沪港联合

HONG KONG SHANGHAI ALLIANCE HOLDINGS LIMITED
滬港聯合控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1001)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST MARCH 2020

The board of directors (the "**Board**") of Hong Kong Shanghai Alliance Holdings Limited (the "**Company**") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31st March 2020 (the "**Year**").

FINANCIAL HIGHLIGHTS

For the year ended 31st March

	2020	2019	**Change**
	HK$ million	*HK$ million*	
Revenue	**2,325.0**	2,882.6	-19.3%
Gross profit	**241.6**	275.1	-12.2%
Operating profit	**4.8**	74.3	-93.5%
(Loss)/profit for the year	**(88.2)**	4.4	N/A
(Loss)/profit attributable to owners of the Company	**(90.3)**	13.9	N/A
Basic (loss)/earnings per ordinary share (HK cents)	**(14.08)**	2.17	N/A
Proposed final dividend per ordinary share (HK cents)	**—**	2.00	N/A
Gross profit margin	**10.4%**	9.5%	+0.9 p.p.
Operating profit margin	**0.2%**	2.6%	-2.4 p.p.
Net (loss)/profit margin	**(3.8%)**	0.2%	N/A

For the Year, the Group recorded a net loss of approximately HK$88.2 million, and a net loss attributable to owners of the Company of approximately HK$90.3 million on revenue of approximately HK$2,325.0 million, versus a net profit of approximately HK$4.4 million, and a profit attributable to owners of the Company of approximately HK$13.9 million, on revenue of approximately HK$2,882.6 million last year. The change from profit to loss for the Year is mainly attributable to a one-off impairment charge of approximately HK$20.0 million against the property, plant and equipment; and we recognised a fair value gain, net of tax of the Group's investment properties of approximately HK$81.6 million in last year. Gross profit for the Year was approximately HK$241.6 million, as compared to approximately HK$275.1 million last year, while gross profit margin increased to approximately 10.4% from approximately 9.5% last year.

The basic loss per ordinary share was HK14.08 cents for the Year, versus the basic earnings per ordinary share of HK2.17 cents last year.

The Board does not recommend the payment of final dividend in respect of the Year (2019: HK2.00 cents per ordinary share).

BUSINESS REVIEW

Overview

Year 2019/20 came with significant challenges in the form of macro unpredictability. That the social incidents in Hong Kong, trade conflicts between major nations and the recent outbreak of coronavirus disease ("**COVID-19**") have put tremendous pressure on the Group's performance. To cope with these acute challenges, management has implemented various measures which includes tightening control on operating costs, streamlining operation process and organisational structure, improving management efficiency on inventories procurement and turnover, developing an effective leasing strategy and increasing liquidity. In the midst of this erratic economic environment, the Group strived to maintain its long-term competitive advantages, with a particular focus on the Property Investment and Project Management Business.

Following the formation of a co-investment venture (the "**HSO Venture**") with Reco Wisteria Private Limited (an indirect wholly-owned subsidiary of GIC (Realty) Private Limited ("**GIC**") which is wholly-owned by the Minister for Finance of the Government of Singapore) and the completion of its first acquisition of Longyu International Plaza last year, the Group has successfully formed a co-investment venture (the "**Skyline Venture**") with Apollo Skyline Holding Limited (an indirect wholly-owned subsidiary of one or more private equity funds managed and/or advised by affiliates of Apollo Global Management, Inc. (NYSE: APO) ("**Apollo**")) in the Year for the purpose of acquiring the majority of the gross floor area of Great Wall Financial Building, which is located in the central business district of Huangpu, Shanghai.

In the Year, the HSO Venture has successfully rebranded and renovated the commercial building and renamed it as Central Park•Jing'an. The renovation has not only added value to the quality of the commercial premises, but has also diversified its tenant mix and improved the rental yields and occupancy rates.

Despite the short-term uncertainties arising from the outbreak of COVID-19, which have suppressed both occupancy and rent rates of commercial buildings, the Group remains cautiously optimistic in the medium to long-term growth in demand for premium-grade offices in Shanghai. The Group will maintain its long-term strategy in trawling suitable investments projects in the Shanghai commercial property market to capture stable and recurring income.

For the Group's Construction Materials Business, while the combined negative effects of the weak demand of automotive sectors in Mainland China, the social incidents in Hong Kong and the outbreak of COVID-19 have caused a decrease in overall segment revenue of approximately 13.9%, it is gradually picking up the momentum in profit growth. Excluding the one-off reversal of provision for onerous contracts of approximately HK$40.7 million last year, the percentage of gross profit margin of Construction Materials Business increased from approximately 2.3% last year to approximately 4.0% in the Year.

Moreover, the Group's Building and Design Solutions Business also continued to thrive through the challenging market environment. Through cultivating close business relationships with our brand partners and improving the quality of our customer services, its profit before income tax increased for approximately 19.4% as compared to last year.

Property Investment and Project Management Business

Our Property Investment and Project Management Business is adept at identifying undervalued or under-utilised commercial properties for unlocking and creating values through alterations and additions works, together with the provision of quality property management services.

