SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

Stock Code : 697

Interim Report

2018

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Zhao Tianyang *(Chairman)*
Li Shaofeng *(Vice Chairman)*
Xu Liang
Liang Hengyi *(Managing Director)*

Non-Executive Directors
Li Yinhui
Liu Jingwei
Ho Gilbert Chi Hang

Independent Non-Executive Directors
Wang Xin
Choi Fan Keung Vic
Deng Yougao
Zhang Quanling

EXECUTIVE COMMITTEE
Zhao Tianyang *(Chairman)*
Li Shaofeng
Xu Liang
Liang Hengyi

AUDIT COMMITTEE
Wang Xin *(Chairman)*
Li Yinhui
Liu Jingwei
Ho Gilbert Chi Hang
Choi Fan Keung Vic
Deng Yougao
Zhang Quanling

NOMINATION COMMITTEE
Zhao Tianyang *(Chairman)*
Liang Hengyi
Wang Xin
Deng Yougao
Zhang Quanling

REMUNERATION COMMITTEE
Zhang Quanling *(Chairman)*
Li Shaofeng
Li Yinhui
Wang Xin
Choi Fan Keung Vic

COMPANY SECRETARY
Leung Yuen Chee Sara

AUDITOR
PricewaterhouseCoopers

SHARE REGISTRAR
Tricor Tengis Limited
Level 22, Hopewell Centre
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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

羅兵咸永道

TO THE BOARD OF DIRECTORS OF
SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 52, which comprises the condensed consolidated statement of financial position of Shougang Concord International Enterprises Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 August 2018

INTERIM RESULTS

The board of directors (the "Board") of Shougang Concord International Enterprises Company Limited (the "Company") is pleased to report the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2018. These interim results have been reviewed by the Company's Audit Committee and its Auditor.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Revenue	5	**818,375**	1,305,909
Cost of sales		**(766,841)**	(1,294,570)
Gross profit		**51,534**	11,339
Other income	6	**15,937**	4,084
Other gains, net	6	**25,499**	2,830
Reversal of provision of impairment loss of financial assets	14	**23,314**	–
Change in fair value of commodity forward contracts		**20,091**	(25,564)
Administrative expenses		**(65,521)**	(19,661)
Finance costs		**(2,805)**	(10,079)
Share of results of associates		**155,423**	178,776
Share of results of a joint venture		**(4,605)**	–
Profit before income tax		**218,867**	141,725
Income tax expense	7	**(3,234)**	–
Profit for the period	8	**215,633**	141,725
Attributable to:			
Owners of the Company		**218,385**	141,725
Non-controlling interests		**(2,752)**	–
		215,633	141,725

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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

	Note	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Profit for the period		**215,633**	141,725
Items that will not be reclassified to profit or loss:			
Fair value gain on investments in equity instruments designated as at fair value through other comprehensive income		**–**	57
Share of exchange differences of an associate arising on translation to foreign operations		**(4,139)**	16,835
Share of fair value (losses)/gains on investment in equity instruments designated as at fair value through other comprehensive income of an associate		**(11,594)**	509
Item that may be subsequently reclassified to profit or loss:			
Share of exchange differences of an associate arising on translation of foreign operations		**(11,299)**	95,304
Currency translation difference		**(8,547)**	–
Other comprehensive (loss)/income for the period		**(35,579)**	112,705
Total comprehensive income for the period		**180,054**	254,430

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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

	Note	Six months ended 30 June 2018 HK$'000 (Unaudited)	2017 HK$'000 (Unaudited)
Total comprehensive income attributable to:			
Owners of the Company		**182,806**	254,430
Non-controlling interests		**(2,752)**	–
		180,054	254,430
Earnings per share attributable to owners of the Company			
(expressed in HK cents per share)			(Restated)
Basic and diluted	10	**1.18**	1.57

