	–	–	–	–	–	(16,328)	–	–	(16,328)	–	(16,328)
Share of property revaluation reserve of an associate	–	–	18,673	–	–	–	–	–	18,673	–	18,673
Fair value loss on debt instruments measured at fair value through other comprehensive income	–	–	–	(126)	–	–	–	–	(126)	–	(126)
Other comprehensive income (expenses) for the year	–	–	18,673	(126)	–	(74,235)	–	–	(55,688)	(17,666)	(73,354)
Total comprehensive income (expenses) for the year	–	–	18,673	(126)	–	(74,235)	–	(58,882)	(114,570)	(8,873)	(123,443)
Issue of shares upon rights issue *(Note 25)*	13,361	166,160	–	–	–	–	–	–	179,521	–	179,521
Acquisition of a subsidiary *(Note 27)*	–	–	–	–	–	–	–	–	–	129	129
Lapse of share options	–	–	–	–	–	–	(9,568)	9,568	–	–	–
At 31 December 2018	**40,083**	**770,228**	**26,065**	**(126)**	**115,576**	**(80,522)**	**686**	**467,698**	**1,339,688**	**286,402**	**1,626,090**

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.

NOTES

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (collectively referred to as "the Group") has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and 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.

1.1 HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained earnings (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from handling service on finance lease receivables which arise from contracts with customers.

Summary of effects arising from initial application of HKFRS 15

At the date of initial application, 1 January 2018, there is no difference recognised in the opening retained earnings.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018
	HK$'000	*HK$'000* *(Note)*	*HK$'000*
Current liabilities			
Income received in advance	7,589	(7,589)	–
Contract liabilities	–	7,589	7,589
Non-current liabilities			
Income received in advance	3,678	(3,678)	–
Contract liabilities	–	3,678	3,678

Note: As at 1 January 2018, income received in advance of HK$11,267,000 in respect of finance lease arrangement service contracts signed with customers previously included in income received in advance are reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and the consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

	As reported	Reclassification	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities			
Income received in advance	–	3,221	3,221
Contract liabilities	3,221	(3,221)	–
Non-current liabilities			
Income received in advance	–	771	771
Contract liabilities	771	(771)	–

Impact on the consolidated statement of cash flows

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Decrease in income received in advance	–	(6,650)	(6,650)
Decrease in contract liabilities	(6,650)	6,650	–

1.2 HKFRS 9 Financial Instruments ("HKFRS 9")

In the current year, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets, finance lease receivables and entrusted loan payment receivable and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained earnings and non-controlling interests, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement* ("HKAS 39").

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) of financial assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Closing balance at 31 December 2017 under HKAS 39	Reclassification under HKFRS 9	Remeasurement of loss allowance under ECL under HKFRS 9	Opening balance at 1 January 2018 under HKFRS 9
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (restated)
Non-current assets				
Finance lease receivables	1,027,923	–	(10,787)	1,017,136
Deferred tax assets	22,069	–	3,191	25,260
Financial assets at fair value through profit or loss	–	3,923	–	3,923
Current assets				
Finance lease receivables	858,906	–	(1,978)	856,928
Financial assets at fair value through profit or loss	3,923	(3,923)	–	–
Capital and reserves				
Retained earnings	524,192	–	(7,180)	517,012
Non-controlling interests	297,540	–	(2,394)	295,146

Financial assets at fair value through profit or loss ("FVTPL")

The Group has reassessed its investments in equity securities classified as held-for-trading under HKAS 39 as if the Group had purchased these investments at the date of initial application. Based on the facts and circumstances as at the date of initial application, the Group's investments of HK$3,923,000 previously classified as held-for-trading were no longer held-for-trading and continued to be measured at FVTPL.

Impairment under ECL model

Except for those which had been determined as credit impaired under HKAS 39, ECL for financial assets at amortised cost, including finance lease receivables, entrusted loan payment receivable, other receivables and bank balances, are assessed individually on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition, except for finance lease receivables with internal credit rating of Caa3 to Caa1 which are assessed and measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

All of the Group's debt instruments at fair value through other comprehensive income ("FVTOCI") are listed bonds that are graded in the top credit rating among rating agencies. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis.

As at 1 January 2018, additional credit loss allowance of HK$12,765,000 and increase in deferred tax assets of HK$3,191,000 have been recognised against retained earnings and non-controlling interests. The additional loss allowance is charged against finance lease receivables.

As at 1 January 2018, the directors of the Company (the "Directors") reviewed and assessed the impairment of bank balances and other receivables under ECL model, and no additional loss allowance is recognised against retained earnings.

All loss allowances for finance lease receivables as at 31 December 2017 reconciled to the opening loss allowance as at 1 January 2018 is as follows:

	At 31 December 2017 under HKAS 39	**Remeasurement through opening retained earnings**	**At 1 January 2018 under HKFRS 9**
	HK$'000	*HK$'000*	*HK$'000* (restated)
Finance lease receivables	97,315	12,765	110,080

1.3 Impacts on opening consolidated statement of financial position arising from the application of all new standards

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table shows the adjustments recognised for each of the line items affected. Line items that were not affected by the changes have not been included.

	31 December 2017 *HK$'000* (audited)	HKFRS 15 *HK$'000*	HKFRS 9 *HK$'000*	**1 January 2018** ***HK$'000*** **(restated)**
Non-current assets				
Finance lease receivables	1,027,923	–	(10,787)	**1,017,136**
Deferred tax assets	22,069	–	3,191	**25,260**
Financial assets at fair value through profit or loss	–	–	3,923	**3,923**
Current assets				
Finance lease receivables	858,906	–	(1,978)	**856,928**
Financial assets at fair value through profit or loss	3,923	–	(3,923)	**–**
Current liabilities				
Income received in advance	7,589	(7,589)	–	**–**
Contract liabilities	–	7,589	–	**7,589**
Capital and reserves				
Retained earnings	524,192	–	(7,180)	**517,012**
Non-controlling interests	297,540	–	(2,394)	**295,146**
Non-current liabilities				
Income received in advance	3,678	(3,678)	–	**–**
Contract liabilities	–	3,678	–	**3,678**

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 31 December 2018, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2018 as disclosed above.

2. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgments in applying accounting policies

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

Deferred taxation on investment properties

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

As a result, the Group has not recognised any deferred tax on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties. In respect of those investment properties located in Mainland China, the Group recognised additional deferred taxes relating to Land Appreciation Tax ("LAT") and Enterprise Income Tax ("EIT") on changes in fair value of such 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.

Fair value measurement of financial instruments

The Group's equity instrument at FVTOCI and structured deposit amounting to HK$11,558,000 and HK$Nil, respectively as at 31 December 2018 (2017: HK$Nil and HK$12,048,000, respectively) are measured at fair values with fair values being determined based on unobserved inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could affect the reported fair values of these instruments.

Estimated impairment of finance lease receivables

Before the adoption of HKFRS 9, the Group makes allowances for impairment of finance lease receivables based on an assessment of the recoverability of finance lease receivables.

