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 2019

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 2019 with comparative figures for the year ended 31 December 2018. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	**2019** ***HK\$'000***	2018 *HK\$'000*
Revenue under sale and leaseback arrangements and entrusted loan arrangements	*3*	**71,601**	93,490
Consultancy service income and property leasing income	*3*	**6,101**	3,133
Total revenue		**77,702**	96,623
Cost of sale and leaseback arrangements and consultancy services		**(20,058)**	(42,427)
Gross profit		**57,644**	54,196
Other income	*4*	**21,191**	15,620
Other gains, net	*5*	**1,094**	2,824
Selling expenses		**(402)**	(418)
Administrative expenses		**(65,232)**	(58,798)
Change in fair value of investment properties		**2,400**	3,147
Change in fair value of financial assets at fair value through profit or loss		**204**	(641)
Reversal of impairment provision, net		**1,887**	1,242
Operating profit		**18,786**	17,172
Finance costs	*6*	**(5,987)**	(5,823)
Share of profit/(loss) of associates		**2,614**	(122,547)
Reversal of impairment provision on interest in an associate		**–**	75,640
Profit/(loss) before income tax		**15,413**	(35,558)
Income tax expense	*7*	**(14,830)**	(14,531)
Profit/(loss) for the year		**583**	(50,089)

	Note	2019 HK$'000	2018 HK$'000
Profit/(loss) is attributable to:			
Owners of the Company		**(7,921)**	(58,882)
Non-controlling interests		**8,504**	8,793
		583	(50,089)
Other comprehensive (loss)/income			
Items that have been/may be reclassified to profit or loss:			
Changes in fair value of debt instruments at fair value through other comprehensive income		**1,735**	(126)
Transfer to profit or loss on disposal of debt instrument at fair value through other comprehensive income		**(1,022)**	–
Items that will not be reclassified to profit or loss:			
Currency translation differences		**(18,497)**	(75,573)
Share of currency translation difference of an associate for using equity method		**(1,370)**	(16,328)
Change in fair value of equity instrument at fair value through other comprehensive income		**(2,917)**	–
Share of property revaluation reserve of an associate for using equity method		**–**	18,673
Other comprehensive loss for the year		**(22,071)**	(73,354)
Total comprehensive loss for the year		**(21,488)**	(123,443)
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(25,472)**	(114,570)
Non-controlling interests		**3,984**	(8,873)
		(21,488)	(123,443)
Loss per share			
Basic and diluted (HK cents)	*9*	**(0.20)**	(2.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	Notes	2019 HK$'000	2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**25,369**	17,639
Right-of-use assets		**40,827**	–
Investment properties		**24,700**	66,705
Intangible assets	*10*	**68,033**	50,848
Interest in associates	*11*	**88,361**	1,591
Receivables under sale and leaseback arrangements	*12*	**864,582**	543,101
Equity instrument at fair value through other comprehensive income	*13*	**–**	11,558
Debt instruments at fair value through other comprehensive income		**31,676**	69,870
Financial assets at fair value through profit or loss		**2,575**	2,371
Prepayments		**3,019**	–
Deferred tax assets		**10,088**	18,006
Total non-current assets		**1,159,230**	781,689
Current assets			
Receivables under sale and leaseback arrangements	*12*	**426,614**	505,042
Entrusted loan payment receivable		**–**	8,349
Prepayments, deposits and other receivables		**6,024**	6,772
Term deposits with initial term over three months	*14*	**94,382**	–
Cash and cash equivalents		**607,782**	806,150
		1,134,802	1,326,313
Non-current asset classified as held for sale	*15*	**–**	110,212
Total current assets		**1,134,802**	1,436,525
Total assets		**2,294,032**	2,218,214
EQUITY			
Share capital	*17*	**39,846**	40,083
Retained earnings		**460,780**	467,698
Other reserves		**854,523**	831,907
Capital and reserves attributable to owners of the Company		**1,355,149**	1,339,688
Non-controlling interests		**388,349**	286,402
Total equity		**1,743,498**	1,626,090

	Note	2019 HK$'000	2018 HK$'000
LIABILITIES			
Non-current liabilities			
Secured bank borrowings	*16*	**168,539**	255,682
Security deposits received		**8,427**	14,205
Lease liabilities		**1,917**	–
Contract liabilities		**–**	771
Total non-current liabilities		**178,883**	270,658
Current liabilities			
Other payables and accruals		**25,222**	20,566
Contract liabilities		**–**	3,221
Current tax liabilities		**26,301**	25,336
Secured bank borrowings	*16*	**297,018**	238,859
Security deposits received		**20,899**	33,484
Lease liabilities		**2,211**	–
Total current liabilities		**371,651**	321,466
Total liabilities		**550,534**	592,124
Total equity and liabilities		**2,294,032**	2,218,214

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of preparation

The consolidated financial statements of Shougang Concord Grand (Group) Limited (the "Company") have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties which are carried at fair value.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company and its subsidiaries (collectively referred to as the "Group")'s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.