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Assets			
Non-current assets			
Investment properties	11	**149,192**	6,900
Property, plant and equipment	11	**5,246**	4,850
Interests in associates	12	**5,201,569**	5,073,079
Interest in a joint venture		**75,822**	81,299
Deferred tax assets		**33,558**	35,212
Assets relating to commodity contracts	20	**152,482**	151,244
Financial assets at fair value through profit or loss	13	**145,786**	121,596
Other non-current assets		**205,219**	208,495
		5,968,874	5,682,675
Current assets			
Contract assets		**14,325**	–
Trade and bills receivables	14	**157,065**	823,704
Prepayments, deposits and other receivables		**52,198**	74,602
Amounts due from related companies	15	**457**	398
Amounts due from associates	15	**–**	8
Amount due from a joint venture	15	**25,609**	–
Financial assets at fair value through profit or loss	13	**62,618**	114,676
Restricted bank deposits		**–**	618
Time deposits with original maturity over three months		**–**	100,000
Bank balances and cash		**1,569,997**	1,389,628
		1,882,269	2,503,634
Total assets		**7,851,143**	8,186,309

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Equity			
Capital and reserve attributable to owners of the Company			
Share capital	18	**7,576,946**	7,349,545
Reserves		**(215,733)**	(324,756)
		7,361,213	7,024,789
Non-controlling interests		**62,493**	218,863
Total equity		**7,423,706**	7,243,652
Liabilities			
Current liabilities			
Trade and bills payables	16	**130,140**	569,191
Amounts due to related companies	15	**85**	–
Amounts due to associates	15	**5**	–
Contract liabilities		**11,533**	–
Other payables and accrued liabilities		**37,334**	95,895
Other borrowing	17	**71,130**	–
Liabilities relating to commodity contracts	20	**–**	91,989
Tax payable		**149,705**	160,408
		399,932	917,483
Non-current liabilities			
Deferred tax liabilities		**27,505**	25,174
Total liabilities		**427,437**	942,657
Total equity and liabilities		**7,851,143**	8,186,309

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited									
	Attributable to the owners of the Group									
	Share capital HK$'000	Capital contribution reserve HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Other Reserve HK$'000	Security investment reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2017	5,345,183	4,848,033	38,634	289,560	–	(720,614)	(5,095,586)	4,705,210	–	4,705,210
Profit for the period	–	–	–	–	–	–	141,725	141,725	–	141,725
Fair value gain on investment	–	–	–	–	–	57	–	57	–	57
Share of other comprehensive income of associates	–	–	112,139	–	–	509	–	112,648	–	112,648
Total comprehensive income	–	–	112,139	–	–	566	141,725	254,430	–	254,430
At 30 June 2017	5,345,183	4,848,033	150,773	289,560	–	(720,048)	(4,953,861)	4,959,640	–	4,959,640

	Unaudited									
	Attributable to the owners of the Group									
	Share capital HK$'000	**Capital contribution reserve HK$'000**	**Exchange reserve HK$'000**	**Share option reserve HK$'000**	**Other Reserve HK$'000**	**Security investment reserve HK$'000**	**Accumulated losses HK$'000**	**Total HK$'000**	**Non-controlling interests HK$'000**	**Total HK$'000**
At 1 January 2018	**7,349,545**	**4,848,033**	**253,752**	**289,560**	**–**	**(677,801)**	**(5,038,300)**	**7,024,789**	**218,863**	**7,243,652**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**218,385**	**218,385**	**(2,752)**	**215,633**
Share of other comprehensive (expense) of associates	**–**	**–**	**(15,438)**	**–**	**–**	**(11,594)**	**–**	**(27,032)**	**–**	**(27,032)**
Currency translation difference	**–**	**–**	**(8,547)**	**–**	**–**	**–**	**–**	**(8,547)**	**–**	**(8,547)**
Total comprehensive income/ (expense) for the period	**–**	**–**	**(23,985)**	**–**	**–**	**(11,594)**	**218,385**	**182,806**	**(2,752)**	**180,054**
Ordinary shares issued	**227,401**	**–**	**–**	**–**	**–**	**–**	**–**	**227,401**	**–**	**227,401**
Transaction with non-controlling interest	**–**	**–**	**–**	**–**	**(73,783)**	**–**	**–**	**(73,783)**	**(153,618)**	**(227,401)**
Reclassify from share option reserve to retained earning	**–**	**–**	**–**	**(289,560)**	**–**	**–**	**289,560**	**–**	**–**	**–**
At 30 June 2018	**7,576,946**	**4,848,033**	**229,767**	**–**	**(73,783)**	**(689,395)**	**(4,530,355)**	**7,361,213**	**62,493**	**7,423,706**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	**136,298**	(290,377)
Net cash generated from/(used in) operating activities	**136,298**	(290,377)
Cash flows from investing activities		
Decrease in time deposit with original maturity over three months	**100,000**	–
Decrease of restricted bank deposits	**618**	–
Purchase of plant and equipment	**(625)**	(253)
Placement of pledged bank deposits	**–**	(10,000)
Purchase of investment properties	**(147,513)**	–
Withdrawal of pledged bank deposits	**–**	33,073
Interest received	**9,651**	4,200
Decrease in amount due from associates	**8**	11
Increase in amount due from a joint venture	**(25,609)**	–
Purchase of other non-current assets	**(6,789)**	–
Proceeds from disposal of financial assets at fair value through profit or loss	**57,170**	–
Placement for financial assets at fair value through profit or loss	**(14,824)**	–
Net cash (used in)/generated from investing activities	**(27,913)**	27,031