When there is objective evidence of impairment loss such as overdue and default in repayment, 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 of disposal. 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 with reference to the future settlement schedule (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 of disposal. The fair value of the pledged assets is determined with reference to the relevant market information or valuation result performed by an independent valuer. The Group also takes into consideration the financial positions and the guarantee of the relevant customers, the expected timing, legal possession status 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 of disposal are less than expected, a material impairment loss may arise.

As at 31 December 2017, the carrying amount of finance lease receivables is HK$1,886,829,000 (net of allowance for impairment losses of HK$97,315,000).

Since the adoption of HKFRS 9 on 1 January 2018, management estimates the amount of expected credit losses on finance lease receivables based on the credit risk of the financial instruments. The impairment loss recognised or reversed is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. The Group also takes into consideration the financial positions and the guarantee of the relevant customers, the expected timing, legal possession status and other uncertainties on realising the pledged assets in the ECL model. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 December 2018, the carrying amount of finance lease receivables amounted to HK$1,048,143,000 (net of allowance for impairment losses of HK$81,150,000).

Estimated impairment of interest in an associate

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of the recoverable amount of an associate which is the higher of value in use and fair value less costs of disposal. The Group has carried out impairment testing to determine whether the Group's interest in an associate, Global Digital Creations Holdings Limited ("GDC"), is subject to impairment or reversal of impairment, as indicated by the decline in the financial performance of GDC and fluctuation of the quoted market prices of the shares of GDC. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the associate with key assumptions including budgeted revenue, gross margins, growth rates, discount rate and the impact on cash flows resulting from the resolution of the legal proceedings. Where the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly. The fair value less costs of disposal is determined with reference to the quoted market price of the shares of the associate at the date of transfer to non-current asset classified as held for sale taking into account the consideration of the Disposal with Shougang Holding (Hong Kong) Limited ("Shougang Holding") as defined in Note 22, while management of the Group considers that the costs of disposal are insignificant.

A reversal of impairment loss of HK$75,640,000 (2017: impairment loss of HK$9,626,000) is recognised for interest in an associate during the year ended 31 December 2018.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the the cash-generating units ("CGU") to which goodwill has been allocated, which is the higher of value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results a downward revision of future cash, a material impairment loss/further impairment loss may arise. As at 31 December 2018, the carrying amount of goodwill is HK$50,848,000, net of accumulated impairment losses of HK$190,385,000 (2017: HK$52,935,000, net of accumulated impairment losses of HK$201,854,000).

3. REVENUE

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

	2018	2017
	HK$'000	*HK$'000*
Finance lease interest income	**84,874**	96,557
Entrusted loan payment interest income	**202**	–
Property leasing income	**3,133**	3,616
	88,209	100,173
Revenue from contracts with customers		
Handling service fee income	**8,414**	9,339
Total revenue	**96,623**	109,512

The Group's service fee income recognised during the period of HK$8,414,000 (31 December 2017: HK$9,339,000) is included in finance leasing and other financial services segment, recognised over time on straight line basis and all derived from the PRC.

Performance obligations for contracts with customers

Revenue from handling service on finance lease receivables

Revenue from handling service on finance lease receivables is recognised when the relevant services are provided by the Group over time using input method as the borrowers simultaneously receive and consume the benefits provided by the Group's performance. The handling service fee is received immediately at the point when the finance lease contract is entered into and would give rise to the contract liability at the start of a contract. Until the revenue is fully recognised over the period of the contract.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 and the expected timing of recognising revenue are as follows:

	Handling services fee income
	HK$'000
Within one year	3,221
More than one year, but not exceeding two years	593
More than two years	178

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, provision of referral and corporate financial advisory services.

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 2018

	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	**93,490**	**3,133**	**–**	**96,623**
Segment results	**47,874**	**5,869**	**466**	**54,209**
Other income				**5,127**
Central administration costs				**(41,403)**
Impairment loss recognised on debt instruments at FVTOCI				**(120)**
Changes in fair value of financial assets at FVTPL				**(641)**
Finance costs				**(5,823)**
Share of results of associates				**(122,547)**
Impairment loss reversed on interest in an associate				**75,640**
Loss before tax				**(35,558)**

For the year ended 31 December 2017

	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	105,896	3,616	–	109,512
Segment results	46,452	13,604	752	60,808
Other income				525
Central administration costs				(27,597)
Changes in fair value of financial assets at FVTPL				67
Finance costs				(2,445)
Share of results of an associate				(11,947)
Impairment loss on interest in an associate				(9,626)
Profit before tax				9,785

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 financial assets at FVTPL, finance costs, share of results of associates and, impairment loss reversed/recognised on interest 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 operating and reportable segment:

	2018 ***HK$'000***	2017 *HK$'000*
Segment assets		
Finance leasing and other financial services	**1,630,631**	2,259,787
Property leasing and building management services	**73,200**	118,000
Assets management	**79,374**	25,649
Total segment assets	**1,783,205**	2,403,436
Interest in an associate	**1,591**	204,325
Equity instrument at FVTOCI	**11,558**	–
Debt instruments at FVTOCI	**69,870**	–
Financial assets at FVTPL	**2,371**	3,923
Structured deposit	**–**	12,048
Non-current asset classified as held for sale	**110,212**	–
Other unallocated corporate assets	**239,407**	7,223
Consolidated assets	**2,218,214**	2,630,955

	2018	2017
	HK$'000	*HK$'000*
Segment liabilities		
Finance leasing and other financial services	**430,618**	1,014,457
Property leasing and building management services	**167**	593
Assets management	**279**	586
Total segment liabilities	**431,064**	1,015,636
Unallocated secured bank borrowings	**153,632**	31,273
Other unallocated corporate liabilities	**7,428**	4,589
Consolidated liabilities	**592,124**	1,051,498

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

– all assets are allocated to reportable segments other than interest in an associate, equity instrument at FVTOCI, debt instruments at FVTOCI, financial assets at FVTPL, structured deposit, non-current asset classified as held for sale 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 Peoples 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**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**94,965**	107,387	**44,830**	47,760
Hong Kong	**1,658**	2,125	**39,514**	87,037
	96,623	109,512	**84,344**	134,797

Note: Non-current assets exclude goodwill, interests in associates, 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 is as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**22,863**	N/A[1]
Customer B	**19,978**	29,628
Customer C	**19,978**	28,438
Customer D	**19,331**	28,435

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

5. OTHER INCOME

	2018 *HK$'000*	2017 *HK$'000*
Interest income		
– bank deposits	**1,529**	360
– structured deposits	**10,231**	3,223
– debt instruments at FVTOCI	**701**	–
	12,461	3,583
Dividend income from financial assets at FVTPL	**–**	41
Recovery of finance lease receivables previously written off	**1,280**	–
Government grant *(Note)*	**1,266**	–
Others	**613**	765
	15,620	4,389

Note: During the year ended 31 December 2018, government grant included subsidies and awards of HK$1,266,000 (2017: HK$Nil) received from the relevant authorities in the PRC which is an incentive payment to the Group whereby no future related cost is required or expected to be made.

