首 長 國 際 企 業 有 限 公 司

SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS

– Revenue of the Group was HK$298 million.

– Profit attributable to shareholders was HK$303 million.

– Earnings per share was HK1.18 cents.

The Board has declared an interim dividend in the total amount of HK$200 million for the six months ended 30 June 2019.

INTERIM RESULTS

The board of directors (the "**Board**") of Shougang Concord International Enterprises Company Limited (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019. These interim results have been reviewed by the Company's Audit Committee and its Auditor.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**297,522**	818,375
Cost of sales		**(202,627)**	(766,841)
Gross profit		**94,895**	51,534
Other income		**53,996**	15,937
Other gains, net		**456**	2,013
(Provision of)/reversal of provision of impairment loss of financial assets	*9*	**(5,533)**	23,314
Changes in fair value of commodity contracts		**(3,618)**	43,577
Loss on disposal of a subsidiary	*14*	**(124,599)**	–
Gain on bargain purchase	*13(a)*	**86,155**	–
Administrative expenses		**(95,203)**	(65,521)
Finance costs		**(8,717)**	(2,805)
Share of results of associates		**165,647**	155,423
Share of result of a joint venture		**89**	(4,605)
Profit before income tax		**163,568**	218,867
Income tax credit/(expense)	*4*	**141,112**	(3,234)
Profit for the period	*5*	**304,680**	215,633
Attributable to:			
Owners of the Company		**302,797**	218,385
Non-controlling interests		**1,883**	(2,752)
		304,680	215,633

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

	Note	Six months ended 30 June **2019** ***HK$'000*** **(Unaudited)**	 2018 *HK$'000* (Unaudited)
Profit for the period		**304,680**	215,633
Item that will not be reclassified to profit or loss:			
Share of fair value gains/(losses) on investment in equity instruments designated at fair value through other comprehensive income of an associate		**112,475**	(11,594)
Items that may be subsequently reclassified to profit or loss:			
Share of exchange differences of associates arising on translation of foreign operations		**7,066**	(15,438)
Reclassification of exchange reserve upon disposal of a subsidiary		**(96,563)**	–
Currency translation differences		**(10,505)**	(8,547)
Other comprehensive income/(losses) for the period		**12,473**	(35,579)
Total comprehensive income for the period		**317,153**	180,054
Total comprehensive income attributable to:			
Owners of the Company		**315,270**	182,806
Non-controlling interests		**1,883**	(2,752)
		317,153	180,054
Earnings per share attributable to owners of the Company			
(expressed in HK cents per share)			
Basic and diluted	*7*	**1.18**	1.18

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2019** ***HK$'000*** **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Assets			
Non-current assets			
Investment properties		**151,461**	151,702
Property, plant and equipment		**12,671**	8,066
Interests in associates	*8*	**5,118,881**	5,232,325
Interest in a joint venture		**–**	80,216
Right-of-use assets		**199,294**	–
Assets relating to commodity contracts-non current		**–**	150,193
Financial assets at fair value through profit or loss-non-current		**258,102**	195,416
Other non-current assets		**846,291**	246,280
		6,586,700	6,064,198
Current assets			
Trade and bills receivables	*9*	**151,371**	117,231
Prepayments, deposits and other receivables		**168,783**	63,893
Amounts due from related companies	*10*	**–**	19
Amounts due from associates	*10*	**–**	241
Financial assets at fair value through profit or loss – current		**83,150**	145,316
Assets relating to commodity contracts – current		**150,000**	3,425
Restricted bank deposits		**12,400**	2,036
Bank balances and cash		**3,909,621**	3,034,026
		4,475,325	3,366,187
Total assets		**11,062,025**	9,430,385

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	**30 June 2019** **HK$'000** **(Unaudited)**	31 December 2018 *HK$'000* (Audited)
Equity			
Capital and reserves attributable to owners of the Company			
Share capital	*12*	**9,676,168**	8,830,429
Reserves		**(248,340)**	135,828
		9,427,828	8,966,257
Non-controlling interests		**149,896**	29,199
Total equity		**9,577,724**	8,995,456
Liabilities			
Current liabilities			
Trade and bills payables	*11*	**39,663**	61,379
Contract liabilities		**11,078**	8,047
Other payables and accrued liabilities		**70,836**	74,720
Dividend payable		**699,438**	–
Borrowings		**–**	103,143
Tax payable		**12,554**	156,868
Lease liabilities		**46,253**	–
Total current liabilities		**879,822**	404,157
Non-current liabilities			
Lease liabilities		**96,870**	–
Deferred tax liabilities		**42,221**	29,633
Borrowings		**465,388**	–
Other non-current liabilities		**–**	1,139
Total non-current liabilities		**604,479**	30,772
Total liabilities		**1,484,301**	434,929
Total equity and liabilities		**11,062,025**	9,430,385

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2019 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.1. New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, and the Group had to change its accounting policies and make retrospective adjustments as a result of adopting HKFRS 16 Leases.

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

2. ACCOUNTING POLICIES (CONTINUED)

2.2. Impact of adoption on financial information – HKFRS 16

The below explains the impact of adoption of HKFRS 16 on the Group's condensed consolidated interim financial information and also discloses the new accounting policies that have been applied from 1 January 2019.