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Cash flows from financing activities		
New bank borrowings raised	**1,105,982**	1,445,203
Other borrowing raised	**73,740**	–
Repayment of bank borrowings	**(1,105,982)**	(1,479,123)
Net cash generated from/(used in) financing activities	**73,740**	(33,920)
Net increase/(decrease) in cash and cash equivalents	**182,125**	(297,266)
Cash and cash equivalents at beginning of the period	**1,389,628**	537,488
Exchange (loss)/gain on cash and cash equivalents	**(1,756)**	1,248
Cash and cash equivalents at end of the period	**1,569,997**	241,470

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Group is principally engaged in trading of steel and iron ore products, provision of management services on car parks, and provision of fund management of private funds.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 7th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong.

This condensed consolidated interim financial information is presented in Hong Kong dollars ("HK$"), unless otherwise stated.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the year ended 31 December 2017 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017 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).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. 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 2017, 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.

3.1. 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 the following standards:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed in note 3.3 below respectively. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

3.2. Impact of standards issued but not yet applied by the Group

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$7,579,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.2. Impact of standards issued but not yet applied by the Group (continued)

HKFRS 16 Leases (continued)

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

3.3. Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs")

(i) Adoption of HKFRS 9

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out below. In accordance with the transitional provisions in HKFRS 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.3. Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs") (continued)

(i) Adoption of HKFRS 9 (continued)

Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables for trading of steel products and iron ore, provision of management services on car parks and fund management of private funds
- contract assets relating to trading of steel products and iron ore, provision of management services on car parks and fund management of private funds

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the group's retained earnings and equity was immaterial.

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.3. Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs") (continued)

(i) Adoption of HKFRS 9 (continued)

Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The Group has assessed that adopting HKFRS 9 would not have a material impact on the Group's result of operation and financial position.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.3. Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs") (continued)

(ii) Adoption of HKFRS 15

The Group has adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the condensed consolidated financial information. In accordance with the transitional provisions in HKFRS 15, the Group has adopted the modified retrospective approach and comparative figures have not been restated.

The effects of the adoption of HKFRS 15 are as follows:

(a) Presentation of contract assets and liabilities

Reclassifications were made as at 1 January 2018 to be consistent with the terminology used under HKFRS 15:

- Contract liabilities for deposit received recognised in relation to fund management fee and car parking activities were previously presented as Other payables and accrued liabilities.
- Contract assets recognised in relation to operation activities were previously presented as Prepayment, deposits and other receivables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

3. ACCOUNTING POLICIES (CONTINUED)

3.3. Impact of adoption on financial statements – HKFRS 9 and HKFRS 15 (collectively, the "New HKFRSs") (continued)

(ii) Adoption of HKFRS 15 (continued)