6. OTHER GAINS

	2018 *HK$'000*	2017 *HK$'000*
Gain on disposal of corporate membership	**2,750**	–
Gain on disposal of property, plant and equipment	**74**	11
Gain on disposal of available-for-sale investment	**–**	274
	2,824	285

7. FINANCE COSTS

	2018 *HK$'000*	2017 *HK$'000*
Interest on bank borrowings	**48,250**	52,825
Less: amount included in cost of finance leases and services	**(42,427)**	(50,380)
	5,823	2,445

8. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**4**	42
PRC EIT	**8,739**	12,302
	8,743	12,344
(Over)underprovision in prior years:		
Hong Kong	**(122)**	–
PRC EIT	**101**	–
	(21)	–
Deferred taxation	**5,809**	(138)
	14,531	12,206

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in Mainland China is 25% (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
(Loss) profit before tax	**(35,558)**	9,785
Tax calculated at PRC EIT rate of 25%	**(8,890)**	2,446
Tax effect on share of results of an associate	**30,637**	2,987
Tax effect of expenses not deductible for tax purposes	**1,808**	2,591
Tax effect of income not taxable for tax purposes	**(20,163)**	(2,752)
Tax effect of tax losses not recognised	**11,031**	6,989
Effect of different tax rates of subsidiaries operating in other jurisdiction	**(24)**	(118)
Underprovision in prior years	**(21)**	–
Deferred tax effect of LAT in respect of change in fair value of investment property located in Mainland China	**82**	(191)
Others	**71**	254
Income tax expense for the year	**14,531**	12,206

9. LOSS FOR THE YEAR

	2018	2017
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging (crediting):		
Staff costs, including the Directors' and chief executive's remuneration:		
– Fees	**1,146**	910
– Salaries, wages and other benefits	**26,110**	23,908
– Retirement benefit scheme contributions	**532**	519
Total staff costs	**27,788**	25,337
Auditor's remuneration	**1,420**	1,091
Depreciation of property, plant and equipment	**1,198**	620
Gain on disposal of property, plant and equipment	**74**	11
Exchange loss (gain), net	**36**	(5)
Gross rent from investment properties	**(3,133)**	(3,616)
Less: direct operating expenses from investment properties that generated rental income during the year	**214**	305
	(2,919)	(3,311)

10. DIVIDENDS

No dividend is paid, declared or proposed during the years ended 31 December 2018 and 2017, and no dividend has been proposed since the end of the reporting period.

11. LOSS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(58,882)**	(11,332)

	2018	2017
	'000	*'000*
		(restated)
Weighted average number of ordinary shares in issue for the purposes of basic and diluted loss per share	**2,936,882**	2,623,291

The comparative figure of weighted average number of ordinary shares has been restated to reflect the effect of Rights Issue (as defined in Note 25).

For the year ended 31 December 2018 and 2017, 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.

12. 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 2017	20,208	1,961	5,689	27,858
Exchange realignment	1,565	4	99	1,668
Additions	–	–	462	462
Disposals	–	–	(332)	(332)
Written off	–	–	(227)	(227)
At 31 December 2017	21,773	1,965	5,691	29,429
Exchange realignment	(1,143)	(3)	(69)	(1,215)
Additions	–	544	2,104	2,648
Acquired on acquisition of a subsidiary	–	–	6	6
Disposals	–	–	(913)	(913)
Written off	–	(1,880)	(340)	(2,220)
At 31 December 2018	20,630	626	6,479	27,735
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
At 1 January 2017	4,360	1,959	5,562	11,881
Exchange realignment	248	4	101	353
Provided for the year	480	2	138	620
Eliminated on disposals	–	–	(332)	(332)
Eliminated on written off	–	–	(227)	(227)
At 31 December 2017	5,088	1,965	5,242	12,295
Exchange realignment	(213)	(3)	(53)	(269)
Provided for the year	489	21	688	1,198
Eliminated on disposals	–	–	(908)	(908)
Eliminated on written off	–	(1,880)	(340)	(2,220)
At 31 December 2018	5,364	103	4,629	10,096
CARRYING VALUES				
At 31 December 2018	15,266	523	1,850	17,639
At 31 December 2017	16,685	–	449	17,134

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%

At 31 December 2018, all of the Group's leasehold land and buildings are located on land in Mainland China with the remaining lease terms of 32 years (2017: 33 years).

13. INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 1 January 2017	123,038
Net increase in fair value recognised in profit or loss	10,781
Disposals	(18,564)
Exchange realignment	2,408
At 31 December 2017	117,663
Net increase in fair value recognised in profit or loss	3,147
Disposals	(52,351)
Exchange realignment	(1,754)
At 31 December 2018	66,705

For the year ended 31 December 2018, unrealised gain relating to investment properties amounted to HK$396,000 (2017: HK$6,727,000) is included in the net increase in fair value recognised in profit or loss.

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 2018 and 2017 have been arrived at on the basis of a valuation carried out on those dates by Greater China Appraisal 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$13,492 to HK$17,228 per square foot (2017: HK$12,884 to HK$20,964 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$5,079 per square foot (2017: HK$5,343 per square foot). 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.

During the year ended 31 December 2018, a residential property unit was disposed of at a consideration of HK$52,351,000 (2017: an industrial property unit at HK$18,564,000).

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2018 and 2017 are as follows:

	Level 3		**Fair value**	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Residential property units located in Hong Kong	**37,500**	86,940	**37,500**	86,940
Commercial property units located in Mainland China	**29,205**	30,723	**29,205**	30,723

There were no transfers out of Level 3 for both years.

At 31 December 2018, all of the Group's investment properties are located on land in Hong Kong and Mainland China with the remaining lease terms of 32 to 115 years (2017: 33 to 116 years).

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 26).

14. GOODWILL

	HK$'000
COST	
At 1 January 2017 and 31 December 2017	254,789
Arising on acquisition of a subsidiary *(Note 27)*	921
Exchange realignment	(14,477)
At 31 December 2018	241,233
IMPAIRMENT	
At 1 January 2017 and 31 December 2017	(201,854)
Exchange realignment	11,469
At 31 December 2018	(190,385)
CARRYING VALUE	
At 31 December 2018	50,848
At 31 December 2017	52,935

15. INTEREST IN AN ASSOCIATE

	2018	2017
	HK$'000	*HK$'000*
Cost of investment in an associate		
Listed in Hong Kong	**–**	186,613
Unlisted	**1,573**	–
Share of post-acquisition results	**18**	168,693
Share of post-acquisition translation reserve	**–**	(1,342)
	1,591	353,964
Impairment loss	**–**	(149,639)
	1,591	204,325
Fair value of listed investment in Hong Kong	**–**	204,325
Carrying amount of interest in an associate listed in Hong Kong	**–**	204,325

Details of the Group's principal associates at 31 December 2018 and 2017 are as follows:

Name of entity	Place of incorporation/ establishment/ operation	Proportion of nominal value of issued share capital held by the Group		Proportion of voting power held		Principal activities
		2018	2017	**2018**	2017	
黑龍江首和創業投資管理企業(有限合夥) ("Shouhe Venture Capital")	Mainland China	**24.28%**	–	**24.28%**	–	Investment management
GDC	Bermuda/ Mainland China	**–**	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 interest in GDC has been transferred from interest in an associate to non-current asset classified as held for sale on 28 December 2018. Details are set out in Note 22.