New standards, amendments and interpretations adopted by the Group

The Group has applied the following standards, amendments and interpretations for the first time for their annual reporting period commencing 1 January 2019:

HKFRS 16	Leases
HK (IFRIC) – Int 23	Uncertainty over income tax treatments
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
Amendments to HKFRSs	Annual improvements to HKFRSs 2015–2017 cycle

The Group had to change its accounting policies as a result of adopting HKFRS 16. For details, please refer to Note 1.2. Most of the other amendments and interpretations listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current period.

1.2 Adoption of HKFRS 16 *Leases*

This note explains the impact of the adoption of HKFRS 16 *Leases* on the consolidated financial statements.

As indicated in Note 1.1 above, the Group has adopted HKFRS 16 *Leases* from 1 January 2019, but has not restated comparatives for the reporting period ended 31 December 2018, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.32%.

(a) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases, and

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review — there were no onerous contracts as at 1 January 2019.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and Interpretation 4 *Determining whether an Arrangements contains a Lease*.

(b) Measurement of lease liabilities

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	391
Discounted using the lessee's incremental borrowing rate at the date of initial application	388
Add: adjustments as a result of a different treatment of extension option reasonably certain to be exercised	5,858
Lease liabilities recognised as at 1 January 2019	6,246
Of which are:	
Current lease liabilities	2,118
Non-current lease liabilities	4,128
	6,246

(c) Measurement of right-of-use assets

The associated right-of-use assets were measured at the amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to the leases recognised in financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(d) Adjustments recognised on adoption of HKFRS 16

The carrying amount of right-of-use assets by class of underlying asset are as below:

	1 January 2019
	HK$'000
Non-current assets	
Office premises	6,246
Land use right	13,028
	19,274

(e) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

(a) Expected credit loss allowance of receivables under sale and leaseback arrangements

The provision for expected credit losses of receivables under sale and leaseback arrangements is based on assumptions about risk of default and expected loss rates. 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 takes into consideration the financial positions and the guarantee of the relevant customers, the expected timing, legal possession status, existing market conditions and forward looking estimates as well as other uncertainties on realising the pledged assets in the expected credit loss ("ECL") model. Judgement is also required to determine whether a borrower experienced significant increase in credit risk. 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.

The Group applies a three-stage impairment model to calculate the expected credit losses. The measurement model of expected credit losses involves significant management judgments and assumptions. The Group measures expected credit losses based on individual assessment of each borrower, after considering their credit profile with reference to credit ratings assigned by international credit-rating agencies.

(b) Impairment of goodwill

The Group tests whether goodwill has suffered any impairment on an annual basis. For the years ended 31 December 2019 and 2018, the recoverable amount of cash-generating units ("CGUs") was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

(c) Income taxes and deferred income tax

Significant judgements are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred income tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

3 SEGMENT INFORMATION

Information reported to the Managing Director, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group is currently organised into three operating divisions: sale and leaseback arrangements services, property leasing services and asset management and consultancy services.

Sale and leaseback arrangement is engaging in collateral financing activities. Property leasing service is engaging in rental of properties. Assets management and consultancy service is engaging in provision of referral and corporate financial advisory services.

Segment results represent the profit or loss of each segment without allocation of central administration costs, gain on disposal of debt instruments at fair value through other comprehensive income ("FVOCI"), reversal/(provision) for impairment losses in debt instruments at FVOCI, changes in fair value of financial assets at fair value through profit or loss ("FVPL"), finance costs, and share of profit/(loss) of associates. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating and reportable segment. Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current and prior years.

	Sale and leaseback arrangements services *HK$'000*	**Property leasing services** *HK$'000*	**Assets management and consultancy services** *HK$'000*	**Total** *HK$'000*
During the year ended 31 December 2019				
Revenue from sale and leaseback arrangements	71,568	–	–	71,568
Entrusted loan payment interest income	33	–	–	33
Property leasing income	–	573	–	573
Consultancy service income				
– recognised point in time	–	–	4,812	4,812
– recognised over time	–	–	716	716
Segment revenue	71,601	573	5,528	77,702
Segment results	48,331	2,065	(2,375)	48,021

	Sale and leaseback arrangements services	Property leasing services	Assets management and consultancy services	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
During the year ended 31 December 2018				
Revenue under sale and leaseback arrangements	93,288	–	–	93,288
Entrusted loan payment interest income	202	–	–	202
Property leasing income	–	3,133	–	3,133
Segment revenue	93,490	3,133	–	96,623
Segment results	47,874	5,869	466	54,209

	2019	2018
	HK$'000	*HK$'000*
Segment result	**48,021**	54,209
Unallocated		
Other income *(Note (i))*	**5,885**	5,127
Central administration costs	**(36,422)**	(41,403)
Changes in fair value of financial assets at FVPL	**204**	(641)
Gain on disposal of debt instrument at FVOCI	**1,022**	–
Reversal/(provision) for impairment losses in debt instruments at FVOCI	**76**	(120)
Finance costs	**(5,987)**	(5,823)
Share of profit/(loss) of associates	**2,614**	(122,547)
Reversal of impairment provision on interest in an associate	**–**	75,640
Profit/(loss) before tax	**15,413**	(35,558)

Note:

(i) Unallocated other income represents interest income from debt instruments at FVOCI and bank deposits held by investment holding companies.