Being a niche market player, our Property Investment and Project Management Business consists of (i) direct acquisitions of properties for investment such as our wholly-owned Central Park•Pudong; and (ii) investments in properties via partnerships or investment funds where the Group takes equity stake and acts as a general partner and/or an investment manager to earn fee income. As of 31st March 2020, the Group has partnerships with two leading private equity funds, GIC and Apollo, on two revitalisation projects, Central Park•Jing'an and Great Wall Financial Building, respectively.

During the Year, supported by the collaborated efforts from our revitalisation team and partners, the HSO Venture with GIC has completed the renovation of its first investment property in May 2019 and successfully rebranded it as Central Park•Jing'an which is a Grade A-office premises situated in the prime location in Shanghai with 3 metro lines connections. Despite strong competition in the Shanghai leasing market, the occupancy rate and average daily rent rate of Central Park•Jing'an has outperformed by showing steady increment since the completion of renovation. During the Year, the Group shared a loss of approximately HK$12.9 million for its investment in HSO Venture, as compared to the share of profit of approximately HK$20.7 million. The change from profit to loss of the HSO Venture in the Year as there was fair value gain recognised for the investment property held by the HSO Venture last year.

In November 2019, the Property Investment and Project Management Business has reached another milestone as it successfully formed a co-investment venture with Apollo. Following the formation of the Skyline Venture, its wholly-owned subsidiary entered into sales and purchase agreements to acquire the majority of the gross floor area of an under-utilised commercial building in Shanghai, commonly known as Great Wall Financial Building in December 2019. As of 31st March 2020, the Group owned an effective equity stake of 5% in the Skyline Venture.

Great Wall Financial Building is a high-rise landmark located in the heart of the central business district of Huangpu, near the intersection of Dapu Road and Xujiahui Road with a 5-minute-walk from metro station. As a regional landmark commercial complex, Great Wall Financial Building is host to Pullman Shanghai Skyway Hotel (a 5-star hotel managed by Accor Hotel Group), office buildings, conference halls, catering facilities and retail outlets.

During the Year, our Property Investment and Project Management Business recorded a profit before income tax of approximately HK$6.3 million on revenue of approximately HK$93.5 million, versus a profit before income tax of approximately HK$82.5 million on revenue of approximately HK$100.0 million last year. The reduction in profit before income tax is due to the fair value gain of approximately HK$108.9 million from Central Park•Pudong last year, as compared to a minimal fair value loss of approximately HK$0.8 million in the Year.

Building and Design Solutions Business

Our Building and Design Solutions Business is dedicated to provide comprehensive value proposition with design, installation, inventory management, logistics, as well as technical support services provided for sanitary wares and fittings and kitchen products. We offer an extensive branded product portfolio, which gives us a strong base to respond to the rising consumer demand for high-quality lifestyle products and enhanced hygiene awareness amidst the COVID-19 pandemic.

During the Year, the Building and Design Solutions Business recorded a profit before income tax of approximately HK$26.1 million on revenue of approximately HK$275.9 million, versus a profit before income tax of approximately HK$21.9 million on revenue of approximately HK$346.8 million last year. The drop in revenue was due to the completion of several major real estate and hotel projects in Hong Kong and Macau last year, together with the postponement of new hotel upgrade projects due to the social incidents in Hong Kong as well as the recent outbreak of COVID-19. Meanwhile, the improvement in profit before income tax was mainly attributable to the improvement in gross profit margin and cost containment measures in the Year.

Construction Materials Business

The Construction Materials Business comprises (i) Hong Kong construction products processing and distribution; (ii) reinforcing bar processing and assembly business conducted through our wholly-owned subsidiary, VSC Construction Steel Solutions Limited; and (iii) PRC surface critical coil processing and distribution.

The Group has completed the sale of its steel recycling business operated through a wholly-owned subsidiary, He Tai Steel Co., Limited, and the steel processing business in Mainland China operated through its associate, Changshu Baoshunchang Steel Processing Co., Ltd., with an aggregated loss on disposal of HK$41,000 recognised during the Year.

Facing a volatile market environment throughout the Year, including the continuous fluctuation in steel price, the adverse impact arising from the trade conflicts between major trade nations, the slow down in construction projects in Hong Kong as a result of social incidents and the recent outbreak of COVID-19, our Construction Materials Business is unavoidably affected. During the Year, Construction Materials Business recorded a total revenue of approximately HK$1,864.8 million, down by approximately 13.9% compared to last year. Excluding the revenue contributed by the steel recycling business which was disposed by the Group in April 2019, revenue dropped by approximately 8.2% year-to-year, as the revenue growth from our Hong Kong construction product distribution and reinforcing bar processing business was offset by the decline in revenue from our PRC's surface critical coil processing and distribution business, primarily caused by the slack in demand from the automotive sector.

Profit before income tax of the Construction Materials Business was approximately HK$8.2 million for the Year, versus a profit before income tax of approximately HK$20.6 million in last year as there was the reversal of provision for onerous contracts of approximately HK$40.7 million last year. Excluding the aforementioned one-off impact, the gross profit margin increased from approximately 2.3% last year to approximately 4.0% this year with profit before income tax also increased by HK$28.3 million in the Year.