As disclosed in the consolidated financial statements of GDC for the year ended 31 December 2018, upon the lapse of the appeal period for the Final Civil Judgment (as defined below) and the recent actions taken by 珠江電影製片有限公司 ("Pearl River Film Production"), on 1 December 2018, GDC decided to derecognise Phase I of 珠影文化產業園 (the "Pearl River Film Cultural Park") as investment properties of GDC and recognised a loss on derecognition of investment properties of Phase I of the Pearl River Film Cultural Park and made a provision for the accrued rental and settlement payables during the year ended 31 December 2018, which amounted to HK$411,412,000 and HK$95,148,000, respectively. GDC has also ceased recognising all revenue derived from the Phase I of the Pearl River Film Cultural Park from 1 December 2018. As a result of the derecognition of the investment properties of Phase I of the Pearl River Film Cultural Park, the Pearl River Film Cultural Park operation of GDC was discontinued with effect from 1 December 2018. During the year ended 31 December 2018, the share of results of GDC up to the date of transfer to non-current asset classified as held for sale is amounted to a loss of approximately HK$122,565,000 (2017: HK$11,947,000).

The table below shows details of interest in GDC at the date of transfer to non-current asset classified as held for sale:

	2018
	HK$'000
Cost of investment in GDC	**186,613**
Share of post-acquisition results up to date of transfer to non-current asset classified as held for sale	**46,128**
Share of post-acquisition translation reserve up to date of transfer to non-current asset classified as held for sale	**(17,670)**
Share of post-acquisition property revaluation reserve up to date of transfer to non-current asset classified as held for sale	**18,673**
Dividends received	**(49,533)**
	184,211
Accumulated impairment losses	**(73,999)**
Transferred to non-current asset classified as held for sale *(Note 22)*	**110,212**

On 11 April 2016, Pearl River Film Production as the plaintiff (the "Plaintiff") initiated legal proceedings against 廣東環球數碼創意產業有限公司 ("Guangdong Cultural Park"), a subsidiary of GDC, in respect of an alleged breach of the framework agreement governing the lease and reconstruction of the Pearl River Film Cultural Park (the "Alleged Breach").

Guangdong Cultural Park received the civil judgment issued on 11 October 2016 by 中國廣東省廣州市中級人民法院 (the "First Civil Judgment"), which declared that the framework agreement governing the lease and reconstruction of the Pearl River Film Cultural Park was terminated as of 22 March 2016 and Guangdong Cultural Park shall pay late payment surcharges for the overdue rental of RMB2,722,000 (equivalent to HK$3,172,000) and Pearl River Film Production, the landlord of the Pearl River Film Cultural Park, is entitled to keep the construction deposit of RMB20,000,000 (equivalent to HK$23,310,000) paid by Guangdong Cultural Park. All other claims made by Pearl River Film Production and the counterclaim made by Guangdong Cultural Park were dismissed.

On 16 March 2018, Guangdong Cultural Park received the civil judgment of 中國廣東省高級人民法院 ("Guangdong Higher People's Court") dated 31 January 2018, which rejected the appeal lodged by Guangdong Cultural Park and upheld the First Civil Judgment. According to this civil judgment, this judgment of Guangdong Higher People's Court is the final judgment ("Final Civil Judgment").

On 7 August 2018, Guangdong Cultural Park received a letter dated 6 August 2018 from Pearl River Film Production's legal representative, which demanded Guangdong Cultural Park to return the entire Pearl River Film Cultural Park (both Phase I and Phase II) and claimed for compensation of related occupation fee and economic loss amounted to RMB143,076,000 (equivalent to HK$169,521,000).

In September 2018, the corresponding appeal period for the Final Civil Judgement issued by Guangdong Higher People's Court dated 31 January 2018 lapsed. At the end of November 2018, Pearl River Film Production issued a formal demand letter to Guangdong Cultural Park which demanded Guangdong Cultural Park to return the entire Pearl River Film Cultural Park (both Phase I and Phase II) and Pearl River Film Production also attempted to take possession of the Pearl River Film Cultural Park without the consent of GDC.

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

In light of the derecognition of investment properties and the matters described above, the cash flow projections have not taken into account of the rental income derived from Phase I of the Pearl River Film Cultural Park and the value in use was below the carrying amount and the fair value less costs of disposal of the interest in this associate. The fair value less costs of disposal is determined with reference to the quoted market price of the shares of the associate at the date of transfer to non-current asset classified as held for sale while management of the Group considers that the costs of disposal are insignificant and is higher than the carrying amount. Accordingly, when the recoverable amount of the associate is the higher of value in use and fair value less costs of disposal, the interest in this associate is stated at its fair value less costs of disposal based on the quoted market price of GDC as at the date of transfer to non-current asset classified as held for sale on 28 December 2018 and taking into account the consideration of the Disposal with Shougang Holding as defined in Note 22, a reversal of impairment loss of HK$75,640,000 is recognised in profit or loss during the year ended 31 December 2018.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate for the period from 1 January 2018 up to 28 December 2018 and for the year ended 31 December 2017 is set out below. The summarised financial information below represents the 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

	2017 *HK$'000*
Current assets	339,575
Non-current assets	691,313
Current liabilities	(111,129)
Non-current liabilities	(44,004)

	1 January 2018 to 28 December 2018 ***HK$'000***	2017 *HK$'000*
Revenue	**107,642**	133,915
Loss for the year	**(446,537)**	(24,015)
Other comprehensive income for the year	**3,077**	54,544
Total comprehensive (expenses) income for the year	**(443,460)**	30,529

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated financial statements is as follows:

	2017
	HK$'000
Net assets of GDC	875,755
Net assets attributable to non-controlling interests of GDC	(25,082)
Net assets attributable to owners of GDC	850,673
Proportion of the Group's ownership interest in GDC	40.78%
The Group's ownership interest in GDC	346,916
Impairment loss	(149,639)
Other adjustments	7,048
Carrying amount of the Group's interest in GDC	204,325

Information of an associate that is not individually material

	31 December	31 December
	2018	2017
	HK$'000	*HK$'000*
The Group's share of profit for the year	**18**	–
The Group's share of total comprehensive income	**18**	–
Carrying amount of the Group's interest in this associate	**1,591**	–

The Group has no associate that is not individually material for the year ended 31 December 2017.