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

	2019 *HK$'000*	2018 *HK$'000*
Segment assets		
Sale and leaseback arrangements services	**1,553,347**	1,630,631
Property leasing services	**36,313**	73,200
Assets management and consultancy services	**314,221**	79,374
Total segment assets	**1,903,881**	1,783,205
Interest in associates	**88,361**	1,591
Equity instrument at FVOCI	**–**	11,558
Debt instruments at FVOCI	**31,676**	69,870
Financial assets at FVPL	**2,575**	2,371
Term deposits with initial term over three months	**94,382**	–
Non-current asset classified as held for sale	**–**	110,212
Other unallocated assets	**173,157**	239,407
Consolidated assets	**2,294,032**	2,218,214

	2019 *HK$'000*	2018 *HK$'000*
Segment liabilities		
Sale and leaseback arrangements services	**389,207**	430,618
Property leasing services	**60**	167
Assets management and consultancy services	**552**	279
Total segment liabilities	**389,819**	431,064
Unallocated secured bank borrowings	**150,950**	153,632
Other unallocated liabilities	**9,765**	7,428
Consolidated liabilities	**550,534**	592,124

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

– all assets are allocated to reportable segments other than interest in associates, equity instrument at FVOCI, debt instruments at FVOCI, financial assets at FVPL, term deposits with initial term over three months, non-current asset classified as held for sale and other unallocated assets (including primarily unallocated property, plant and equipment and cash and cash equivalents and prepayments).

– all liabilities are allocated to reportable segments other than unallocated secured bank borrowings not for sale and leaseback arrangements services and other unallocated liabilities.

Geographical information

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

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

	Revenue from external customers		Non-current assets *(Note)*	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Mainland China	**77,470**	94,965	**60,122**	44,830
Hong Kong	**232**	1,658	**41,125**	39,514
	77,702	96,623	**101,247**	84,344

Note: Non-current assets exclude goodwill, interest in associates, financial assets and deferred tax assets and right-of-use assets.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group under reportable segment of sale and leaseback arrangements services for the corresponding years is as follows:

	2019	2018
	HK$'000	*HK$'000*
Customer A	**21,951**	22,863
Customer B	**16,910**	*(Note)*
Customer C	**11,946**	19,331
Customer D	**8,941**	19,978
Customer E	**8,605**	19,978

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4 OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Interest income		
– bank deposits	**4,298**	1,529
– term deposits with initial term over three months	**12,878**	10,231
– debt instruments at FVOCI	**2,792**	701
	19,968	12,461
Government grant *(Note)*	**852**	1,266
Others	**371**	1,893
	21,191	15,620

Note: During the year, government grant included subsidies and awards of HK$852,000 (2018: HK$1,266,000) 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.

5 OTHER GAINS, NET

	2019	2018
	HK$'000	*HK$'000*
Gain on disposal of debt instruments at FVOCI	**1,022**	–
Gain on disposal of corporate membership	**–**	2,750
(Loss)/gain on disposal of property, plant and equipment	**(5)**	74
Others	**77**	–
	1,094	2,824

6 FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest on bank borrowings	**25,064**	48,250
Less: amounts included in costs of sale and leaseback arrangements and consultancy services	**(19,305)**	(42,427)
	5,759	5,823
Interest on lease liabilities	**228**	–
	5,987	5,823

7 INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax:		
– Hong Kong	**5**	4
– PRC	**7,107**	8,739
	7,112	8,743
Over-provision in prior year:		
– Hong Kong	**–**	(122)
– PRC	**–**	101
	–	(21)
Deferred income tax	**7,718**	5,809
Income tax expense	**14,830**	14,531

Notes:

(a) 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 profit 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%.

(b) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for 2019 (2018: 25%).

8 DIVIDENDS

No dividend has been paid, declared by the Company during the year ended 31 December 2019 (2018: Nil).

9 LOSS PER SHARE

(a) Basic

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

	2019	2018
Loss attributable to owners of the Company *(HK$'000)*	**(7,921)**	(58,882)
Weighted average number of ordinary shares *(thousand)*	**4,001,410**	2,936,882
Basic loss per share *(expressed in HK cent per share)*	**(0.20)**	(2.00)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2018 and 2019, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share option since their exercise will reduce loss per share.

10 INTANGIBLE ASSETS

	Goodwill *HK$'000*	Supply chain financing platform *HK$'000*	Total *HK$'000*
At 1 January 2018			
Cost	52,935	–	52,935
Net book value	52,935	–	52,935
Year ended 31 December 2018			
Opening net book amount	52,935	–	52,935
Acquisition of a subsidiary *(Note 19)*	921	–	921
Exchange difference	(3,008)	–	(3,008)
Closing net book value	50,848	–	50,848
At 31 December 2018			
Cost	50,848	–	50,848
Net book value	50,848	–	50,848
Year ended 31 December 2019			
Opening net book amount	50,848	–	50,848
Acquisition of a subsidiary *(Note 19)*	6,479	12,689	19,168
Addition	–	208	208
Amortisation charge	–	(1,259)	(1,259)
Exchange difference	(667)	(265)	(932)
Closing net book value	56,660	11,373	68,033
At 31 December 2019			
Cost	56,660	12,589	69,249
Accumulated amortisation	–	(1,216)	(1,216)
Net book value	56,660	11,373	68,033

Amortisation expense of HK$1,259,000 (2018: Nil) was charged in administrative expenses.