Engineering Plastics Business

Adhering to the Group's strategy on scaling-down the Engineering Plastic Business in order to focus on the Group's core competencies, Engineering Plastics Business recorded a revenue of approximately HK$90.8 million in the Year, as compared to approximately HK$268.7 million in last year under the unstable economic environment. Benefited from our concerted efforts on cost containment directives and measures to screening out customers with too low margin and/or too high credit risks, the business has recorded a profit before income tax of approximately HK$1.9 million, which represents a turnaround from a loss before income tax of approximately HK$7.4 million in last year.

Impairment of property, plant and equipment

Given the combined effect of social incidents and the outbreak of COVID-19 in Hong Kong, existing construction projects as well as the launch of new government and private construction projects have been delayed. Management has since undertaken an assessment on the impairment of property, plant and equipment at the end of the Year and has decided to reset the base of the growth in utilisation of the Group's Tsing Yi plant in the near term, in order to reflect the latest challenging market conditions. As a result, a non-cash impairment charges of approximately HK$20.0 million was recognised during the Year.

OUTLOOK

Property Investment and Project Management Business

While COVID-19 has driven up the vacancy rates of commercial properties and put pressure on rent, the Group is still cautiously optimistic on the medium to long-term growth in demand of premium-grade offices in Shanghai, a city which has a strategic locational advantage and is regarded as the key financial and economic hub of Mainland China.

The Group will maintain its focus on the Shanghai market as a niche market specialist in property revitalisation and value optimisation and aims to continue to excel in the industry with a growing and proven track records.

Building and Design Solutions Business

The Group will continue to offer one-stop, high-quality and well-designed product solutions to our value customers. Our latest line of sanitary products and fittings will allow us to capture market opportunities arising from the change in housing size and the increasing hygiene awareness in Hong Kong. Leveraging the strong market presence of our brand partners and our close cooperation with suppliers, along with our project strategy, we will continue to target sizable and iconic projects in Hong Kong and Macau.

Construction Materials Business

We expect the global steel market to remain volatile due to the uncertainties arisen from trade tension and geopolitical issues. Also, China's automotive steel demand is likely remain weak, as its production output continues to be impacted by environmental initiatives and industry consolidation. The Group will continue to search for the most cost-efficient steel supply around the globe and improve margin for its steel distribution business.

Despite the unpredictable global steel market and the decline in building and construction expenditure in Hong Kong in previous years, primarily caused by the completion of various key construction projects and the staggering of upcoming government projects pending for funding approval, the Group remains cautiously optimistic on the medium to long-term development of the industry in Hong Kong.

The Hong Kong Government is expected to raise the annual capital works investment to over HK$100 billion in the next few years, encompassing public housing projects, hospital redevelopment and expansion and new towns development. In addition, favorable policies were also introduced to support industry upgrade, including the introduction of the HK$1 billion "Construction Innovation and Technology Fund" and the promotion in adopting technologies and innovative methods in the construction industry.

The Group will continue the integration of its steel processing and distribution businesses, and will raise its efforts in streamlining the process flow, seizing opportunities for cross-selling, and providing one-stop solutions to its customers in order to further reduce overhead cost and diversify income sources. The Group believes that these combined policies, together with the rebound in market demand upon the launch of major construction projects in Kai Tak and Chek Lap Kok area, will present a solid foundation for future profit growth.

Engineering Plastics Business

Our Engineering Plastics Business has been undergoing a major re-organisation over the past few years. Going forward, the Group will continue to scale down its operation in an attempt to divert our resources and capital to the core business.

Financial Position

Compared with the financial year ended 31st March 2019, as at 31st March 2020, the Group's total assets decreased from approximately HK$2,996.6 million to approximately HK$2,733.0 million. The Group's inventories increased from approximately HK$290.7 million to approximately HK$354.9 million, with the average inventory days of supply increased to 62 days. The trade and bill receivables decreased from approximately HK$480.5 million to approximately HK$358.9 million, with average overall day of sales outstanding decreased to 48 days. Net assets value of the Group decreased from approximately HK$1,113.4 million to approximately HK$916.8 million, mainly attributable to the loss for the Year and the translation loss arisen from the depreciation of RMB for the Group's investments in Mainland China. Net assets value per ordinary share was equivalent to approximately HK$1.26 as at 31st March 2020.

Compared with the financial position at 31st March 2019, the Group's cash and cash equivalents and pledged bank deposits, decreased by approximately HK$36.5 million to approximately HK$129.2 million, while borrowings decreased by approximately HK$76.9 million to approximately HK$1,415.6 million as at 31st March 2020. Current ratio increased from 1.02 to 1.10, with gearing ratio (net debt, which is total bank borrowings minus pledged bank deposits and cash and cash equivalents, divided by capital and reserves attributable to owners of the Company plus net debt) slightly increased from 57% to 61%. The Group will continue to monitor its working capital closely and take various measures on cost containment and operational efficiency improvement.

Financial Resources

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The Group's overall treasury and funding policies focus on managing financial risks including interest rate and foreign exchange risks; cost efficient funding of the Company and its subsidiaries; and yield enhancement from time to time when the Group's cash position allows. The Group has always adhered to prudent financial management principles, including the selection of investment securities according to the Group's treasury investment policy.