16. FINANCE LEASE RECEIVABLES

	Minimum lease receipts		Present value of minimum lease receipts	
	2018	2017	**2018**	2017
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(Note)	*(Note)*		
Finance lease receivables comprise:				
Within one year	**540,339**	929,514	**493,717**	846,814
In more than one year but not more than two years	**393,899**	506,307	**371,959**	452,106
In more than two years but not more than three years	**96,062**	417,628	**85,915**	394,366
In more than three years but not more than four years	**90,251**	101,848	**85,227**	91,090
In more than four years but not more than five years	**–**	95,688	**–**	90,361
	1,120,551	2,050,985	**1,036,818**	1,874,737
Overdue finance lease receivables	**11,325**	12,092	**11,325**	12,092
Less: Unearned finance lease income	**(83,733)**	(176,248)	**N/A**	N/A
Present value of minimum lease receipts	**1,048,143**	1,886,829	**1,048,143**	1,886,829

	2018	2017
	HK$'000	*HK$'000*
Analysed as:		
Current finance lease receivables (receivable within 12 months)	**505,042**	858,906
Non-current finance lease receivables (receivable after 12 months)	**543,101**	1,027,923
	1,048,143	1,886,829

	2018	2017
	HK$'000	*HK$'000*
Fixed-rate finance lease receivables	**549,830**	810,200
Variable-rate finance lease receivables	**498,313**	1,076,629
	1,048,143	1,886,829

Note: The minimum lease receipts amounts as at 31 December 2018 and 2017 are presented using the prevailing People's Bank of China Renminbi Lending Rate ("PBC rate") or Offshore Chinese Renminbi Hong Kong Interbank Offered Rate ("CNH HIBOR") as at 31 December 2018 and 2017, respectively.

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

	2018	2017
Effective interest rates		
Fixed-rate finance lease receivables	**5.0% to 12.0%**	5.0% to 12.0%
Variable-rate finance lease receivables	**5.0% to 6.9%**	5.0% to 6.7%

Movement in provision for finance lease receivables

	HK$'000
At 1 January 2017	111,661
Impairment losses reversed	(672)
Write-off of impairment losses previously recognised	(23,059)
Exchange realignment	9,385
At 31 December 2017	97,315
Remeasurement of loss allowance under ECL model (see Note 1)	12,765
At 1 January 2018 (restated)	110,080
Impairment losses reversed	(1,362)
Write-off of impairment losses previously recognised	(21,313)
Exchange realignment	(6,255)
At 31 December 2018	81,150

As at 31 December 2018, the provision for finance lease receivables amounted to HK$81,150,000 of which an amount of HK$70,472,000 is related to credit-impaired finance lease receivables and those 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.

As at 31 December 2017, the provision for finance lease receivables amounted to HK$97,315,000 which were individually impaired finance lease receivables, and 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.

Included in the Group's finance lease receivables are six (2017: seven) lessees with a total carrying amount of HK$11,325,000 (2017: HK$12,092,000) which are past due as at the end of the reporting period but not impaired as they are fully secured by the security deposits received by the Group in accordance with the finance lease agreements.

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

	2018	2017
	HK$'000	*HK$'000*
Over six months	**11,325**	12,092

17. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	HK$'000	*HK$'000*
Unlisted equity investment	**11,558**	–

On 1 August 2018, Gold Cosmos Development Limited ("Gold Cosmos"), a wholly-owned subsidiary of the Company, injected RMB10,000,000 to 北京京西供應鏈管理有限公司 (Beijing Jingxi Supply Chain Management Co., Ltd.*) ("Beijing Jingxi Supply Chain") as its registered capital, which then holds 10% equity interest in Beijing Jingxi Supply Chain pursuant to an agreement signed in April 2018. Beijing Jingxi Supply Chain is established in the PRC and engaged in supply chain finance business. Gold Cosmos also entered into a capital increase agreement with 北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*) ("Shougang Fund") and Beijing Jingxi Supply Chain in June 2018, pursuant to which Gold Cosmos agreed to contribute additional capital of RMB200,000,000 to Beijing Jingxi Supply Chain and thereby increased the equity interest Gold Cosmos held in Beijing Jingxi Supply Chain from 10% to 70% ("Capital Increase"), subject to certain conditions precedent. On 31 December 2018, a supplemental agreement was entered to extend the long stop date of the Capital Increase from 31 December 2018 to 30 June 2019. Details are set out in the Company's announcements dated 13 June 2018 and 31 December 2018. As at the date of approving the issuance of the consolidated financial statements, the Capital Increase is not yet completed since it is subject to government approval. Capital Commitment has been disclosed in Note 28.

The Directors have elected to designate this investment as equity instrument at FVTOCI as the Group intends to hold this investment for long-term purpose and realise its performance potential in the long run. As at 31 December 2018, the fair value of the investment determined by income approach was RMB10,000,000 (equivalent to HK$11,558,000).

* *For identification purpose only*

18. DEBT INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2018	2017
	HK$'000	*HK$'000*
Investments in listed bonds, with fixed interest of 3.63% to 6.25% and maturity dates from January 2020 to May 2025	**69,870**	–

As at 31 December 2018, the fair value of the investment in listed bonds is determined by reference to the quoted market bid prices available and a loss on changes in fair value on the listed bonds of HK$126,000 has been recognised in other comprehensive income during the year ended 31 December 2018.

19. ENTRUSTED LOAN PAYMENT RECEIVABLE

Pursuant to the entrusted loan contract entered into between an independent third party and the Group on 23 August 2018, the Group agreed to provide the independent third party with entrusted loan amounting to US$1,039,983 (equivalent to HK$8,175,000) at a fixed interest rate of 7% per annum, with a maturity date of 22 January 2019. Interest income of HK$202,000 has been recognised in profit or loss during the year ended 31 December 2018. The amount was subsequently settled in January 2019.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	2017
	HK$'000	*HK$'000*
Listed equity securities mandatory measured at FVTPL held-for-trading:		
– in Hong Kong	**2,371**	3,095
– in Mainland China	**–**	828
	2,371	3,923

The fair value of the listed equity securities is determined by reference to the quoted market bid prices available and loss on changes in fair value on the listed equities of HK$641,000 has been recognised in profit or loss during the year ended 31 December 2018. The Group's investments were no longer held-for-trading and the Group did not elect to designate the equity securities as FVTOCI but continued to be measured at FVTPL.

21. STRUCTURED DEPOSIT

As at 31 December 2017, the structured deposit consisted of principal-protected deposit denominated in Renminbi and issued by bank in Mainland China. The structured deposit carried interest at expected interest rate of 3.5% per annum, depending on the market prices of the underlying money market instruments and debt instruments invested by the bank, payable on maturity of 91 days from the date of purchase. The Directors consider the fair value of the structured deposit, which was measured by reference to the discounted cash flow approach, approximated to its carrying value.

The structured deposit at 31 December 2017 was redeemed in March 2018. The change in fair value up to the date of redemption was not significant.

22. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

On 21 November 2018, SCG Investment (BVI) Limited (a wholly owned subsidiary of the Company), as vendor, entered into sale and purchase agreement with Shougang Holding, as purchaser, in relation to the disposal of Upper Nice Assets Ltd., which holds 619,168,023 shares of GDC, representing approximately 40.78% equity interest in GDC (the "Disposal with Shougang Holding"), at a consideration of HK$154,792,006.

Resolutions regarding the Disposal with Shougang Holding were duly passed by the shareholders of the Company by way of poll at the special general meeting held on 28 December 2018 and the equity interest in GDC with carrying amount of HK$110,212,000 has been transferred from interest in an associate to non-current asset classified as held for sale on 28 December 2018. The sale of the equity interest in GDC is highly probable as all the condition precedents have been met on the date of the aforesaid special general meeting. The Disposal with Shougang Holding was completed subsequently on 8 January 2019. Details are set out in the Company's announcements dated 21 November 2018 and 9 December 2018.