(i) Accounting policies applied from 1 January 2019

From 1 January 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. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the condensed consolidated interim statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

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

- the amount of the initial measurement of lease liability
- prepayment, and
- any initial direct costs

(ii) Impact of adoption

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening balances 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 ("**HKAS 17**"). 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 (date of initial application of HKFRS 16). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.6%.

2. ACCOUNTING POLICIES (CONTINUED)

2.2. Impact of adoption on financial information – HKFRS 16 (Continued)

(ii) Impact of adoption (Continued)

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 December 2018 and the lease liabilities recognised as at 1 January 2019 (date of initial application of HKFRS 16) is as follows:

	Unaudited *HK$'000*
Operating lease commitments disclosed as at 31 December 2018	145,860
Discounted using the lessee's incremental borrowing rate at the date of initial application	134,513
Less: short-term leases recognised on a straight-line basis as expense	(6,314)
Less: adjustments as a result of a different treatment of extension and termination options	(30,663)
Less: adjustments relating to lease contract commencing after the date of initial application	(58,241)
Lease liabilities recognised as at 1 January 2019	39,295
Of which are:	
Current lease liabilities	6,511
Non-current lease liabilities	32,784
	39,295

The associated right-of-use assets were measured at the amount equal to the lease liabilities, 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 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-to-use assets at the date of initial application.

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

	30 June 2019 ***HK$'000***	1 January 2019 *HK$'000*
Office premises	**5,752**	7,112
Car parking assets	**193,542**	71,589
Total right-of-use assets	**199,294**	78,701

2. ACCOUNTING POLICIES (CONTINUED)

2.2. Impact of adoption on financial statements – HKFRS 16 (Continued)

(ii) Impact of adoption (Continued)

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019:

- right-of-use assets – increase by approximately HK$78,701,000
- prepayments – decrease by approximately HK$39,406,000
- lease liabilities – increase by approximately HK$39,295,000

There was no net impact on accumulated losses on 1 January 2019.

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 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.

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

The Group leases various office premises and car parking assets. Lease contracts are typically made for periods of 2 to 15 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.

Until the 2018 financial year, leases of office premises and car parking assets were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

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.

2. ACCOUNTING POLICIES (CONTINUED)

2.2. Impact of adoption on financial statements – HKFRS 16 (Continued)

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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.

Payments associated with short-term leases 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.

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION

The Group's operating segments based on information reported to the Executive Directors of the Company, being the chief operating decision makers for the purposes of resource allocation and performance assessment are as follows:

Trading business	–	trading of iron ore;
Car parking assets operation and management business ("**Carpark operation**")	–	management and operations of car parking assets; and
Urban renewal-oriented fund management business ("**Fund management**")	–	management of private funds.

3. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's revenue and results by operating segments:

An analysis of revenue of the Group is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of iron ore	**137,075**	736,530
Fund management services income	**81,571**	38,073
Investment income – gain on unlisted equity securities	**2,056**	11,860
Carpark income	**68,615**	30,674
Others	**8,205**	1,238
	297,522	818,375

	Six months ended 30 June 2019			
	Sales of iron ore	**Fund management services income and investment income**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Timing of revenue recognition				
– At a point in time	**137,075**	**–**	**–**	**137,075**
– Overtime	**–**	**83,627**	**8,205**	**91,832**
	137,075	**83,627**	**8,205**	**228,907**

For the six months ended 30 June 2019, HK$68,615,000 of the revenue generated from carpark operation was accounted for in accordance with HKFRS 16.

Six months ended 30 June 2019 (unaudited)

	Trading business	**Fund management**	**Carpark operation**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Revenue from external customers	**137,075**	**83,627**	**68,615**	**8,205**	**297,522**
Segment (loss)/profit	**(1,508)**	**132,153**	**(14,993)**	**(356)**	**115,296**
Segment (loss)/profit include:					
Fair value gain on step acquisition	**–**	**–**	**4,802**	**–**	**4,802**
Share of results of associates	**–**	**(3,684)**	**–**	**–**	**(3,684)**
Share of result of a joint venture	**–**	**–**	**89**	**–**	**89**
Gain on bargain purchase	**–**	**86,155**	**–**	**–**	**86,155**
Other income					**38,264**
Central administration costs					**(31,106)**
Changes in fair value of commodity forward contracts					**(3,618)**
Loss on disposal of a subsidiary					**(124,599)**
Share of results of associates					**169,331**
Profit before income tax					**163,568**

3. SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2018			
	Sales of iron ore *HK$'000* (Unaudited)	Fund management services income and investment income *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Timing of revenue recognition				
– At a point in time	736,530	–	–	736,530
– Overtime	–	49,933	1,238	51,171
	736,530	49,933	1,238	787,701

For the six months ended 30 June 2018, HK$30,674,000 of the revenue generated from carpark operation was accounted for in accordance with HKAS 17.