11 INTEREST IN ASSOCIATES

Set out below are the associates of the Group as at 31 December 2019. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All of these associates are accounted for using the equity method in these consolidated financial statements.

Name of entity	Nature of relationship	Principal activities	Place of business/ country of incorporation	Effective% of ownership interest		Carrying amount	
				2019	2018	**2019**	2018
				%	%	***HK$'000***	*HK$'000*
黑龍江首和創業投資管理企業(有限合夥) ("Shouhe Venture Capital")	Associate	Investment management	The PRC	**24.28%**	24.28%	**1,573**	1,591
京西商業保理有限公司 (Beijing West Business Factoring Company Limited*) *(Note)*	Associate	Provision of factoring services in PRC	The PRC	**41.41%**	–	**86,788**	–
						88,361	1,591

Note: On 24 July 2019, the Group completed an acquisition of 41.41% equity interest in 京西商業保理有限公司 (Beijing West Business Factoring Company Limited*) ("Beijing West Business Factoring") at a consideration of approximately RMB75,263,000 (approximately HK$85,526,000) from 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*), a non wholly-owned subsidiary of 北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd.*) ("Shougang Fund").

	2019	2018
	HK$'000	*HK$'000*
Cost of investment in associates:		
As at 1 January	**1,591**	–
Addition to interest in associates during the year	**85,526**	1,573
As at 31 December	**87,117**	1,573
Share of operating profits	**2,614**	18
Share of other comprehensive loss	**(1,370)**	–
Interest in associates	**88,361**	1,591

12 RECEIVABLES UNDER SALE AND LEASEBACK ARRANGEMENTS

At 31 December, the Group's receivables under sale and leaseback arrangements were repayable as follows:

	2019	2018
	HK$'000	*HK$'000*
Within one year	**416,952**	493,717
Between 1 and 2 years	**388,166**	371,959
Between 2 and 3 years	**476,415**	85,915
Between 3 and 4 years	**—**	85,227
	1,281,533	1,036,818
Overdue receivables under sale and leaseback arrangements	**9,663**	11,325
	1,291,196	1,048,143

	2019	2018
	HK$'000	*HK$'000*
Analysed as:		
Current receivables under sale and leaseback arrangements (receivable within 12 months)	**426,614**	505,042
Non-current receivables under sale and leaseback arrangements (receivable after 12 months)	**864,582**	543,101
	1,291,196	1,048,143

13 EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	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.*) ("Jingxi Supply Chain") as its registered capital, which then holds 10% equity interest in Jingxi Supply Chain pursuant to an agreement signed in April 2018. Jingxi Supply Chain is established in the PRC and engaged in supply chain finance business. Gold Cosmos also entered into a capital injection agreement with Shougang Fund and Jingxi Supply Chain in June 2018, pursuant to which Gold Cosmos agreed to contribute additional capital of RMB200,000,000 to Jingxi Supply Chain and thereby increased the equity interest Gold Cosmos held in Jingxi Supply Chain from 10% to 70% ("Capital Injection"), subject to certain conditions precedent. In July 2019, the Group completed the Capital Injection in Jingxi Supply Chain. As such, the Group had classified its equity interest in Jingxi Supply Chain as an investment in subsidiary and has been disclosed in Note 19.

The directors of the Company (the "Directors") have elected to designate this investment as equity instrument at FVOCI 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).

14 TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

As at 31 March 2019, the weighted average effective interest rate of the Group's term deposits with initial terms of over three months was 3.7% per annum (2018: Nil). The term deposits with initial terms of over three months denominated in RMB were principal-guaranteed and deposited with a bank in Mainland China. The Directors classify the above deposits as financial assets at amortised cost as the business model for the term deposits with initial term over three months is to hold to maturity, and the contractual terms only give rise to cash flows that are solely payments of principal and interest on the principal. The conversion of the RMB-denominated balances into foreign currencies and the remittance of funds out of the Mainland China is subject to the rules and regulations of foreign exchange control promulgated by the Government of the PRC.

15 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 (Hong Kong) Limited ("Shougang Holding"), as purchaser, in relation to the disposal of Upper Nice Assets Ltd., which holds 619,168,023 shares of Global Digital Creations Holdings Limited ("GDC") (a former associate of the Company), 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 conditions precedent have been met on the date of the aforesaid special general meeting.

As at 31 December 2018, non-current asset classified as held for sale is measured at the lower of its then carrying amount and fair value less costs of disposal.

The disposal of 40.78% equity interest in GDC 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, which amounted to HK$44,580,000 has been recognised in equity as a deemed capital contribution from the intermediate holding company upon completion of the Disposal with Shougang Holding. The property revaluation reserve amounted to HK$18,673,000 and translation reserve amounted to HK$17,670,000 derived from share of associate's reserves in prior periods was reclassified to retained earnings upon disposal.