	2018	2017
	HK$'000	*HK$'000*
Interest in an associate *(Note 15)*	**110,212**	–

Non-current asset classified as held for sale is measured at the lower of its the then carrying amount and fair value less costs of disposal.

23. CONTRACT LIABILITIES

	31 December 2018	1 January 2018*
	HK$'000	*HK$'000*
Handling service fee income received in advance	**3,992**	11,267
Analysed for reporting purposes:		
Current	**3,221**	7,589
Non-current	**771**	3,678
	3,992	11,267

* The amounts in this column are after the adjustments from the application of HKFRS 15.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Handling service fee income
	HK$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	7,589

Contract liabilities are recognised by the Group for the portion of handling service fee income that the Group collected from finance lease borrowers in relation to the administrative services that have not been performed. The Group typically receives a 100% service fee deposits from customers when they enter into the finance lease agreements with the Group.

24. SECURED BANK BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Secured bank borrowings	**494,541**	896,494
Carrying amount repayable *(Note):*		
Within one year	**85,227**	503,775
More than one year, but not exceeding two years	**85,227**	90,363
More than two years, but not exceeding three years	**85,227**	90,361
More than three years, but not exceeding four years	**85,228**	90,361
More than four years, but not exceeding five years	**–**	90,361
	340,909	865,221
Carrying amount of bank borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within one year	**142,674**	3,946
More than one year, but not exceeding two years	**2,748**	4,044
More than two years, but not exceeding three years	**2,825**	4,146
More than three years, but not exceeding four years	**2,904**	4,251
More than four years, but not exceeding five years	**2,481**	4,357
More than five years	**–**	10,529
	153,632	31,273
	494,541	896,494
Less: Amounts due within one year shown under current liabilities	**(238,859)**	(535,048)
Amounts due after one year	**255,682**	361,446

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

	2018	2017
	HK$'000	*HK$'000*
Analysed for reporting purpose:		
Fixed-rate secured bank borrowings	**–**	24,056
Variable-rate secured bank borrowings	**494,541**	872,438
	494,541	896,494

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

	2018	2017
Effective interest rate:		
Fixed-rate secured bank borrowings	**N/A**	4.8%
Variable-rate secured bank borrowings	**2.19% to 5.89%**	2.19% to 5.7%

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:

	2018	2017
	HK$'000	*HK$'000*
Denominated in HK$	**153,632**	31,273

25. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2017, 31 December 2017 and 31 December 2018	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2017 and 31 December 2017	2,672,192,469	26,722
Issue of shares upon of rights issue *(Note)*	1,336,096,234	13,361
At 31 December 2018	4,008,288,703	40,083

Note: On 31 October 2018, the Company allotted and issued 1,336,096,234 new shares on the basis of one rights share for every two existing shares held at the subscription price of HK$0.138 per rights share to those qualifying shareholders whose names appeared on the register of members of the Company at the close of business on 5 October 2018 ("Rights Issue"). These shares rank pari passu in all respects with the existing shares. The gross proceeds from the Rights Issue and transaction costs incurred amounted to HK$184,381,000 and HK$4,860,000, respectively.

26. CHARGE ON ASSETS

As at 31 December 2018, the Group has the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of HK$37,500,000 (2017: HK$86,940,000) were pledged to banks to secure for bank borrowings with outstanding amount of HK$13,632,000 (2017: HK$31,273,000).

(ii) The Group's finance lease receivables with a carrying value of HK$335,876,000 (2017: HK$878,751,000) were pledged to banks to secure for bank borrowings with outstanding amount of HK$340,909,000 (2017: HK$865,221,000).

(iii) As at 31 December 2017, there were bank deposits of HK$19,811,000 restricted for the repayment of bank borrowings, which had been released during the year ended 31 December 2018 upon full settlement of the relevant bank borrowings of HK$24,056,000.

27. ACQUISITION OF A SUBSIDIARY

On 15 November 2018, the Group acquired 86.71% of the issued share capital of Shouhua Jingxi for consideration of HK$1,763,000. This acquisition has been accounted for using the purchase method. The amount of goodwill arising as a result of the acquisition was HK$921,000. Shouhua Jingxi is engaged in provision of referral and corporate financial advisory services. Shouhua Jingxi was acquired so as to continue the expansion of the Group's assets management division.

Consideration transferred

	HK$'000
Cash	1,763

Acquisition-related costs amounting to HK$47,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the administrative expenses item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Property, plant and equipment	6
Interest in an associate	1,573
Other receivables	335
Bank balances and cash	1,763
Other payables	(2,706)
Total identifiable net assets acquired	971

Goodwill arising on acquisition:

	HK$'000
Consideration transferred	1,763
Add: non-controlling interests (13.29% in Shouhua Jingxi)	129
Less: fair value of identifiable net assets acquired	971
Goodwill arising on acquisition	921

Goodwill arose in the acquisition of Shouhua Jingxi because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, future market development and the assembled workforce of Shouhua Jingxi. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on these acquisitions is expected to be deductible for tax purposes.

Net cash inflow on acquisition of Shouhua Jingxi

	HK$'000
Cash consideration paid	1,763
Less: cash and cash equivalent balances acquired	(1,763)
	–

Included in the loss for the year is loss of HK$432,000 attributable to Shouhua Jingxi. No revenue for the year ended 31 December 2018 was generated from Shouhua Jingxi.

Had the acquisition been completed on 1 January 2018, total group revenue for the year would have remained the same, and loss for the year would have been HK$51,202,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2018, nor is it intended to be a projection of future results.

28. CAPITAL COMMITMENTS

	2018	2017
	HK$'000	*HK$'000*
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of First Acquisition as defined below and Capital Increase *(Note 17)*	**312,798**	–

On 13 June 2018, On Hing Investment Company, Limited ("On Hing"), a wholly-owned subsidiary of the Company, entered into an agreement with 北京服務新首鋼股權創業投資企業(有限合夥) (Beijing Services New Shougang Venture Capital Investment LLP*) ("New Shougang Venture") and 京西商業保理有限公司 (Beijing West Business Factoring Company Limited*) ("BWBF") pursuant to which On Hing agreed to purchase 41.41% of the equity interest in BWBF from New Shougang Venture for RMB75,262,646 ("First Acquisition"), subject to certain conditions precedent. On 31 December 2018, supplemental agreement was entered to extend the long stop date of the First Acquisition from 31 December 2018 to 31 May 2019. As at the date of approving the issuance of the consolidated financial statements, the First Acquisition is not yet completed since it is subject to government approval. Details are set out in the Company's announcements dated 13 June 2018 and 31 December 2018.

Details of Capital Increase are set out in Note 17.