Six months ended 30 June 2018 (unaudited)

	Trading business *HK$'000*	Fund management *HK$'000*	Carpark operation *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	736,530	49,933	30,674	1,238	818,375
Segment profit/(loss)	39,732	19,716	(9,461)	4,207	54,194
Other income					9,652
Central administration costs					(13,083)
Changes in fair value of commodity forward contracts					20,091
Finance costs					(2,805)
Share of results of associates					155,423
Share of result of a joint venture					(4,605)
Profit before income tax					218,867

4. INCOME TAX RECOVERABLE/(EXPENSE)

Hong Kong profits tax and China enterprise income tax are calculated respectively at 16.5% and 25% of the estimated assessable profit for the six months ended 30 June 2019 and 2018.

China enterprise income tax

Provision for China enterprise income tax amounted to HK$7,243,000 is made for the six months ended 30 June 2019 (six months ended 30 June 2018: HK$3,234,000).

Hong Kong profit tax

No provision for Hong Kong profits tax is made for the six months ended 30 June 2019 and 2018.

Australian capital gain tax

On 22 September 2009, the Group entered into an agreement with Shougang Fushan Resources Group Limited ("**Shougang Resources**" and previously known as Fushan International Energy Group Limited), pursuant to which the Group has agreed to sell the investment in equity securities of Mount Gibson Iron Limited ("**MGI**"), which was previously recognised as available-for-sale investments, to Resources for a consideration of approximately HK$1,188,531,000. The total number of MGI shares held and disposed by the Group was approximately 154,167,000 and the consideration was based on the market price of MGI on 22 September 2009, which was 1.14 Australian Dollar ("**AUD**") (equivalent to approximately HK$7.72 per share). The consideration was satisfied in full by the allotment and issue of approximately 213,918,000 shares of Resources to the Group at HK$5.556 per share, which was determined by reference to the prevailing market price of Resources on the same date.

A provision of Australian capital gain tax in relation to the transaction above was made by a subsidiary of the Group that originally held the shares of MGI. The Group had not received any objection or amended assessment from the Commissioner of Taxation of the Australia Government in regards of this transaction. The Group engaged external tax and legal advisors to review the tax exposure of this transaction and noted that the subsidiary has been approved for dissolution on 19 July 2019 by the British Virgin Islands Financial Services Commission. In the opinion of the external tax and legal advisors of the Group, the possibility of the capital gain tax being recovered by the tax authority after dissolution of the subsidiary become remote.

The management considered that the liquidation of the subsidiary is an adjusting event subsequent to the period end. Accordingly, the provision for capital gain tax amounted to HK$148,355,000 has been released and recognised as an income tax credit during the six months ended 30 June 2019.

5. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging:		
Staff costs, including directors' emoluments		
– basic salaries and allowances	**62,783**	40,112
– retirement benefits scheme contributions	**4,199**	432
	66,982	40,544
Rental expenses	**13,687**	4,358
Legal and professional fees	**9,966**	3,312
Research and development expenses	**1,860**	–
Travelling expenses	**3,208**	3,136
Bank charges	**590**	1,964
Office operation expenses	**4,790**	1,520
Depreciation of property, plant and equipment	**590**	259
Amortisation of right-of-use assets	**24,408**	–
Amortisation of intangible assets	**9,641**	104

6. DIVIDENDS

A final dividend of HK2.55 cents per ordinary share totaling HK$699,438,000 for the year ended 31 December 2018 was approved at the annual general meeting held on 28 May 2019. The 2018 final dividend has been recognised as a liability as at 30 June 2019 and is paid on 18 July 2019. No final dividend has been declared for the year ended 31 December 2017.

Subsequent to the end of the reporting period, the Directors determined that an interim dividend for the six months ended 30 June 2019 of HK0.73 cent (six months ended 30 June 2018: nil) per share amounting to HK$200 million (six months ended 30 June 2018: nil) would be paid to the Company's shareholders whose names appear on the Register of Members on Wednesday, 18 September 2019.

7. EARNINGS PER SHARE

(a) Basic

The basic earnings per share for the period is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue.

	Six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company *(HK$'000)*	**302,797**	218,385
Weighted average number of ordinary shares for basic earnings per share (thousands) *(Note a)*	**25,577,993**	18,488,970
Basic earnings per share (expressed in Hong Kong cents per share)	**1.18**	1.18

Note a:

For the six months ended 30 June 2019, the Company issued 3,384,043,134 shares equivalent to HK$845,739,024 as a result of capital injection from several investors on 9 April 2019.

(b) Diluted

The Company did not have any potential dilutive shares throughout the six months ended 30 June 2019 and 2018. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8. INTERESTS IN ASSOCIATES

The carrying amount of investments in associates has changed as follow during the six months ended 30 June 2019:

	2019
	HK$'000
	(Unaudited)
Beginning of the period	**5,232,325**
Acquisition of a subsidiary	**156,785**
Share of profits and other comprehensive income	**285,188**
Dividends paid	**(124,446)**
Disposal of a subsidiary	**(427,123)**
Exchange difference	**(3,848)**
	5,118,881

Included in cost of interests in associates of the Group, is goodwill of approximately HK$1,108,556,000 as at 30 June 2019 (31 December 2018: HK$1,048,488,000).