The Group's trade financing remained primarily supported by its bank trading and term loan facilities. As at 31st March 2020, about 50.2% of the Group's interest-bearing borrowings were denominated in HK dollar, about 32.5% in RMB and about 17.3% in US dollar. These facilities are either secured by the Group's inventories held under short-term trust receipts bank loan arrangement and/or pledged bank deposits and/or corporate guarantee provided by the Company. All of the above borrowings were on floating rate basis. Interest costs of import bank loans were levied on interbank offered rates plus very competitive margin. RMB loans of the Group have been obtained from domestic and foreign banks in the amount of RMB421.5 million. Interest costs of RMB banking facilities were based on standard loan rates set by the People's Bank of China adjusted with competitive margin.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2020

	Note	**2020** *HK$'000*	2019 *HK$'000*
Revenue	*2*	**2,325,031**	2,882,605
Cost of sales	*4*	**(2,083,428)**	(2,607,507)
Gross profit		**241,603**	275,098
Selling and distribution expenses	*4*	**(11,803)**	(19,226)
Reversal of/(impairment loss) on financial assets - net	*4*	**3,020**	(4,262)
General and administrative expenses	*4*	**(217,810)**	(298,720)
Other (losses)/gains - net	*3*	**(10,110)**	12,513
Net fair value (loss)/gain on investment properties		**(88)**	108,865
Operating profit		**4,812**	74,268
Finance income	*5*	**1,216**	4,920
Finance costs	*5*	**(79,616)**	(80,638)
Share of results of investments accounted for using the equity method - net		**(12,947)**	19,276
(Loss)/profit before income tax		**(86,535)**	17,826
Income tax expense	*6*	**(1,616)**	(13,447)
(Loss)/profit for the year		**(88,151)**	4,379
(Loss)/profit attributable to:			
– Owners of the Company		**(90,309)**	13,888
– Non-controlling interests		**2,158**	(9,509)
		(88,151)	4,379
(Loss)/earnings per ordinary share attributable to owners of the Company for the year			
Basic (loss)/earnings per share	*8*	**HK(14.08) cents**	HK2.17 cents
Diluted (loss)/earnings per share	*8*	**HK(14.08) cents**	HK2.15 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2020

	2020	2019
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(88,151)**	4,379
Other comprehensive loss:		
Items that may be subsequently reclassified to profit or loss:		
– Change in fair value of financial asset at fair value through other comprehensive income	**(82)**	(142)
– Currency translation differences	**(88,438)**	(74,415)
Other comprehensive loss for the year	**(88,520)**	(74,557)
Total comprehensive loss for the year	**(176,671)**	(70,178)
Total comprehensive loss attributable to:		
– Owners of the Company	**(170,433)**	(55,283)
– Non-controlling interests	**(6,238)**	(14,895)
	(176,671)	(70,178)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March 2020

	Note	**2020** **HK$'000**	2019 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**48,979**	116,767
Investment properties		**1,324,824**	1,413,227
Land use rights		**—**	9,019
Right-of-use assets		**32,090**	—
Intangible assets		**1,493**	2,602
Investments accounted for using the equity method		**313,823**	299,747
Prepayments, deposits and other receivables		**18,038**	19,084
Deferred income tax assets		**53,104**	47,082
Financial asset at fair value through other comprehensive income		**62**	144
Total non-current assets		**1,792,413**	1,907,672
Current assets			
Prepayments, deposits and other receivables		**81,843**	115,410
Inventories		**354,859**	290,659
Trade and bill receivables	*9*	**358,932**	480,523
Financial assets at fair value through profit or loss		**15,820**	36,698
Pledged bank deposits		**9,137**	38,884
Cash and cash equivalents		**120,045**	126,775
Total current assets		**940,636**	1,088,949
Total assets		**2,733,049**	2,996,621

	Note	2020 HK$'000	2019 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**64,123**	64,123
Reserves		**741,722**	926,223
		805,845	990,346
Non-controlling interests		**110,923**	123,090
Total equity		**916,768**	1,113,436
Liabilities			
Non-current liabilities			
Accrued liabilities and other payables		**11,144**	15,246
Deferred income tax liabilities		**89,541**	92,162
Borrowings		**855,083**	704,839
Lease liabilities		**3,499**	—
Total non-current liabilities		**959,267**	812,247
Current liabilities			
Trade and bill payables	*10*	**166,929**	189,093
Receipts in advance		**51,296**	27,956
Accrued liabilities and other payables		**47,170**	52,819
Current income tax liabilities		**7,371**	13,360
Borrowings		**560,555**	787,710
Lease liabilities		**23,693**	—
Total current liabilities		**857,014**	1,070,938
Total liabilities		**1,816,281**	1,883,185
Total equity and liabilities		**2,733,049**	2,996,621

NOTES:

1. Basis of preparation

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

The preparation of these 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 Group's accounting policies.

1.1 New and amended standards adopted by the Group

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

Amendments to HKFRS 9	Prepayment Features with Negative Compensations
HKFRS 16	Leases
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
Annual Improvements Project	Annual Improvement 2015-2017 Cycle

The Group had to change its accounting policies and make certain adjustments following the adoption of HKFRS16, which are disclosed in Note 1.3. The other newly adopted standards or amendments listed above did not have material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future period.