(b) The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 that was previously in effect before the adoption of HKFRS 15 is as follows:

	As at 1 January 2018		
	As previously stated HK$'000 (Unaudited)	**Reclassification under HKFRS 15** HK$'000 (Unaudited)	**Restated** HK$'000 (Unaudited)
Consolidated statement of financial position (extract)			
Contract assets	–	37,750	37,750
Prepayments, deposits and other receivables	37,750	(37,750)	–
Contract liabilities	–	38,507	38,507
Other payables and accrued liabilities	38,507	(38,507)	–

The adoption of HKFRS 15 has no material impact to the Group's net assets as at 31 December 2017 and the condensed consolidated results, earnings per share (basic and diluted) and condensed consolidated statement of cash flows for the period ended 30 June 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available for level 1 inputs. In the level 2 fair value measurements, the Group derived the inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly with reference to the market information. When level 1 and level 2 inputs are not available, the Group may engage a third party qualified valuer to perform the valuation of commodity contracts and unlisted equity securities designated as at fair value through profit or loss ("FVTPL"). The Group works closely with the qualified third party valuer to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

(i) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis

Some financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used) as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Valuation technique(s) and key input(s)	Significant unobservable inputs
1) As at 30 June 2018, the First Commodity Contracts classified as assets relating to commodity contracts at level 3 category of HK$152,482,000 (31 December 2017: HK$151,244,000)	Discounted cash flow The key inputs are: The spread between capesize vessel freight rate and panamax vessel freight rate for Australia/China, the average growth rate of capesize vessel freight rate and panama vessel freight rate, the forecasted Platts iron ore price, the forecasted marketing commission saving, the forecasted annual production of the mines, the lives of mines and the discount rate	The spread between capesize vessel freight rate and panamax vessel freight rate for Australia/China taking into account management's estimate with reference to research report published by financial institution (Note 1) The average growth rate of capesize vessel freight rate and panamax vessel freight rate for Australia/China ranging from -12.28% to -1.84% (31 December 2017: –42.57% to 0.35%) and from -12.46% to -2.13% (31 December 2017: -35.06% to 9.29%) respectively taking into account management's estimate with reference to research report published by financial institution (Note 2) The forecasted Platts iron ore price ranging from USD58.25/DMT to USD59.06/DMT (31 December 2017: USD56.12/DMT to USD59/DMT) taking into account management's estimate with reference to research report published by financial institution (Note 3) The forecasted marketing commission saving is taking into account management's estimate with reference to 3.25% (31 December 2017: 3.25%) on Platts iron ore IODEX 62% Fe CFR North China Price (Note 4) The forecasted annual production of the mines and the lives of the mines taking into account management's estimate with reference to the supplier's expected annual production and ore mine reserve announced on 23 March 2018 (2017: reserve amount stated in supplier's mineral resources and ore reserves statement as at 30 June 2017) (Note 5) Discount rate of 19.65% (31 December 2017: 19.97%) is determined by expected rate of return of the First Commodity Contracts by using a Capital Asset Pricing Model and adjusted by the specific risk premium (Note 6)
2) As at 30 June 2018, the Second Commodity Contract classified as assets relating to commodity contracts at level 3 category of HK$Nil (31 December 2017: contract liabilities of HK$18,853,000)	Discounted cash flow The key inputs are: The forecasted Platts iron ore price, the forecasted annual production of the mines, the life of mine and the discount rate	The forecasted Platts iron ore price of USD65.13 taking into account management's estimate with reference to research report published by financial institution (Note 7) The forecasted annual production of the mine and the life of the mine taking into account management's estimate with reference to the supplier's expected annual production and ore mine reserve stated in supplier's announcement dated 23 March 2018 (Note 8) Discount rate of 20.65% is determined by expected rate of return of the Second Commodity Contract by using a Capital Asset Pricing Model and adjusted by the specific risk premium (Note 9)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities		Valuation technique(s) and key input(s)	Significant unobservable inputs
3)	As at 30 June 2018, the Third Commodity Contract classified as liabilities relating to commodity contracts at level 2 category of HK$Nil (31 December 2017: HK$73,136,000)	Committed quantity of iron ore to be purchased by the Group and expected Platts Iron Ore price	N/A
4)	As at 30 June 2018, the unlisted equity securities classified as financial assets at fair value through profit or loss at level 3 category of HK$145,786,000 (31 December 2017: HK$121,596,000)	Discounted cash flow The key input is the discount rate	Discount rate
5)	As at 30 June 2018, the financial assets carrying interest at floating rates classified as financial assets at fair value through profit or loss at level 3 category of HK$62,618,000 (31 December 2017: HK$114,676,000)	Discounted cash flow The key input is the interest rate	Interest rate