9. TRADE AND BILLS RECEIVABLES

	As at 30 June 2019	As at 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**159,730**	71,697
Bills receivables	**–**	59,111
	159,730	130,808
Less: Provision for impairment on receivables *(Note)*	**(8,359)**	(13,577)
Trade receivables – net	**151,371**	117,231

Note:

During the period, the Group had written off approximately HK$10,751,000 (six months ended 30 June 2018: nil).

9. TRADE AND BILLS RECEIVABLES (CONTINUED)

The credit terms of trade receivables are normally 90 to 180 days. The following is an ageing analysis of trade and bills receivables, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	As at 30 June 2019	As at 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 60 days	**106,638**	117,231
61 – 90 days	**44,733**	–
	151,371	117,231

10. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/ASSOCIATES

The amounts due from/(to) related companies represent amounts due from the subsidiaries of 首鋼集團有限公司 (Shougang Group Co., Ltd.), the ultimate holding company of the major shareholder of the Company (collectively referred to as the "**Shougang Group**") and the Company's associates. The amounts due from/(to) related companies and associates are unsecured, repayable on demand and interest free (31 December 2018: same).

11. TRADE AND BILLS PAYABLES

The following is an ageing analysis of trade and bills payables presented based on the invoice date at the end of the reporting period:

	As at 30 June 2019	As at 31 December 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**39,663**	61,379

12. SHARE CAPITAL

	Number of shares	Amount
	'000	*HK$'000*
Ordinary shares issued and fully paid:		
At 1 January 2018 (Audited)	17,915,792	7,349,545
Issue of new shares on 26 March 2018	1,047,931	227,401
Issue of new shares on 19 September 2018	4,903,742	1,225,935
Issue of new shares on 28 December 2018	177,426	34,775
Transaction costs attributable to issue of new shares	–	(7,227)
At 31 December 2018 (Audited)	24,044,891	8,830,429
Issue of new shares on 9 April 2019	3,384,043	846,011
Transaction costs attributable to issue of new shares	–	(272)
At 30 June 2019 (Unaudited)	27,428,934	9,676,168

13. ACQUISITIONS OF SUBSIDIARIES

(a) Acquisition of 90% equity interest in 北京京西創業投資基金管理有限公司 (Beijing West Fund Management Co., Ltd., "Beijing West")

During the six months ended 30 June 2019, the Group has undergone a series of linked transactions as part of the group restructuring of the holding group of the Company.

On 29 March 2019, the Group entered into an equity transfer and capital increase agreement with 北京首鋼基金有限公司 (Beijing Shougang Fund Co., Ltd., "**Shougang Fund**"), a limited liability company established in the PRC and a wholly-owned subsidiary of Shougang Group, to acquire 75% of the equity interest in Beijing West, a limited liability company established in the PRC, and to inject approximately RMB89,859,000 (equivalent to approximately HK$104,757,000) in cash as capital contribution into Beijing West, accordingly, the Group held 87.5% of equity interest in Beijing West. On 6 May 2019, the Group further acquired 2.5% of the equity interest in Beijing West from an independent third party. The principal activity of Beijing West and its subsidiaries (collectively referred to as the "**Beijing West Group**") is provision of private fund management services in the PRC.

Upon completion of the acquisition, the Group is regarded as having control over Beijing West Group. As such, Beijing West Group is accounted for as non-wholly owned subsidiaries of the Company, and the financial results of Beijing West Group are consolidated into the results of the Group.

A gain on bargain purchase (negative goodwill) of approximately HK$86,155,000 was recorded in the condensed consolidated interim statement of profit or loss and other comprehensive income for the six months ended 30 June 2019, as a result of the difference between the fair value of the consideration paid and payable, and the fair value of the net assets acquired, which are the fair value of the identifiable assets acquired and liabilities assumed to their values with reference to the valuation report carried out by Flagship Appraisals and Consulting Limited, an independent qualified professional valuer not connected to the Group.

The fair value of the identifiable assets and liabilities acquired is determined on a provisional basis and may be adjusted upon completion of initial accounting year which shall not exceed one year from the respective acquisition date.

13. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

(b) Step acquisition of 北京首中停車場管理有限公司(Beijing Shouzhong Car Parking Company Limited, "Shouzhong Parking") ("Step Acquisition")

On 30 December 2018, the Group entered into the capital increase agreement with Shougang Fund to inject RMB76,000,000 (equivalent to approximately HK$84,013,000) in cash as capital contribution into Shouzhong Parking, a limited liability company established in the PRC. Upon the date of completion of the capital contribution ("**Step Acquisition Date**"), the Group's aggregate indirect equity interest in Shouzhong Parking was increased from approximately 48.125% to approximately 66.045% and accordingly, the Group acquired control over Shouzhong Parking and reclassified the interest in Shouzhong Parking from interest in a joint venture to investment in a subsidiary. The 48.125% equity interest in Shouzhong Parking held by the Group before the capital increase was remeasured at fair value and a fair value gain on step acquisition amounted to approximately HK$4,802,000 was recognised at the Step Acquisition Date.