1.2 New and amended standards not yet adopted

The following new standards and amendments have been issued but are not effective for the financial year beginning on or 1st April 2019 and have not been early adopted:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKAS 8	Definition of Material	1st January 2020
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Hedge Accounting	1st January 2020
Amendments to HKFRS 3	Definition of a Business	1st January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1st January 2020
HKFRS 17	Insurance Contracts	1st January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new standards and amendments to existing standards when they become effective. The Group has already commenced an assessment of the related impact of adopting the above new standards and amendments, none of which is expected to have a significant effect on the consolidated financial statements of the Group.

1.3 Changes in accounting policies

The following explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements.

The Group has adopted HKFRS 16 retrospectively from 1st April 2019, but has not restated comparatives information, as permitted under the specific transitional 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 1st April 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principle 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 at 1st April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1st April 2019 ranges from 4.5% to 5.8%.

	Total
	HK$'000
Operating lease commitments disclosed as at 31st March 2019	58,009
Less: Leases committed but not yet commenced as at 1st April 2019	(49)
Operating lease commitments of leases commenced as at 1st April 2019	57,960
Discounted using the lessee's incremental borrowing rate at the date of initial application	54,169
Less: Short-term leases recognised on a straight-line basis as expense	(3,894)
Lease liabilities recognised as at 1st April 2019	50,275
Of which:	
Current portion	22,465
Non-current portion	27,810
	50,275

The right-of-use assets were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31st March 2019. In addition, land use rights are also reclassified to right-of-use assets with amount recognised in the consolidated statement of financial position as at 31st March 2019.

The recognised right-of-use assets relate to the following types of assets:

	Land use rights	Sites, shops, offices and warehouses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 31st March 2019	—	—	—
Change in accounting policy	**9,019**	**46,374**	**55,393**
Restated total at 1st April 2019	**9,019**	**46,374**	**55,393**
Additions	—	**12,849**	**12,849**
Depreciation	**(202)**	**(23,777)**	**(23,979)**
Modification of lease contracts	—	**(11,845)**	**(11,845)**
Exchange differences	—	**(328)**	**(328)**
At 31st March 2020	**8,817**	**23,273**	**32,090**

As at 31st March 2020, the lease liabilities associated with the above right-of-use assets, amounting to HK$23,693,000 and HK$3,499,000 are classified as current liabilities and non-current liabilities, respectively.

The following table shows the adjustment for change in accounting policy recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated statement of financial position (extract)	**31st March 2019**	**1st April 2019**	
	As originally presented	**HKFRS 16**	**Restated**
	HK$'000	***HK$'000***	***HK$'000***
Non-current assets			
Land use right	9,019	(9,019)	—
Right-of-use assets	—	55,393	55,393
Deferred income tax assets	47,082	650	47,732
Total assets	2,996,621	47,024	3,043,645
Non-current liabilities			
Lease liabilities	—	27,810	27,810
Current liabilities			
Lease liabilities	—	22,465	22,465
Total liabilities	1,883,185	50,275	1,933,460
Equity			
Reserves	926,223	(3,239)	922,984
Non-controlling interests	123,090	(12)	123,078
Total equity	1,113,436	(3,251)	1,110,185

(i) Impact on segment disclosures

The non-current assets, other than financial instruments and deferred income tax assets, of Hong Kong and Mainland China have increased by HK$41,733,000 and HK$4,641,000 respectively as at 1st April 2019 as a result of the change in accounting policy.

(ii) Practical expedients applied

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1st April 2019 as short-term leases;

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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 HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease".

(b) The Group's leasing activities and how these are accounted for

As a lessee

The Group leases various retail shops, offices, warehouses and sites. Rental contracts are typically made for fixed periods of 1 to 7 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31st March 2019, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1st April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;

- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable by the group under residual value guarantees;

- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and

- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of offices and warehouses and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

As a lessor

Lease income where the Group is a lessor is recognised in consolidated income statement on a straight-line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

On 1st April 2019, the Group did not need to make any adjustments to the accounting for assets held as lessor as a result of initial adoption of HKFRS 16.

2. Revenue and segment information

The Group's revenue consists of the following:

	2020	2019
	HK$'000	*HK$'000*
Sales of goods	**2,231,275**	2,780,106
Service income	**42,038**	44,375
Rental income	**51,718**	58,124
Total revenue	**2,325,031**	2,882,605

The Group's businesses are managed according to the nature of their operations and the products and services they provide.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("**CODM**") that are used to making strategic decisions. The CODM is identified as the executive directors of the Company. The executive directors consider the business from a customer perspective and assess the performance of the operating segments based on the segment revenue and segment results for the purposes of allocating resources and assessing performance. These reports are prepared on the same basis as these consolidated financial statements. The CODM considers the Group operates predominantly in four operating segments:

(i) Construction materials business;

(ii) Building and design solutions ("**BDS**") business;

(iii) Engineering plastics business; and

(iv) Property investment and project management business.

The CODM assesses the performance of operating segments based on a measure of profit before income tax.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Segment assets by geographical market consist primarily of property, plant and equipment, investment properties, right-of-use assets, intangible assets, investments accounted for using the equity method and prepayments, deposits and other receivables. They exclude financial instruments and deferred income tax assets.