Note 1: An increase in the spread between capesize vessel freight rate and panamax vessel freight rate for Australia/China used in isolation would result in an increase in the fair value measurement of the First Commodity Contracts, and vice versa. A 10% increase/decrease in the spread between capesize vessel freight rate and panamax vessel freight rate for Australia/China holding all other variables constant would increase/decrease the carrying amount of the First Commodity Contracts by HK$16,880,000 (31 December 2017: HK$12,690,000).

Note 2: An increase in the average growth rate of the spread between capesize vessel freight rate and panamax vessel freight rate for Australia/China used in isolation would result in a decrease (2017: an increase) in the fair value measurement of the First Commodity Contracts, and vice versa. A 10% increase/decrease in the average growth rate of the capesize vessel freight rate and panamax vessel freight rate for Australia/China holding all other variables constant would increase/decrease the carrying amount of the First Commodity Contracts by HK$759,000 (31 December 2017: increase/decrease by HK$2,583,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Note 3: An increase in the Platts iron ore price used in isolation would result in an increase in the fair value measurement of the First Commodity Contracts, and vice versa. A 10% increase/decrease in the Platts iron ore price holding all other variables constant would increase/decrease the carrying amount of the First Commodity Contracts by HK$849,000 (31 December 2017: HK$2,819,000).

Note 4: An increase in the market commission saving used in isolation would result in an increase in the fair value measurement of the First Commodity Contracts, and vice versa. A 10% increase/decrease in the market commission saving holding all other variables constant would increase/decrease the carrying amount of the First Commodity Contracts by HK$7,841,000 (31 December 2017: HK$6,999,000).

Note 5: An increase in the forecasted annual production of the mines used in isolation would result in an increase in the fair value measurement of the First Commodity Contracts, and vice versa. A 10% increase/decrease in the forecasted annual production of the mines holding all other variables constant would increase/decrease the carrying amount of the First Commodity Contracts by HK$15,251,000 (31 December 2017: HK$15,125,000).

Note 6: An increase in the discount rate to the valuation model used in isolation would result in a decrease in the fair value measurement of the First Commodity Contracts, and vice versa. A 10% increase/decrease in the discount rate to the valuation model holding all other variables constant would decrease/increase the carrying amount of the First Commodity Contracts by HK$4,718,000/HK$4,983,000 respectively (31 December 2017: HK$6,673,000/HK$7,131,000 respectively).

Note 7: An increase in the Platts iron ore price used in isolation would result in a decrease in the fair value measurement of the Second Commodity Contract, and vice versa. A 10% increase/decrease in the Platts iron ore price holding all other variables constant would decrease/increase the carrying amount of the Second Commodity Contracts by HK$156,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Note 8: An increase in the forecasted annual production of the mines used in isolation would result in a decrease in the fair value measurement of the Second Commodity Contract, and vice versa. A 10% increase in the forecasted annual production of the mines holding all other variables constant would decrease the carrying amount of the Second Commodity Contract by HK$156,000. A 10% decrease in the forecasted annual production of the mines holding all other variables constant would increase the carrying amount of the Second Commodity Contract by HK$156,000.