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

The fair value of assets and liabilities have been determined on a provisional basis as the fair value of identifiable assets and liabilities acquired may be adjusted upon the completion of initial accounting year which shall not exceed one year from the Step Acquisition Date. The fair value is being valued by the internal valuation team of the Group.

14. DISPOSAL OF A SUBSIDIARY

On 21 November 2018, the Group entered into the sale and purchase agreement with Shougang Holding (Hong Kong) limited ("**Shougang Holding**") the controlling holding company of the Company, to purchase one ordinary share of Fair Union Holdings Limited ("**Fair Union**"), a wholly-owned subsidiary of the Group, at a consideration of approximately HK$205,997,000. Fair Union holds, directly and indirectly, approximately 35.71% in aggregate of the entire issued share capital of Shougang Concord Century Holdings Limited ("**Shougang Century**"), an associate of the Group at the date of disposal.

The transaction was completed on 9 April 2019, and the Group retained no interest in Shougang Century. This transaction has resulted in the recognition of a loss of approximately HK$124,599,000 in profit or loss during the six months ended 30 June 2019.

INTERIM DIVIDEND

The Board has declared an interim dividend in the total amount of HK$200 million, which would amount to HK0.73 cent per share, for the six months ended 30 June 2019 (2018: nil), payable to shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 18 September 2019. In order to qualify for the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 18 September 2019 for registration. The interim dividend is expected to be paid on or about Friday, 25 October 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

2019 is the second year that the Group focuses on the management and operation of car parking assets and management of private funds that are oriented towards urban redevelopment. With the efforts of the Management Team, the profitability of the Company's principal businesses has been enhanced significantly. Profit attributable to shareholders for the period amounted to HK$303 million, representing an increase of 38.7% compared to the same period last year. Having the rapid growth of the number of the car parking spaces managed by the Group, the revenue scale from car parking business has been expanded rapidly. In the first half of 2019, the scale of new fund management business has exceeded RMB10 billion. Due to the rapid expansion in the scale of the funds, the performance of the fund management business in the first half of 2019 has an explosive growth.

PERFORMANCE REVIEW

	For the six months ended 30 June	
	2019	2018
	HK$ Million	*HK$ Million*
Profit attributable to shareholders before share of results of associates	**137**	63
Share of results of associates	**166**	155
Profit attributable to shareholders	**303**	218

KEY PERFORMANCE INDICATORS

	For the six months ended 30 June	
	2019	2018
	HK$ Million	*HK$ Million*
Revenue	**298**	818
Gross profit margin	**31.9%**	6.3%
Profit attributable to shareholders	**303**	218
Earnings per share *(HK cent)*	**1.18**	1.18

	30 June 2019	31 December 2018
	HK$ Million	*HK$ Million*
Total assets	**11,062**	9,430
Net assets	**9,578**	8,995
Bank balances and cash	**3,910**	3,034

The Group's profit attributable to shareholders for the six months ended 30 June 2019 was HK$303 million as compared to the profit of HK$218 million for the same period last year. The Group recorded a consolidated revenue of HK$298 million, representing a decrease of 63.6% over the same period last year. While the gross profit margin increased significantly from 6.3% for the same period last year to 31.9% for the period. The earnings per share for the period was HK1.18 cents while the earnings per share for the same period last year was HK1.18 cents.

FINANCIAL REVIEW

Six months ended 30 June 2019 compared to the six months ended 30 June 2018.

Revenue and Cost of Sales

Since 2018, the Group has shifted its business focus to the management and operations of car parking assets and management of private funds that are oriented towards urban redevelopment and gradually reduced the volume of iron ore trading business. In 2019, the Group further reduced the scale of its iron ore trading business and transferred the iron ore offtake agreements with Mount Gibson Iron Limited to Newton Resources Limited at the consideration of HK$150 million on 31 May 2019. Due to the contraction of iron ore business volume, the Group's consolidated turnover and cost of sales for the period decreased significantly.

The Group recorded consolidated revenue of HK$298 million for this period, represented a decrease of 63.6% when comparing to HK$818 million for the same period last year. The Group recorded cost of sales of HK$203 million for this period, represented a decrease of 73.6% when comparing to HK$767 million for the same period last year.

Gross profit for the period was HK$95 million while it was HK$52 million in the same period last year. The gross profit margin was 31.9% in this period while it was 6.3% in the same period last year. The increase in gross profit margin was mainly attributable to the fact that the structure of main business changed and there was a higher proportion of private fund management business and car parking assets management operation business for this period, and the gross profit margin of both businesses was higher than that of iron ore trading business, thus the Group's gross profit margin increased significantly.

Finance costs

For the period under review, finance costs amounted to HK$8.72 million, while the finance costs of the same period last year amounted to HK$2.81 million. The increase in finance cost was primarily due to two reasons. Firstly, the increase in finance cost was caused by the fact that the Group adopted HKFRS 16 Leases during the period. Secondly, the increase in finance cost was caused by combined bank loan deriving from the Group's capital increase to acquire its joint venture, Shouzhong Car Parking.