* *For identification purpose only*

29. EVENTS AFTER THE REPORTING PERIOD

The disposal of 40.78% equity interest in GDC with Shougang Holding was completed on 8 January 2019. The difference between the carrying amount of non-current asset classified as held for sale and the sales proceeds will be recognised in equity upon completion of the Disposal with Shougang Holding. Details of the Disposal with Shougang Holding are set out in Note 22.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2017: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 May 2019 to Thursday, 23 May 2019 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Thursday, 23 May 2019 (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, 17 May 2019 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2018, the Group strived to promote the integration of industry sectors with finance function, through supply chain technology services, financial services and asset management services as our core business and competitive edge in the market. Through the implementation of capital operations and business structure optimization, we have completed the initial establishment of supply chain business structure and improved our asset structure. We therefore possessed the prerequisites to commence the core business of industry centric supply chain technology and financial services.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators are analysed as below:

	2018	2017	+／(-)
	HK$'000	*HK$'000*	Change
Financial performance			
Revenue	**96,623**	109,512	-12%
Gross profit margin *(%)*	**56%**	54%	2%
Loss attributable to owners of the Company	**(58,882)**	(11,332)	420%
Key financial indicators			
Total cash	**806,150**	320,080	152%
Total assets	**2,218,214**	2,630,955	-16%
Total liabilities	**592,124**	1,051,498	-44%
Bank borrowings	**494,541**	896,494	-45%
Equity attributable to owners of the Company	**1,339,688**	1,281,917	5%
Current ratio	**447%**	184%	263%
Net debt to total equity	**N/A**	36%	N/A
Basic loss per share *(HK cents)*	**(2.00)**	(0.43)	365%

FINANCIAL OVERVIEW

The Group recorded loss of approximately HK$58,882,000 for the year ended 31 December 2018 attributable to owners of the Company, when compared with a loss of approximately HK$11,332,000 for the year ended 31 December 2017 attributable to owners of the Company. The increase was due to the increase in the share of loss of an associate. Revenue of the Group for the year ended 31 December 2018 was approximately HK$96,623,000, which represented a decrease of approximately 12% when compared with that of approximately HK$109,512,000 for the year of 2017. The decrease was mainly attributable to the decrease in income from the finance leasing and other financial services segment. The Group recorded a gross profit of approximately HK$54,196,000 for the year ended 31 December 2018, representing a gross profit margin of approximately 56%, which is an increase of approximately 2% when compared with the gross profit margin of approximately 54% for the year 2017. Basic loss per share for the year ended 31 December 2018 was HK2.00 cents (2017: loss per share was HK0.43 cents).

Revenue for the year ended 31 December 2018 was approximately HK$96,623,000, representing a decrease of approximately 12% when compared with that of approximately HK$109,512,000 for the year 2017. The decrease was mainly attributable to the decrease in income from the finance leasing and other financial services segment by approximately HK$12,406,000.

The Group made a gross profit of approximately HK$54,196,000 for the year ended 31 December 2018, representing a gross profit margin of approximately 56%, which is an increase of 2% when compared with the gross profit margin of approximately 54% for the year 2017 which was mainly attributable to the increase in gross profit margin from the finance leasing and other financial services segment.

Other income for the year ended 31 December 2018 amounted to approximately HK$15,620,000 (2017: HK$4,389,000), representing an increase of approximately 2.6 times. The increase was mainly due to the increase in interest income from bank deposits.

Administrative expenses for the year ended 31 December 2018 amounted to approximately HK$58,798,000 (2017: HK$40,530,000), representing an increase of approximately 45%. The increase was mainly due to the rise in professional services fee driven by business development. The increase in professional services fee amounted to approximately HK$10,500,000.

For the year ended 31 December 2018, share of loss of associates amounted to approximately HK$122,547,000 (2017: HK$11,947,000), the reversal of impairment loss of approximately HK$75,640,000 (2017: impairment loss of HK$9,626,000) on interest in an associate was made during the year.

BUSINESS REVIEW AND OUTLOOK

In terms of business expansion, in 2018, the Group seized the opportunities of favourable policies for innovative and modern supply chain business in China and the Shougang Group's dual core business industry upgrade strategy. Building on the foundation of its existing financial and lease business, the Group has obtained all the prerequisite licenses in relation to our supply chain financial business and has established the supply chain technology financial services platform through acquisition, reorganization and new business establishment. The Group will stick fast to the strategic transformation target of "supply chain technology finance", leverage on its strength in the smart supply chain management service platform supported by internet of things and big data, improve supply chain transaction efficiency with technology based financial engineering solutions, and concentrate its efforts on expanding its lease, factoring, loan and asset management business.

During the year, revenue from the finance leasing and other financial services decreased by approximately 12% to approximately HK$93,490,000 (2017: HK$105,896,000), while the segment result recorded a profit of approximately HK$47,874,000 (2017: HK$46,452,000). The decrease in revenue from the business of finance leasing was mainly attributed to the decrease in interest-bearing finance lease receivables balance. The segment result was close to that of the previous year.

During the year, revenue from the property leasing and building management services segment decreased by approximately 13% to approximately HK$3,133,000 (2017: HK$3,616,000), while the segment result recorded a profit of approximately HK$5,869,000 (2017: HK$13,604,000). The decrease in revenue from the property leasing and building management services segment was mainly attributed to the decrease in rentable floor area due to disposal of part of the properties during the year. The decrease in segment result was mainly attributable to the decrease in fair value gain of investment properties of the Group. The Group recorded an increase in fair value of investment properties of approximately HK$3,147,000 during the year (2017: fair value increase of HK$10,781,000).

During the year, the assets management segment result recorded a profit of approximately HK$466,000 (2017: HK$752,000). The decrease in segment result profit was mainly attributable to the decrease in interest income from bank deposits.

In 2019, the Group will establish unified brand, products and services for our supply chain technology and financial business, develop a trade platform and big data system for our supply chain business, and commence the development of an online risk management system for asset-securitization and steel industry financial services. The Group will focus on the steel business of Shougang Group, our largest shareholder, and its subsidiaries on the factoring business of upstream procurement for the Shougang Group and its subsidiaries, as well as the downstream sales business of steel products for our customers. The Group will also commence online supply chain financing services, offline factoring services and trade financing services. The Group will commence its supply chain financial services, in the healthcare, auto and urbanization industries as and when appropriate.

In terms of risk management infrastructure, prudent and effective risk management helps in untapping the commercial value of long-term investment, as well as laying a solid foundation of the Group's sustainable development. In view of a volatile credit environment in China and changes in international economic environment, we will put emphasis on strengthening our risk control system, introducing information technology platform, improving and optimizing our risk control mechanism, adjusting our management and control strategies in a timely manner, and continuing our management optimization. We will also promote the development of our online risk management platform for asset-securitization and steel industry financial services as an efficient tool for the Group's risk management.

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 2018 as compared to 31 December 2017 is summarized below:

	31 December 2018 *HK$'000*	31 December 2017 *HK$'000*
Total borrowings		
Current borrowings	**238,859**	535,048
Non-current borrowings	**255,682**	361,446
Sub-total	**494,541**	896,494
Total cash		
Bank balances and cash	**806,150**	288,221
Structured deposit	**–**	12,048
Restricted bank deposits	**–**	19,811
Sub-total	**806,150**	320,080
Net borrowings	**N/A**	576,414
Total equity	**1,626,090**	1,579,457
Total assets	**2,218,214**	2,630,955
Financial leverage		
Net debt to total equity	**N/A**	36%
Net debt to total assets	**N/A**	22%
Current ratio	**447%**	184%

On 31 October 2018, the Company issued 1,336,096,234 new shares of the Company by way of rights issue, and the net proceeds from rights issue was approximately HK$179,521,000 (the "Rights Issue"). The Company completed the issue of rights shares to fund the acquisition and capital increase as set out in the circular of the Company dated 4 September 2018 ("Acquisition and Capital Increase"). The net proceeds from the issue of right shares was approximately HK$179,521,000, in which approximately HK$1,696,500 and HK$45,560,000 have been used for payment of the consideration in relation to the acquisition of 86.7143% equity interest of Shouhua Jingxi Cooperative Innovation (Beijing) Technology Development Co., Ltd. ("Shouhua Jingxi") and partial fulfillment of the capital contribution obligation to Shouhua Jingxi, respectively. The unutilised net proceeds was kept in deposit at banks. Details of the amendments of the Acquisition and Capital Increase were disclosed in the announcement of the Company dated 31 December 2018.