Note 9: An increase in the discount rate to the valuation model used in isolation would result in an increase in the fair value measurement of the Second Commodity Contract, and vice versa. A 10% increase/decrease in the discount rate to the valuation model holding all other variables constant would increase/decrease the carrying amount of the Second Commodity Contract by HK$11,000/HK$3,000.

Fair value hierarchy as at 30 June 2018

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Commodity contracts	–	–	152,482	152,482
Unlisted equity securities	–	–	145,786	145,786
Financial assets carrying interests at floating rates	–	–	62,618	62,618
Total	–	–	360,886	360,886

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(i) Fair value of the financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Fair value hierarchy as at 31 December 2017

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Financial assets at FVTPL				
Commodity contracts	–	–	151,244	151,244
Unlisted equity securities	–	–	121,596	121,596
Financial assets carrying interests at floating rates	–	–	114,676	114,676
Financial liabilities at FVTPL				
Commodity contracts	–	(73,136)	(18,853)	(91,989)
Total	–	(73,136)	368,663	295,527

There were no transfers between Level 1 and 2 during both years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Reconciliation of level 3 fair value measurements of financial assets/(liabilities)

	Original Commodity Forward Contracts HK$'000	New Commodity Forward Contract HK$'000	Total commodity forward contracts HK$'000
At 1 January 2017	181,716	–	181,716
Total gains or losses to profit or loss	(32,746)	8,390	(24,356)
At 30 June 2017	148,970	8,390	157,360

	Unlisted equity securities HK$'000	First Commodity Contracts HK$'000	Second Commodity Contract HK$'000	Financial assets carrying interests at floating rates HK$'000
At 1 January 2018	121,596	151,244	(18,853)	114,676
Total gains:				
– to profit or loss	11,860	1,238	18,853	–
Addition	12,330	–	–	–
Disposal	–	–	–	(52,058)
At 30 June 2018	145,786	152,482	–	62,618

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

4. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

(ii) Reconciliation of level 3 fair value measurements of financial assets/(liabilities) (continued)

Gain of HK$20,091,000 (31 December 2017: Loss of HK$49,325,000) relate to First Commodity Contracts and Second Commodity Contract held at the end of the current year are included in the consolidated statement of profit or loss and other comprehensive income.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

(iv) Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The Group has no such financial assets or financial liabilities outstanding in the consolidated statement of financial position which are under master netting agreements. No material impact on the amounts reported in the Group's consolidated financial statements and respective disclosures relating to the Group's master netting agreements as no such contracts outstanding.

5. 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 steel products and iron ore
Car park operation	–	provision of management services on car parks
Fund management	–	provision of fund management of private funds

Business activities are combined and disclosed in "Others" segment category including the provision of management service and leasing income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. SEGMENT INFORMATION (CONTINUED)

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

Six months ended 30 June 2018 (unaudited)

	Trading business HK$'000	Fund management HK$'000	Car park operation HK$'000	Others HK$'000	Total HK$'000
Revenue					
External revenue	736,530	49,933	30,674	1,238	818,375
Timing of revenue recognition					
A point of time	736,530	–	–	–	736,530
Overtime	–	49,933	30,674	1,238	81,845
					818,375
Segment profit/(loss)	39,732	19,716	(9,461)	4,207	54,194
Other income					9,652
Central administration costs					(13,083)
Change 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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

5. SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2017 (unaudited)

	Trading business HK$'000	Others HK$'000	Total HK$'000
Revenue			
External revenue	1,304,001	1,908	1,305,909
Segment profit/(loss)	15,338	(6,534)	8,804
Other income			4,084
Central administration costs			(15,504)
Change in fair value of commodity forward contracts			(24,356)
Finance costs			(10,079)
Share of results of associates			178,776
Profit before income tax			141,725

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

6. OTHER INCOME AND OTHER GAINS, NET

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
OTHER INCOME		
Interest income on bank deposits and financial derivatives through profit or loss	**14,368**	4,084
Government grant	**1,537**	–
Others	**32**	–
	15,937	4,084
OTHER GAINS, NET		
Exchange gain	**7,422**	2,830
Loss on disposal of property, plant and equipment	**(5)**	–
Reversal of provision for loss on a commodity contract	**23,486**	–
Provision for litigation (note 19)	**(5,460)**	–
Others	**56**	–
	25,499	2,830

7. INCOME TAX 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 2018 and 2017.

Provision for China enterprise income tax amounted to HK$3,234,000 is made for the six months ended 30 June 2018 (six months ended 30 June 2017: HK$nil).