Share of results of associates

For the period, we have shared a profit of HK$164 million from Shougang Resources and shared a profit of HK$5 million from Shougang Century, whereas for the same period last year, the share of profit from Shougang Resources and the share of loss of Shougang Century were HK$163 million and HK$8 million respectively.

REVIEW OF OPERATIONS

Summary of net profit/(loss) contribution to the Group by operation/entity:

Operation/Entity		Attributable interest	For the six months ended 30 June 2019 HK$ Million	2018 HK$ Million
1.	**Trading business**	100%	**(2)**	40
2.	**Car parking asset operation and management business**	100%	**(15)**	(9)
3.	**Urban renewal-oriented private fund management business**	100%	**132**	20
	Sub-total		**115**	51
4.	**Share of results of associates**			
	Shougang Resources	27.61%	**164**	163
	Shougang Century	35.71%	**5**	(8)
	Others		**(3)**	–
	Sub-total		**166**	155
5.	**Others**			
	Fair value (loss)/gain on iron ore offtake agreements with Mt. Gibson		**(4)**	20
	Disposal of the equity interest of Shougang Century		**(125)**	–
	Australian tax recoverable		**148**	–
	Corporate and others		**3**	(8)
	Sub-total		**22**	12
Profit attributable to shareholders			**303**	218

Urban Renewal-oriented Private Fund Management Business

In the first half of 2019, urban renewal-oriented private fund management business witnessed an exponential growth, and the scale of new fund management business was RMB13.9 billion. The significant increase of fund management scale brought impressive management fee income. In the first half of 2019, the business segment recorded turnover of HK$84 million and net profit of HK$132 million. The income contribution from newly-established fund during the year will be further released in the second half of the year.

On 30 June 2019, the Group has managed or been responsible for investing into or operating 24 funds in total, with a total target subscription scale of approximately RMB40.4 billion. The investors of the currently managed funds include the National Council for Social Security Fund ("**NSSF**"), Agricultural Bank of China, China Merchants Bank, China Life Insurance and other large financial institutions, and fund investment institutions from the provincial and municipal governments such as Beijing, Chengdu, Hebei, Jilin, Sichuan and Heilongjiang.

The fund managed by the Group are subscribed by more investors as the team manages the underlying assets of the funds meticulously. Especially in the first half of 2019, the Group successfully introduced the NSSF as the limited partner which paid the largest single contribution, establishing the fund with scale of RMB6 billion. The NSSF attached importance to the sustainability and stability of the investment and adhered to the principle of "long-term investment, value investment and responsible investment", which is exactly compatible with the Group's urban renewal business on income stability, risk level and investment term, and social effect. Introducing the NSSF to the strategic investment of the funds managed by the Group has symbolic significance.

The Group adopts the real estate financial model of "funds + bases + industries" to participate in the development, management, operation, and exit of industrial entities. Controlling the shareholding or investing in the enterprises in the old industrial zone will lead the concentration of high-end industries. As the fund manager, the Group also usually serves as the general partner. As per the industry practice of private fund, the general partner shall invest in a minority stake of the funds under its management so as to share its returns on investment and excess returns. As the funds gradually benefits from the exits from the invested projects, the Group expects to gain impressive investment return and excess return. As of 30 June 2019, the Group held a basket of interest in the minority stake of funds totaling HK$258 million.

With the steady growth in the number and size of funds under management, the Group expects that in the foreseeable future, the management fee income and return on investment from the provision of private fund management services will achieve a sustainable and rapid growth.

Car Parking Assets Operation and Management Business

The Group realizes product upgrade, management empowerment and service value appreciation through the investment and operation of car parking assets, providing better service for customers and then gaining good asset return.

For the past half year, the Group adhered to the principle of "**investment in key cities, core locations and quality parking spaces**". As for the layout of investment region, it continued to focus on domestic first-tier and second-tier key cities; as for product types, the Group focused on investing in large transportation hubs, public facilities with high density, and auxiliary parking assets of commercial property with large traffic.

The Group has formed its apparent leading advantages in the transportation hub parking area. Apart from the parking building in Beijing Daxing International Airport, the parking building in Shanghai Hongqiao Airport and the parking lot in Guiyang Longdongbao International Airport, the Company also successfully entered into agreements for the taxi parking lot in Beijing Daxing International Airport in June this year, assuming all operating rights of the parking facilities in Beijing Daxing International Airport. In July, the Group won the bid for 15 years of operating rights of No.1 parking lot, No.2 parking building, GTC parking building and No.5 parking lot in Beijing Capital International Airport. The Group successively obtained the operating rights of the abovementioned airport parking business, signifying that the Company had secured market recognition in the airport parking building operation area and synergy and scale effect began to emerge.

As of May 2019, the Group successfully won the bid for the franchise project of public parking lot of Qinhuai District in Nanjing. This project is another city-level parking project following the bid of parking business in Tangshan by the Group in 2018. This bid will give full play to the Group's scale and technical advantages in the parking field, providing a complete parking business solution for the region.