Capital expenditure comprises additions to investment properties and property, plant and equipment for the year ended 31st March 2020.

Analysis of the Group's results by business segment for the year ended 31st March 2020 is as follows:

	Construction materials business HK$'000	BDS business HK$'000	Engineering plastics business HK$'000	Property investment and project management business HK$'000	Unallocated HK$'000	Total HK$'000
Revenue from contracts with customers						
– Recognised at a point in time	1,864,565	275,915	90,795	—	—	2,231,275
– Recognised over time	—	—	—	42,038	—	42,038
– Rental income	215	—	—	51,503	—	51,718
	1,864,780	275,915	90,795	93,541	—	2,325,031
Operating profit/(loss)	38,526	30,250	2,020	57,852	(123,836)	4,812
Finance income	847	65	14	47	243	1,216
Finance costs	(31,176)	(4,210)	(134)	(38,615)	(5,481)	(79,616)
Share of results of investments accounted for using the equity method - net	—	—	—	(12,947)	—	(12,947)
Profit/(loss) before income tax	8,197	26,105	1,900	6,337	(129,074)	(86,535)
Other gains/(losses) – net						
– Impairment of property, plant and equipment	—	—	—	—	(20,000)	(20,000)
– Others	6,756	2,675	(1,727)	2,355	(169)	9,890
	6,756	2,675	(1,727)	2,355	(20,169)	(10,110)
Fair value (loss)/ gain on investment properties	(843)	—	—	755	—	(88)
Capital expenditure	5,780	237	—	1,539	2,096	9,652
Depreciation and amortisation	(5,735)	(6,393)	(248)	(2,780)	(50,601)	(65,757)

Analysis of the Group's results by business segment for the year ended 31st March 2019 is as follows:

	Construction materials business *HK$'000*	BDS business *HK$'000*	Engineering plastics business *HK$'000*	Property investment and project management business *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Revenue from contracts with customers						
– Recognised at a point in time	2,164,649	346,775	268,682	—	—	2,780,106
– Recognised over time	—	—	—	41,911	2,464	44,375
– Rental income	—	—	—	58,124	—	58,124
	2,164,649	346,775	268,682	100,035	2,464	2,882,605
Operating profit/(loss)	52,895	26,051	(6,364)	97,624	(95,938)	74,268
Finance income	4,180	69	99	78	494	4,920
Finance costs	(35,063)	(4,252)	(1,117)	(35,861)	(4,345)	(80,638)
Share of results of investments accounted for using the equity method – net	(1,377)	—	—	20,653	—	19,276
Profit/(loss) before income tax	20,635	21,868	(7,382)	82,494	(99,789)	17,826
Other gains/(losses) – net	22,339	(939)	(5,979)	(7,162)	4,254	12,513
Fair value gain on investment properties	—	—	—	108,865	—	108,865
Capital expenditure	1,376	107	23	6,127	859	8,492
Depreciation and amortisation	(6,099)	(801)	(80)	(1,996)	(35,932)	(44,908)

The Group is domiciled in Hong Kong and Mainland China. Analysis of the Group's revenue by geographical market is as follows:

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**1,725,744**	1,837,825
Mainland China	**599,287**	1,044,780
	2,325,031	2,882,605

Non-current assets, other than financial instruments and deferred income tax assets, by geographical market is as follows:

	2020	2019
	HK$'000	*HK$'000*
Hong Kong	**405,817**	437,632
Mainland China	**1,333,430**	1,416,577
	1,739,247	1,854,209

(a) Revenue recognition in relation to contract liabilities

As at 31st March 2020, receipts in advance amounting to HK$51,296,000 (2019: HK$27,956,000). The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward receipts in advance:

	2020	2019
	HK$'000	*HK$'000*
Revenue recognised that was included in the receipts in advance at the beginning of the year.	**27,956**	24,174

(b) Unsatisfied long-term contract

The Group selected to choose a practical expedient and omit disclosure of remaining performance obligations as all related contracts have a duration of one year or less.

3. Other (losses)/gains — net

	2020	2019
	HK$'000	*HK$'000*
Realised loss on financial assets at fair value through profit or loss	**—**	(1,559)
Net exchange gains/(losses)	**2,096**	(21,155)
Impairment losses on property, plant and equipment (Note i)	**(20,000)**	(1,181)
Impairment losses on goodwill	**—**	(2,494)
Gain on disposal of a subsidiary	**—**	5,313
Gain on bargain purchase from the acquisition of a subsidiary	**—**	18,554
Gain on modification of lease	**109**	—
Loss on disposal of a subsidiary and an associate (Note ii)	**(41)**	—
Penalty income from tenants in relation to early termination of rental agreements	**2,022**	346
Sundry income	**5,704**	14,689
	(10,110)	12,513

Notes:

(i) During the year ended 31st March 2020, due to the adverse global economic performance, management considered there were indicators of impairment of the Group's Tsing Yi plant and thus undertaken an assessment on the impairment of the related property, plant and equipment. Based on the latest forecast utilisation of the Group's Tsing Yi plant to reflect the current performance and business outlook, the estimated recoverable amounts of certain property, plant and equipment were below its carrying amounts and an impairment charge of HK$20,000,000 was recognised in other(losses)/gains – net for the year ended 31st March 2020.