16 SECURED BANK BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Non-current portion		
Secured bank borrowings	**168,539**	255,682
Current portion		
Secured bank borrowings	**297,018**	238,859
	465,557	494,541

As at 31 December 2019 and 2018, the Group's borrowings were repayable in accordance with scheduled repayment dates as follows:

	2019	2018
	HK$'000	*HK$'000*
Carrying amount repayable:		
Within 1 year	**146,068**	85,227
Between 1 and 2 years	**84,269**	85,227
Between 2 and 3 years	**84,270**	85,227
Between 3 and 4 years	**–**	85,228
	314,607	340,909
Carrying amount of bank borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:		
Within 1 year	**142,751**	142,674
Between 1 and 2 years	**2,825**	2,748
Between 2 and 3 years	**2,899**	2,825
Between 3 and 4 years	**2,475**	2,904
Between 4 and 5 years	**–**	2,481
	150,950	153,632
	465,557	494,541

17 SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018 and 31 December 2019	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2018	2,672,192,469	26,722
Issue of shares upon rights issue *(Note a)*	1,336,096,234	13,361
At 31 December 2018 and 1 January 2019	4,008,288,703	40,083
Cancellation of shares *(Note b)*	(23,649,000)	(237)
At 31 December 2019	3,984,639,703	39,846

Notes:

(a) During the year ended 31 December 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 existing shareholders ("Rights Issue"). These shares rank pari passu in all respects with the existing shares. The gross proceeds from the Rights Issue resulted in an increase in share capital of approximately HK$184,381,000 and transaction costs incurred amounted to approximately HK$4,860,000 is recognised in consolidated statement of comprehensive income.

(b) During the year ended 31 December 2019, the Company repurchased 23,649,000 of its own shares. The total amount paid to repurchase the shares was approximately HK$3,410,000 and was charged to share premium within shareholder's equity. All of the repurchased shares were cancelled during the year ended 31 December 2019.

18 ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security for non-current assets are:

	2019	2018
	HK$'000	*HK$'000*
Investment properties	**24,700**	37,500
Property, plants and equipment	**14,921**	–
Receivables under sale and leaseback arrangements	**308,478**	335,876
	348,099	373,376

19 BUSINESS COMBINATION

(a) Summary of acquisition

(i) Step acquisition through capital injection in Jingxi Supply Chain

On 11 July 2019, a subsidiary of the Group, 悅康融滙投資咨詢（深圳）有限公司 (Ecko Investment Company Limited*), completed a capital injection into Jingxi Supply Chain, pursuant to the investment agreement entered into between Shougang Fund and Jingxi Supply Chain in June 2018. The total consideration for the capital injection was RMB200,000,000. As a result of this capital injection, the Group's shareholding in Jingxi Supply Chain increased from 10% to 70%. Jingxi Supply Chain is engaged in the operation of supply chain financing services in the Mainland China.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK$'000
Cash consideration	227,273

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value
	HK$'000
Property, plant and equipment	2,695
Intangible asset	12,689
Other receivables and current asset	2,045
Cash and cash equivalents	311,871
Other current liabilities	(1,480)
Net identifiable assets acquired	327,820
Less: fair value of 10% equity interest previously held	(8,631)
Less: non-controlling interests	(98,395)
Add: goodwill	6,479
	227,273

The goodwill arising from the acquisition is attributable to the synergies expected to arise from the business combination and enable the Group to rapid entry into the fast growing supply chain finance business in the PRC.

The Group elected to recognise the non-controlling interests in Jingxi Supply Chain at its proportionate share of the acquired net identifiable assets.

Revenue and profit contribution

The acquired business contributed revenues of HK$716,000 and net loss of HK$2,378,000 to the Group for the period from 11 July to 31 December 2019.

(ii) Acquisition of 首華京西協同創新（北京）科技發展有限公司 (Shouhua Jingxi Cooperative Innovation (Beijing) Technology Development Co., Ltd.*) ("Shouhua Jingxi Cooperative Innovation")

On 15 November 2018, the Group acquired 86.71% of the issued share capital of Shouhua Jingxi Cooperative Innovation 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 Cooperative Innovation is engaged in provision of corporate financial advisory services. Shouhua Jingxi Cooperative Innovation was acquired so as to continue the expansion of the Group's assets management division.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	HK$'000
Cash consideration	1,763

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
Cash and cash equivalents	1,763
Other payables	(2,706)
Net identifiable assets acquired	971
Less: non-controlling interests	(129)
Add: goodwill	921
	1,763

Goodwill arose in the acquisition of Shouhua Jingxi Cooperative Innovation is attributable to expected synergies arising from future market development and the assembled workforce of Shouhua Jingxi Cooperative Innovation. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The Group elected to recognise the non-controlling interests in Shouhua Jingxi Cooperative Innovation at its proportionate share of the acquired net identifiable assets.

Revenue and profit/loss contribution

For the year ended 31 December 2018, no revenue was generated from Shouhua Jingxi Cooperative Innovation and net loss of HK$432,000 was attributed to the Group. If the acquisition had occurred on 1 January 2018, consolidated pro-forma loss for the year ended 31 December 2018 would have been HK$51,202,000.