Furthermore, the Group has signed contracts about the dozens of projects with large and medium-sized cities such as Beijing, Shanghai and Chongqing, which greatly expanded the project layout, increased the project inventory and obtained the parking spaces of a total number exceeding 50,000. Because part of projects under construction were included, the income scale was unable to be released completely in the first half of the year. Despite that, the segment business recorded a turnover of approximately HK$69 million in the first half of 2019, representing an increase of 123.7% as compared to the same period last year.

Apart from continuing to increase investment in car parking assets, the Group is also dedicated to comprehensively improving car parking service quality, launches five stars service system, and continues to allocate more resources on car parking technology. The Group has successively invested in the R&D of innovative products such as AI technology and virtual service. Through big data analysis, the parking will be extended towards the direction of innovative business, breaking the traditional parking mode and achieving "smart platform + boundaryless retail + media perception + credit life", implanting adaptive non-parking products into the parking space to enhance the value of parking assets, and upgrading the customer experience. Meanwhile, the planning topic centering on improving city-level transportation will also be completely launched in the key cities, so as to empower urban function evolution and create better urban life for customers.

Trading Business

The trading business of the Group mainly involves the trading of iron ore imported by the PRC.

Based on the arrangement of business development strategy, the Group further reduced the trading business scale of iron ore in 2019. In the aspect of trading business, approximately 220,000 tons of iron ore have been sold during the six months ended 30 June 2019, a decrease of 84% over the same period last year. The Group recorded a turnover of HK$137 million, a year on year decrease of 81%. The loss of this segment was HK$1.51 million during the period, compared with a net profit of HK$39.73 million in the same period last year.

PERFORMANCE OF ASSOCIATES

Shougang Resources

Exploration and sale of coking coal

Shougang Resources is a 27.61% owned associate of the Group listed in Hong Kong and is a major hard coking coal producer in China. Shougang Resources currently operates three premium coal mines in Shanxi province, the PRC, namely Xingwu coal mine, Zhaiyadi coal mine and Jinjiazhuang coal mine. Shougang Resources sold approximately 31,000 tons of raw coal and 1,341,000 tons of clean coal in the current period, with a consolidated revenue of HK$1.96 billion, a decrease of 0.9% compared with the same period last year. The raw coal price per ton was RMB955 (inclusive of value added tax "VAT"), while the average price of clean coal was RMB1,424, up by 30% and 4% respectively over the same period last year. Benefiting from the still high coal price, the profit attributable to shareholders of Shougang Resources for the current period was HK$640 million, compared with a profit of HK$638 million for the same period last year. The profit of the Group's share of Shougang Resources in the current period was HK$164 million, which reflects the stable development of Shougang Resources business when compared with last year's profit of HK$163 million.

The strong financial position of Shougang Resources with nearly zero gearing ratio and bank balances of HK$4.6 billion enable it to improve its value when appropriate investment opportunities arise.

Customers are confident of the high-quality products of Shougang Resources which are reputed as panda coal.

Shougang Century

Manufacture of steel cord for radial tyres and sawing wires; processing and trading of copper and brass products

Shougang Century is a 35.71% owned associate of the Group listed in Hong Kong whose businesses are manufacturing of steel cords for radial tyres and saving wires and processing and trading of copper and brass products in Shandong province and Zhejiang province, the PRC. The Group's share of its loss was HK$5 million in current period, comparing to the share of loss of HK$8 million in same period last year.

Based on the consideration of strategic concentration, the Company entered into a sale and purchase agreement with Shougang Holding on 21 November 2018. The Company conditionally agreed to sell and Shougang Holding has conditionally agreed to purchase the 35.71% equity interest in Shougang Century, and the disposal was officially completed on 9 April 2019. Due to the equity proposal, the Group recognised a loss for the current period of approximately HK$125 million.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group aims to diversify its funding sources through utilisation of both banking and capital markets. To the extent possible, financing is arranged to match business characteristics and cash flows.

1. Bank balances and cash and Loans

The Bank balances and cash, borrowings and gearing ratio of the Group as at 30 June 2019 as compared to 31 December 2018 is summarised below:

	As at 30 June 2019 *HK$ Million*	As at 31 December 2018 *HK$ Million*
Bank balances and cash	**3,910**	3,034
Bank loan	**465**	–
Loans from an associate		
– Financial lease loan	**–**	103
Sum of loan	**465**	103
Shareholders' interests	**9,578**	8,966
Debit equity ratio*	**5%**	1%

* *Debit equity ratio = Total interest bearing liabilities/Total equity*

2. Price, Currency and Interest Rate Risk

The Company formulates financial risk policies under the directives of the Board, managing financial risk, foreign currency risk, interest risk and trading counterpart's credit risk. Derivative financial instruments are mainly used to hedge the business operation risks. We also target to ensure that adequate financial resources are available for business growth.

The Group conducts its businesses mainly in Hong Kong and the Mainland China, it is subject to the foreign exchange fluctuations of HK dollars, US dollars and Renminbi. To minimise currency exposure, foreign currency assets are usually financed in the same currency as the asset or cash flow from it through borrowings. For the six months ended 30 June 2019, approximately 46% of the Group's revenue was denominated in US dollars and 54% in RMB.