As at 31 December 2018, the Group had bank balances and cash of approximately HK$806,150,000 (31 December 2017: HK$288,221,000), structured deposit of approximately HK$Nil (31 December 2017: HK$12,048,000) and restricted bank deposits of approximately HK$Nil (31 December 2017: HK$19,811,000) which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The increase was mainly attributable to net cash from operating activities of approximately HK$649,430,000, proceeds from disposal of an investment property of approximately HK$52,351,000, dividends from an associate of approximately HK$49,533,000 and net proceeds on rights issue of approximately HK$179,521,000, netting off with the net repayment of bank loans of approximately HK$350,590,000 and payment of purchase of bond investment of approximately HK$70,116,000.

As at 31 December 2018 the Group's borrowings amounted to approximately HK$494,541,000, of which approximately HK$238,859,000 were repayable within twelve months from 31 December 2018 and approximately HK$255,682,000 were repayable after twelve months from 31 December 2018. During the year, the Group obtained new bank loans of approximately HK$140,000,000 for operating cash flow of the Group. All loans bore interest at market rates.

CAPITAL STRUCTURE

The equity attributable to owners of the Company amounted to approximately HK$1,339,688,000 as at 31 December 2018 (31 December 2017: HK$1,281,917,000). The increase was mainly due to the new rights shares of approximately HK$179,521,000, netting off with the loss for the year ended 31 December 2018 attributable to owners of the Company of approximately HK$58,882,000 and the exchange differences arising on translation of approximately HK$57,907,000 in total during the year. The Company issued 1,336,096,234 new shares during the year. The issued share capital of the Company was approximately HK$40,083,000 (represented by approximately 4,008,289,000 issued ordinary shares).

MATERIAL ACQUISITION, DISPOSALS AND SIGNIFICANT INVESTMENT

On 13 June 2018, On Hing Investment Company, Limited ("On Hing", a wholly-owned subsidiary of the Company) entered into an agreement with Beijing Services New Shougang Venture Capital Investment LLP and Beijing West Business Factoring Company Limited ("Beijing West Business Factoring"), pursuant to which On Hing agreed to purchase 41.41% equity interest of Beijing West Business Factoring from Services New Shougang for RMB75,262,645.50 (the "First Transaction"). The First Transaction has not been completed. Beijing West Business Factoring is engaged in the provision of business factoring services.

On 13 June 2018, Grand Cheers Property Limited ("Grand Cheers", a wholly-owned subsidiary of the Company entered into an agreement with Jingji Cooperative Development Demonstration Zone (Tangshan) Fund Management Co., Ltd. and Shouhua Jingxi Cooperative Innovation (Beijing) Technology Development Co., Ltd. ("Shouhua Jingxi"), pursuant to which Grand Cheers agreed to purchase 85.7143% equity interest of Shouhua Jingxi ("Sale Shares") from Jingji Cooperative for RMB1,500,000, and Grand Cheers will be responsible for the outstanding capital contribution obligation to the Sale Shares in the amount of RMB58,500,000 (the "Second Transaction"). The Sale Shares had been completed. The principal business of Shouhua Jingxi is providing supply chain financial consulting services and management services.

On 13 June 2018, Gold Cosmos Development Limited ("Gold Cosmos", a wholly-owned subsidiary of the Company) entered into a capital increase agreement with Beijing Shougang Fund Co., Ltd. ("Shougang Fund") and Beijing Jingxi Supply Chain Management Co., Ltd. ("Jingxi Supply Chain"), pursuant to which Gold Cosmos agreed to contribute additional capital in the amount of RMB200,000,000 to the registered capital of Jingxi Supply Chain and thereby increasing its shareholding in Jingxi Supply Chain from 10% to 70% (the "Capital Increase"). The Capital Increase has not been completed. Jingxi Supply Chain is principally engaged in providing supply chain financial management services.

On 1 August 2018, Gold Cosmos contributed capital in the amount of RMB10,000,000 to the registered capital of Jingxi Supply Chain pursuant to an agreement entered into in April 2018 in exchange for 10% equity interest of Jingxi Supply Chain. The capital contribution had been completed.

On 21 November 2018, SCG Investment (BVI) Limited (a wholly-owned subsidiary of the Company), as vendor, entered into the a sale and purchase agreement with Shougang Holding (Hong Kong) Limited, as purchaser, in relation to the restructuring by way of disposal of Upper Nice Assets Ltd. (the "Disposal") which holds 619,168,023 shares, representing approximately 40.78% equity interests, of Global Digital Creations Holdings Limited (Stock Code: 8271), at a consideration of HK$154,792,005.75. The Disposal was approved at the Special General Meeting held on 28 December 2018 and was completed on 8 January 2019.

Saved as disclosed above, the Group had no material acquisitions, disposals and significant investment.

CHARGE ON ASSETS

As at 31 December 2018, the Group had the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of approximately HK$37,500,000 were pledged to banks to secure for bank loans with outstanding amount of approximately HK$13,632,000.

(ii) The Group's finance lease receivables with a carrying value of approximately HK$335,876,000 were pledged to banks to secure for bank loans with outstanding amount of approximately HK$340,909,000.

FOREIGN EXCHANGE EXPOSURE

The normal operations and investments of the Group are mainly in Hong Kong and 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 exchange exposures. As at 31 December 2018, the Group has no significant foreign exchange exposure.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2018.

EMPLOYEES

As at 31 December 2018, the Group employed 46 (31 December 2017: 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 employees of the Group. Remuneration packages are reviewed either annually or through special increment.

During the year ended 31 December 2018, the Company and its subsidiaries have 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 of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") during the financial year ended 31 December 2018, except for the following deviation:

– Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

  Mr. Xu Liang had acted as both the Chairman and the Managing Director of the Company until 5 January 2018 before the appointment of Mr. Liu Dongsheng by the Board as the Managing Director of the Company with effect from 6 January 2018 in order to satisfy the requirement of the code provision A.2.1 of the CG Code, and Mr. Xu Liang ceased to act as the Managing Director of the Company from the same date but remains as the Chairman of the Board.

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
Xu Liang
Chairman

Hong Kong, 25 March 2019

As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman), Mr. Liu Dongsheng (Managing Director), Mr. Huang Donglin (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Fei Jianjiang (Independent Non-executive Director) and Mr. Wan Siu Wah, Wilson (Independent Non-executive Director).

* *For identification purpose only*