(b) Purchase consideration – net cash inflow

	2019 ***HK$'000***	2018 *HK$'000*
Cash consideration paid	**227,273**	1,763
Less: cash and cash equivalents acquired	**(311,871)**	(1,763)
Net cash inflow	**(84,598)**	–

For the year ended 31 December 2019, acquisition-related cost of HK$270,000 (2018: HK$47,000) was included in administrative expenses in the consolidated statement of comprehensive income and in operating cash flows in the consolidated statement of cash flows.

20 EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across Hong Kong and the Mainland China. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date on which this set of financial statements were authorised for issue, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend in respect of the year (2018: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 15 May 2020 to Thursday, 21 May 2020 (both days inclusive) to determine the entitlement to attend and vote at the Company's annual general meeting to be held on Thursday, 21 May 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 14 May 2020 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

In 2019, the Group took great efforts in business development of sale and leaseback arrangements, business factoring, supply chain management and asset management, and is committed to develop the integrated service platform to empower industry with finance. It has made initial achievements after going through the hard time through concerted efforts and constantly exploring the development path to optimizing and strengthening its businesses. In 2019, the Group successfully turned losses into gains and increased the scale and safety of its business assets, laying a solid foundation for business growth.

KEY FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators are analysed as below:

	2019 ***HK$'000***	2018 *HK$'000*	+/(-) Change
Financial performance			
Revenue	**77,702**	96,623	-20%
Gross profit margin *(%)*	**74%**	56%	18%
Profit/(loss) before income tax	**15,413**	(35,558)	Turnaround
Profit/(loss) for the year	**583**	(50,089)	Turnaround
Loss attributable to owners of the Company	**(7,921)**	(58,882)	-87%
Key financial indicators			
Total cash	**702,164**	806,150	-13%
Total assets	**2,294,032**	2,218,214	3%
Total liabilities	**550,534**	592,124	-7%
Bank borrowings	**465,557**	494,541	-6%
Equity attributable to owners of the Company	**1,355,149**	1,339,688	1%
Current ratio	**305%**	447%	-142%
Basic loss per share *(HK cents)*	**(0.20)**	(2.00)	-90%

FINANCIAL OVERVIEW

The Group recorded loss of approximately HK$7,921,000 for the year ended 31 December 2019 attributable to owners of the Company, which represented a decrease when compared with a loss of approximately HK$58,882,000 for the year ended 31 December 2018 attributable to owners of the Company. The decrease was mainly due to the share of loss of an associate in 2018. Revenue of the Group for the year ended 31 December 2019 was approximately HK$77,702,000, which represented a decrease of approximately 20% when compared with that of approximately HK$96,623,000 for the year 2018. The decrease was mainly attributable to the decrease in revenue from the sale and leaseback arrangements services segment. The Group recorded a gross profit of approximately HK$57,644,000 for the year ended 31 December 2019, representing a gross profit margin of approximately 74%, which is an increase of approximately 18% when compared with the gross profit margin of approximately 56% for the year 2018. Basic loss per share for the year ended 31 December 2019 was HK0.2 cent (2018: loss per share was HK2 cents).

Revenue for the year ended 31 December 2019 was approximately HK$77,702,000, representing a decrease of approximately 20% when compared with that of approximately HK$96,623,000 for the year 2018. The decrease was mainly attributable to the decrease in revenue from the sale and leaseback arrangements services segment by approximately HK$21,889,000.

The Group made a gross profit of approximately HK$57,644,000 for the year ended 31 December 2019, representing a gross profit margin of approximately 74%, which is an increase of 18% when compared with the gross profit margin of approximately 56% for the year 2018, which was mainly attributable to the increase in gross profit margin from the sale and leaseback arrangements services segment.

Other income for the year ended 31 December 2019 amounted to approximately HK$21,191,000 (2018: HK$15,620,000), representing an increase of approximately 36%. The increase was mainly due to the increase in interest income from bank deposits.

Administrative expenses for the year ended 31 December 2019 amounted to approximately HK$65,232,000 (2018: HK$58,798,000), representing an increase of approximately 11%. The increase was mainly due to the rise in labor cost driven by business development.

For the year ended 31 December 2019, share of profit of associates amounted to approximately HK$2,614,000 (2018: loss of HK$122,547,000), the reversal of impairment loss of approximately HK$75,640,000 on interest in an associate was made for the year 2018 while there was no impairment loss for this year. Share of profit of associates for this year was attributable to the completion of the acquisition of a business factoring company during the year. Share of loss of associates for last year was attributable to 619,168,023 shares held, representing approximately 40.78% equity interests, of Global Digital Creations Holdings Limited ("GDC") (Stock Code: 8271). The disposal of equity interest held in GDC was approved at the special general meeting held on 28 December 2018 and was completed on 8 January 2019.

BUSINESS REVIEW AND OUTLOOK

Following the strategy of combination of industry and finance promoted by empowering industry with finance, the Group reshuffled the cultural recreation business which is not closely relevant to our principal business of integrated financial service and strengthened its capital through rights issue. The Group built the integrated service platform to empower industry with finance based on improved financial service framework and management team, which forms the key foundation for business expansion. As for business expansion, during the year, with the target of realizing collaborative development among different segments including financial leasing, business factoring, supply chain management and asset management segment, based on the principal steel business, the Group has made substantive progress in developing into an integrated cross-border industrial and financial service platform.