3. Financing Activities

As at 30 June 2019, the Group's balance of term loan financing from bank was HK$465 million, which was the combined loan balance for the purpose of capital contribution and capital increase and acquiring its joint venture, Shouzhong Car Parking. The balance was the bank loan conducted by the Company for investing in the 20 years of operation rights of the parking building of the new airport in Beijing.

Use of proceeds from subscription of new shares

On 19 September 2018, the Company completed the subscriptions of a total of 4,903,741,731 new shares subscribed by Jingxi Holdings Limited, a wholly-owned subsidiary of Shougang Fund, Rocket Porade Limited, a wholly-owned subsidiary of NWS Holdings Limited and ORIX Asia Capital Limited with net proceeds of approximately HK$1,219 million. Out of the net proceeds, approximately HK$100 million was used to set up a fund to invest in the Shougang Park; approximately HK$90 million was for the acquisition and capital increase of Shouzhong Parking to increase our competitiveness in airport parking building business; approximately HK$140 million used to repay the Group's bank loans; approximately HK$680 million used for the capital increase of Shouzhong Investment and replenish general working capital in order to accelerate the expansion of car parking assets operation and management business. The remaining sum of HK$210 million will be used to pay for the equity interest of BeijingWest and contribute the shared fund amount of the park. The proceeds from the subscription of new shares has been substantially fully utilized according to the proposed usage in 2019.

On 9 April 2019, the Company completed the subscriptions of a total of 3,384,043,134 new shares subscribed by Soteria Financial Investment Company Limited, Red Avenue Investment Group Limited and Matrix Partners China V Hong Kong Limited's designated persons with the net proceeds of approximately HK$850 million. The Company intends to use the net proceeds for further expanding the Group's businesses in management and operation of car parking assets and urban renewal-oriented private fund management.

MATERIAL ACQUISITIONS & DISPOSALS

There was no material acquisitions and disposals by the Group during the period, except the disposal of Shougang Century mentioned above.

CAPITAL STRUCTURE

The Company issued 3,384,043,134 new shares during this period.

The issued share capital of the Company was HK$9,676,168,451 (represented by 27,428,933,903 ordinary shares in issue).

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of 466 employees as at 30 June 2019.

The remuneration policies of the Group are to ensure fairness and competitiveness of total remuneration in order to motivate and retain current employees as well as to attract potential ones. Remuneration packages are carefully structured to take into account local practices under various geographical locations in which the Group operates.

The remuneration packages of employees in Hong Kong include salary, discretionary bonuses, medical subsidies and hospitalisation scheme. All of the subsidiaries of the Group in Hong Kong provide pension schemes to the Hong Kong employees as part of their staff benefits.

PROSPECTS

In 2019, the Group will further focus on the car parking assets operation and management and urban renewal-oriented fund management business.

The car parking industry in the PRC currently has problems including low management efficiency, excessive market dispersion, and lack of leading enterprise in the industry, which represented a huge space for integration and market expansion. As the first and the only one listed company in China that focuses on the investment and operation of car parking facilities, the Group is committed to becoming a pioneer and promoter of the car parking industry. The Group will not only focus on the domestic market, but also the overseas market. It is expected that the Group will achieve extremely fast development in respect of car parking operation in the future.

While creating long-term and stable profits for the Company, the private fund management business also contributed to the growth of the Company's urban renewal and car parking business. A unique development model of "**funds + bases + industries**" was formed, providing a solid foundation for the robust growth in the future. In addition, in view of the strong fund-raising capability and tremendous investors base (international large-scale financial institutions and provincial and municipal government invested fund), it is expected that the management service income from future private equity fund business and net profit contribution from investment exit will continue to rise as the fund size increases.

In order to support the business transformation, the Group has successively introduced new strategic shareholders, namely Beijing Shougang Fund Co., Ltd., China International Marine Containers (Group) Co., Ltd., NWS Holdings Limited, ORIX Corporation, Soteria Financial Investment Company Limited, Red Avenue Investment Group Limited and Matrix Partners China V Hong Kong Limited, which form synergy with the business of the Group. Through diversified structure of shareholders, the Group seeks longer-term and broader development for the new principal business in the future.

The introduction of strategic shareholders will greatly help the Company's business development, improvement of governance, and optimisation of risk management. The Group will be more proactive in seeking projects to expand the existing business, with the aim of supporting the rapid development of the Group.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2019.

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 period.

By Order of the Board
Shougang Concord International
Enterprises Company Limited
Zhao Tianyang
Chairman

Hong Kong, 23 August 2019

As at the date of this announcement, the Board comprises Mr. Zhao Tianyang (Chairman), Mr. Li Shaofeng (Vice Chairman), Mr. Xu Liang and Mr. Liang Hengyi (Managing Director) as Executive Directors; Dr. Li Yinhui, Mr. Liu Jingwei, Mr. Ho Gilbert Chi Hang and Mr. Li Hao as Non-executive Directors; Dr. Wang Xin, Mr. Choi Fan Keung Vic, Mr. Deng Yougao, Ms. Zhang Quanling and Dr. Qiao Yongyuan as Independent Non-executive Directors.