(ii) On 17th April 2019, Green Success Global Limited ("**Green Success**"), an indirect wholly-owned subsidiary of the Company, and an independent third party entered into a sales and purchase agreement pursuant to which the independent third party agreed to acquire and Green Success agreed to sell the entire issued share capital of He Tai Steel Co., Limited ("**He Tai**"), which is principally engaged in trading of recycling steel in Hong Kong, at a consideration of HK$15,000,000. A loss on disposal of He Tai of HK$41,000 is recognised for the year ended 31st March 2020.

On 26th July 2019 and 30th September 2019, WS Holdings Limited, VSC (China) Investments Limited, indirect wholly-owned subsidiaries of the Company, and Shanghai Bao Shun Chang International Trading Co., Ltd., an indirect subsidiary of the Company, (together as "**Vendors**") and a third party and a director of a subsidiary of the Company (together as "**Buyers**") entered into sales and purchase agreements pursuant to which the Buyers agreed to acquire and the Vendors agreed to sell an aggregate of 59.99% equity interests in Changshu Baoshunchang Steel Processing Co., Ltd., an associate of the Group, at consideration of US$2 and RMB1 respectively. The carrying amount of the investment in this associate as at 31st March 2019 was nil. The transfer of 59.99% equity interest in this associate was completed on 8th November 2019.

4. Expenses by nature

Expenses included in "cost of sales", "selling and distribution expenses", "reversal of/(impairment loss) on financial assets - net" and "general and administrative expenses" are analysed as follows:

	2020	2019
	HK$'000	*HK$'000*
Cost of finished goods sold	**1,992,552**	2,533,767
(Reversal of provision)/provision for impairment of inventories	**(2,229)**	1,594
Reversal of provision for onerous contracts	**—**	(40,656)
Depreciation of property, plant and equipment	**40,669**	43,195
Depreciation of right-of-use assets	**23,979**	—
Gain on disposals of property, plant and equipment	**(48)**	(1,006)
Amortisation of land use rights	**—**	202
Amortisation of intangible assets	**1,109**	1,511
Employee benefit expenses	**120,574**	128,970
Expenses relating to short-term or low-value leases	**3,125**	—
Operating lease rental expenses in respect of sites, retail shops, offices and warehouses	**—**	44,408
Property tax for investment properties	**7,239**	7,557
(Reversal of)/provision for impairment of trade and bill receivables – net	**(3,020)**	4,262
Professional fee associated with the formation of a joint venture	**—**	55,368
Auditor's remuneration		
– Audit services	**2,738**	2,800
– Non-audit services	**194**	578
Legal and professional fees	**6,432**	12,312
Freight charges	**65,983**	81,542
Storage and handling charges	**8,405**	7,869
Others	**42,319**	45,442
Total	**2,310,021**	2,929,715

5. Finance income and costs

	2020	2019
	HK$'000	*HK$'000*
Finance income		
Interest income:		
– short-term bank deposits	**1,216**	4,920
Finance costs		
Interest expenses:		
– bank borrowings	**(73,981)**	(74,721)
– lease liabilities	**(2,147)**	—
Bank charges	**(3,488)**	(5,917)
	(79,616)	(80,638)
Net finance costs	**(78,400)**	(75,718)

6. Income tax expense

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year.

During the year, subsidiaries established in Mainland China are subject to China corporate income tax at 25% (2019: 25%).

The amount of income tax expense recorded in the consolidated income statement represents:

	2020	2019
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	**2,926**	7,093
– China corporate income tax	**808**	3,465
Deferred income tax	**(2,118)**	2,889
	1,616	13,447

7. Dividends

The Board does not recommend the payment of final dividend in respect of the Year (2019: HK2.00 cents per ordinary share).

8. (Loss)/earnings per ordinary share

(a) Basic

Basic (loss)/earnings per ordinary share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
(Loss)/profit attributable to owners of the Company (HK$'000)	**(90,309)**	13,888
Weighted average number of ordinary shares in issue ('000)	**641,232**	640,861
Basic (loss)/earnings per ordinary share (HK cents)	**(14.08)**	2.17

(b) Diluted

Diluted (loss)/earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares arising from share options, for which a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2020	2019
(Loss)/profit attributable to owners of the Company and used to determine diluted (loss)/earnings per ordinary share (HK$'000)	**(90,309)**	13,888
Weighted average number of ordinary shares in issue ('000)	**641,232**	640,861
Adjustment for share options ('000) (Note)	**—**	5,692
Weighted average number of ordinary shares for diluted (loss)/earnings per ordinary share ('000)	**641,232**	646,553
Diluted (loss)/earnings per ordinary share (HK cents)	**(14.08)**	2.15

Note:

Diluted loss per ordinary share for the year ended 31st March 2020 was the same as basic loss per ordinary share since all the potential shares are anti-dilutive.

9. Trade and bill receivables

	2020	2019
	HK$'000	*HK$'000*
Trade receivables		
– from third parties	**302,689**	436,887
– from an associate and a joint venture	**—**	20,049
Bill receivables	**75,148**	46,801
Less: Provision for impairment	**(18,905)**	(23,214)
Trade and bill receivables – net	**358,932**	480,523

Sales are either covered by letters of credit or open account with credit terms of 0 to 90 days.