During the year, revenue from the sale and leaseback arrangements services segment decreased by approximately 23% to approximately HK$71,601,000 (2018: HK$93,490,000), and the profit of the segment was approximately HK$48,331,000 (2018: HK$47,874,000). The decrease in revenue from the sale and leaseback arrangements services segment was mainly attributable to the postponement of certain projects as a result of modifications to the financial leasing business plan and projects in hand affected by uncertainties in relation to the macro-economic conditions and certain economic events, after taking into account relevant risks. There were several relatively large-scale projects carried out under this segment in the second half of 2019, which partially offset decline of revenue and contributed to the growth of financial leasing business size and interest-earning financial leasing balances. The growth of sale and leaseback arrangements services segment results was mainly due to the increase in project gross profit resulting from increased new projects and more flexible financial resource usage.

In February 2020, China Banking and Insurance Regulatory Commission issued an announcement on the Interim Measures for Supervision and Administration of the Financial Leasing Companies (Exposure Draft) (《融資租賃公司監督管理暫行辦法（徵求意見稿）》) for public suggestions. It is expected that laws and regulations relating to the industry will be introduced and regulatory system will be improved, which will be beneficial for the sustainable and orderly development of the industry.

During the year, the assets management and consultancy services segment recorded a revenue of approximately HK$5,528,000 (2018: Nil) and a loss of the segment of approximately HK$2,375,000 (2018: profit of HK$466,000). For the first time, the assets management and consultancy services segment recorded revenues from supply chain financing management service, asset securitization and investment and financing consultancy businesses. However, due to the impacts of resource investment at the initial stage of business expansion and the amortization costs incurred for the building of technology platform, a loss was recorded for the segment.

During the year, revenue from the property leasing services segment decreased by approximately 82% to approximately HK$573,000 (2018: HK$3,133,000), and the profit of the segment was approximately HK$2,065,000 (2018: HK$5,869,000). The decrease in revenue from the property leasing services segment was mainly attributed to the decrease in rentable floor area. The decline in segment results 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$2,400,000 during the year (2018: fair value increase of HK$3,147,000).

Looking ahead into 2020, under the policy environment and market environment of promoting financial innovation, the Group will grasp opportunities brought by the policies in relation to financial service and the upgrading strategies of industries in which core target enterprises operate to provide innovative financial product and service portfolios to those core target enterprises and their upstream and downstream customers, so as to serve the real economy. We will strive to capitalize on the advantage of cross-border operation while actively exploring new models of innovative financial service business and taking advantage of Hong Kong's excellent geographical location and favorable financing environment as an international financial market, to make meaningful exploration under The Belt and Road Initiative and seize relevant policy opportunities.

In terms of risk management infrastructure, prudent and effective risk management can help in untapping the commercial value of long-term investments, as well as laying a solid foundation for the Group's sustainable development. We will put emphasis on strengthening our risk control system, introducing information technology platform, and adjusting our management and control strategies in a timely manner and continuously improving our management by improving and optimizing our risk control mechanism. In addition, we will also continue to promote the development of our online risk management platform so as to provide an effective 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 balance between business requirements and cash flows. The financial leverage of the Group as at 31 December 2019 as compared to 31 December 2018 is summarized below:

	31 December 2019	31 December 2018
	HK$'000	*HK$'000*
Total borrowings		
Current borrowings	**297,018**	238,859
Non-current borrowings	**168,539**	255,682
Sub-total	**465,557**	494,541
Total cash		
Cash and cash equivalents	**607,782**	806,150
Term deposits with initial term over three months	**94,382**	–
Sub-total	**702,164**	806,150
Total equity	**1,743,498**	1,626,090
Total assets	**2,294,032**	2,218,214
Current ratio	**305%**	447%

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 were approximately HK$179,521,000 (the "Rights Issue"). The Company completed the issue of rights shares to fund the acquisition and capital injection as set out in the circular of the Company dated 4 September 2018 (the "Acquisition and Capital Injection"). The net proceeds from the issue of right shares were approximately HK$179,521,000, all of which have been fully utilised for the Acquisition and Capital Injection. Details of the amendments to the Acquisition and Capital Injection were disclosed in the announcement of the Company dated 31 December 2018.

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$607,782,000 (31 December 2018: HK$806,150,000) and term deposits with initial term over three months of approximately HK$94,382,000 (31 December 2018: HK$ Nil), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The decrease was mainly attributable to the combined effects of net cash used in operating activities of approximately HK$254,462,000, payment of consideration for acquisition of an associate of approximately HK$85,526,000 and the net repayment of bank borrowings of approximately HK$32,602,000, netting off with proceeds received from disposal of an associate of approximately HK$154,792,000 and proceeds received from disposal of bond investments of approximately HK$40,448,000.

As at 31 December 2019, the Group's borrowings amounted to approximately HK$465,557,000, of which approximately HK$297,018,000 were repayable within twelve months from 31 December 2019 and approximately HK$168,539,000 were repayable after twelve months from 31 December 2019. During the year, the Group obtained new bank borrowings of approximately HK$70,000,000 as working capital of the Group. All borrowings bore interest at market rates.

CAPITAL STRUCTURE

The equity attributable to owners of the Company amounted to approximately HK$1,355,149,000 as at 31 December 2019 (31 December 2018: HK$1,339,688,000). The increase was mainly due to the capital contribution from the intermediate holding company of approximately HK$44,580,000, netting off with the loss for the year ended 31 December 2019 attributable to owners of the Company of approximately HK$7,921,000 and the exchange differences arising on translation of approximately HK$14,320,000 in total during the year. The Company did not issue any new shares during the year. In July 2019, pursuant to the general mandate given to the Directors, the Company repurchased a total of 23,649,000 ordinary shares of HK$0.01 each of the Company on the Stock Exchange at an aggregate consideration of approximately HK$3,647,000 (excluding the trading fee). On 30 July 2019, 23,649,000 shares were cancelled. The issued share capital of the Company was approximately HK$39,846,000 (represented by approximately 3,984,640,000 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 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*) ("Services New Shougang") and 京西商業保理有限公司 (Beijing West Business Factoring Company Limited*) ("Beijing West Business Factoring"), pursuant to which On Hing agreed to purchase 41.41% equity interest in Beijing West Business Factoring from Services New Shougang for RMB75,262,645.5 (the "First Acquisition"), subject to certain conditions precedent. On 31 December 2018, a supplemental agreement was entered into to extend the long stop date of the First Acquisition from 31 December 2018 to 31 May 2019. On 31 May 2019, a further supplemental agreement was entered into to extend the long stop date of the First Acquisition from 31 May 2019 to 31 May 2020 and change the contract party from On Hing to South China International Leasing Co., Ltd.. The First Acquisition was completed on 24 July 2019. Beijing West Business Factoring was engaged in the provision of business factoring 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.* (北京京西供應鏈管理有限公司, "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 Injection"). On 31 December 2018, a supplemental agreement was entered into to change the contract party from Gold Cosmos to 悅康融滙投資咨詢（深圳）有限公司 (Ecko Investment Company Limited*). The Capital Injection was completed on July 2019.

On 21 November 2018, SCG Investment (BVI) Limited (a wholly-owned subsidiary of the Company), as vendor, entered into 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 Limited (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$154,792,006. 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 2019, the Group had the following charge on assets:

(i) The Group's investment properties with an aggregate carrying value of approximately HK$24,700,000 and the Group's land and building with a carrying value of approximately HK$14,921,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$10,950,000.

(ii) The Group's receivables under sale and leaseback arrangements with a carrying value of approximately HK$308,478,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK$314,607,000.

FOREIGN EXCHANGE EXPOSURE

The normal operations and investments of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. As at 31 December 2019, the Group had no significant foreign exchange exposure.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2019.

EMPLOYEES

As at 31 December 2019, the Group employed 60 (31 December 2018: 46) 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 work 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 2019, 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

During the year, pursuant to the general mandate given to the Directors, the Company repurchased a total of 23,649,000 ordinary shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration (excluding the trading fee) of approximately HK$3,647,315. On 30 July 2019, 23,649,000 Shares repurchased have been cancelled. The number of issued shares of the Company as of 31 December 2019 was 3,984,639,703.

Date of repurchases	**Number of Shares repurchased**	**Prices per Share Highest**	**Prices per Share Lowest**	**Aggregate consideration (excluding the trading fee)**
		HK$	*HK$*	*HK$*
11 July 2019	6,000,000	0.150	0.150	900,000
12 July 2019	5,389,000	0.152	0.149	810,817
15 July 2019	2,488,000	0.158	0.152	388,246
16 July 2019	557,000	0.160	0.157	88,367
17 July 2019	2,094,000	0.161	0.156	330,088
18 July 2019	4,109,000	0.159	0.155	649,031
19 July 2019	3,012,000	0.164	0.156	480,766
	23,649,000			3,647,315

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on the Stock Exchange or otherwise) during the year.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the financial year ended 31 December 2019, 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. Liu Dongsheng re-designated from an Executive Director and Managing Director of the Company to a Non-executive Director of the Company from 22 August 2019. As such, Mr. Xu Liang had acted as both the Chairman and the Managing Director of the Company from the same date. In order to satisfy the requirement of the code provision A.2.1 of the CG Code, the Board appointed Mr. Su Guifeng as the Managing Director of the Company with effect from 19 September 2019, 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.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 December 2019. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 in the preliminary results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary results announcement.

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, 27 March 2020

As at the date of this announcement, the Board comprises Mr. Xu Liang (Chairman), Mr. Su Guifeng (Managing Director), Ms. Li Jing (Executive Director), Mr. Liu Dongsheng (Non-executive Director), Ms. You Wenli (Non-executive Director), Mr. Huang Donglin (Non-executive Director), Mr. Tam King Ching, Kenny (Independent Non-executive Director), Mr. Wan Siu Wah, Wilson (Independent Non-executive Director) and Mr. Zhang Xingyu (Independent Non-executive Director).

* *For identification purpose only*