Ageing analysis of trade and bill receivables by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 60 days	**276,458**	340,981
61 to 120 days	**42,819**	82,306
121 to 180 days	**20,419**	39,709
181 to 365 days	**14,668**	16,813
Over 365 days	**23,473**	23,928
	377,837	503,737
Less: Provision for impairment	**(18,905)**	(23,214)
	358,932	480,523

The carrying amounts of net trade and bill receivables approximated their fair value as at 31st March 2020.

10. Trade and bill payables

Payment terms with suppliers are either on letters of credit or open account with credit period of 30 to 60 days.

Ageing analysis of trade and bill payables by invoice date is as follows:

	2020	2019
	HK$'000	*HK$'000*
0 to 60 days	**166,472**	188,702
61 to 120 days	**185**	18
121 to 180 days	**70**	174
181 to 365 days	**—**	22
Over 365 days	**202**	177
	166,929	189,093

The carrying amounts of trade and bill payables approximated their fair values as at 31st March 2020.

11. Contingent liabilities

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group mainly includes claims for compensation by the Group's existing or former employees for work related injuries. The Group maintains insurance cover and, in the opinion of the directors, based on current available evidence, any such existing claims and legal proceedings against the Group are not expected to have material financial impact on the Group as at 31st March 2020 (2019: Same).

CHARGES ON ASSETS

As at 31st March 2020, the Group had certain charges on assets which included (i) bank deposits of approximately HK$9.1 million (2019: HK$38.9 million) which were pledged as collateral for the Group's bill payables; and (ii) investment properties of approximately HK$1,324.3 million (2019: HK$1,404.9 million) which were pledged as collaterals for certain bank borrowings and bill payables (2019: bank borrowings) of the Group.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's businesses are primarily transacted in HK dollars, US dollars and RMB. As exchange rate between HK dollars and the US dollars is pegged, the Group believes its exposure to exchange rate risk arising from US dollars is not material. Facing the volatility of RMB, the Group will continue to match RMB payments with RMB receipts to minimise exchange exposure.

Forward foreign exchange contracts would be entered into when suitable opportunities arise and when management of the Group considers appropriate, to hedge against major non-HK dollars currency exposures. It is the Group's policy not to enter into any derivative transaction for speculative purposes.

CONTINGENT LIABILITIES

Saved as disclosed in Note 11 above, as at 31st March 2020, the Group's had no material contingent liabilities.

HUMAN CAPITAL

The Group is focusing on building an elite team to help lead the Group to future success. Our growth strategy has always included a strong sense of commitment to people. We provide competitive remuneration package to attract and motivate the employees. We always provide a safe and pleasant working environment with constant learning and growth opportunities.

As at 31st March 2020, the Group employed 267 staff. Total staff costs including contribution to retirement benefit schemes incurred during the Year amounted to approximately HK$120.6 million. During the Year, no options have been offered and/or granted to directors and our employees under the share option scheme adopted on 11th August 2011.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend in respect of the Year (2019: HK2.00 cents per ordinary share).

No interim dividend was declared and paid to the shareholders during the Year.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Friday, 14th August 2020 (the "**2020 AGM**"), the register of members of the Company will be closed from Tuesday, 11th August 2020 to Friday, 14th August 2020, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to attend and vote at the 2020 AGM. During this closure period, no transfer of shares will be registered. In order to be eligible to attend and vote at the 2020 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Monday, 10th August 2020.

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

During the year ended 31st March 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The Audit Committee has discussed auditing, internal controls and financial reporting matters including review of the results for the year ended 31st March 2020.

The figures in respect of this preliminary announcement of the Group's results for the year ended 31st March 2020 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31st March 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement performed 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 announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") except for CG Code provision A.2.1 for the year ended 31st March 2020.

CG Code provision A.2.1 stipulates that the roles of the chairman and the chief executive should be separated and should not be performed by the same individual. Mr. Yao Cho Fai Andrew ("**Mr. Yao**") serves as both the Chairman and Chief Executive Officer (i.e. Chief Executive). The Board believes that the vesting of the roles of both Chairman and Chief Executive Officer in Mr. Yao will enable him to continue to provide the Group with strong leadership, efficiency usage of resources as well as allow for effective planning, formulation and implementation of the Company's business strategies which will enable the Group to sustain the development of its business efficiently. The day-to-day management and operation of the Group will continue to be the responsibility of the management team under the monitor of the Executive Committee and Mr. Yao's leadership.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.hkshalliance.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The annual report of the Company for the year ended 31st March 2020 containing all information required by the Listing Rules will be despatched to shareholders and available on the same websites in due course.

On behalf of the Board
Hong Kong Shanghai Alliance Holdings Limited
Yao Cho Fai Andrew
Chairman

Hong Kong, 26th June 2020

As at the date of this announcement, the Board comprises Mr. Yao Cho Fai Andrew and Mr. Lau Chi Chiu (being the executive directors); Mr. Tam King Ching Kenny, Mr. Xu Lin Bao, Mr. Yeung Wing Sun Mike and Mr. Li Yinquan (being the independent non-executive directors).