No provision for Hong Kong profits tax is made for the six months ended 30 June 2018 and 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

8. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2018	2017
	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	**40,112**	9,870
– retirement benefits scheme contributions	**432**	396
	40,544	10,266
Rental expenses	**4,358**	2,355
Legal and professional fees	**3,312**	400
Travelling expenses	**3,136**	278
Bank charges	**1,964**	921
Office operation expenses	**1,520**	175
Depreciation of property, plant and equipment	**259**	122
Amortisation of intangible assets	**104**	–

9. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2018 and 2017. Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2018 and 2017.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

10. 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	
	2018 (Unaudited)	2017 (Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**218,385**	141,725
Weighted average number of ordinary shares for basic earnings per share (thousands) (Note a)	**18,488,970**	(Restated) 9,036,820
Basic earnings per share (expressed in Hong Kong cents per share)	**1.18**	(Restated) 1.57

Note a:

Adjustment has been made to earnings per share amounts presented for the period ended 30 June 2017 as adjusted to reflect the open offer on 16 November 2017.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has no share option outstanding as at 30 June 2018 (six months ended 30 June 2017: the share options did not have a dilutive effect on earnings per share).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

11. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

In the opinion of the Directors, the carrying amount of the Group's investment properties as at 30 June 2018 does not differ significantly from their estimated market value. Consequently, no change in fair value has been recognised in respect of the Group's investment properties in the current period.

The fair value measurement of the investment properties located in Hong Kong and the People's Republic of China ("PRC") is categorised into level 3 as the significant inputs to the fair value measurement are unobservable.

The key input used in valuing the investment properties as at 30 June 2018 and 31 December 2017, which are situated in Hong Kong and PRC, is the historical average unit price of similar properties recently available on the market in 2018.

During the period, the Group incurred approximately HK$552,000 (for the six months ended 30 June 2017: HK$253,000) on acquisition of property, plant and equipment in order to upgrade its operating capacities and HK$142,292,000 (for the six months ended 30 June 2017: HK$Nil) on acquisition of an investment property situated in the PRC. Transfer from deposits for acquisition of property, plant and equipment amounted to approximately HK$79,000 during the six months ended 30 June 2018 (for the six months ended 30 June 2017: HK$nil).

12. INTERESTS IN ASSOCIATES

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Cost of investment in associates	**6,834,092**	6,834,092
Share of post-acquisition results and other comprehensive expense, impairment loss, net of dividends received	**(1,632,523)**	(1,761,013)
	5,201,569	5,073,079

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

12. INTERESTS IN ASSOCIATES (CONTINUED)

During the year ended 31 December 2012, Shougang Resources early adopted HKFRS 9. As at 30 June 2018 and 31 December 2017, such investments are continuously held by Shougang Resources and classified as financial assets at fair value through other comprehensive income ("FVOCI").

Such unrealised gain will be reversed upon the loss of significant influence over Shougang Resources or disposal of such investments by Shougang Resources.

Included in cost of investment in Shougang Resources, an associate of the Group, is goodwill of HK$1,048,488,000 as at 30 June 2018 and 31 December 2017 arising from the acquisition of Shougang Resources. The movement of goodwill is set out below.

	HK$'000
COST	
At 1 January 2017 (Audited), 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	2,257,169
PROVISION FOR IMPAIRMENT	
At 1 January 2017 (Audited), 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	(1,208,681)
CARRYING VALUES	
At 31 December 2017 (Audited) and 30 June 2018 (Unaudited)	1,048,488

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Financial assets at fair value through profit or loss	**208,404**	236,272
Less: non-current portion	**(145,786)**	(121,596)
Current portion	**62,618**	114,676

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

14. TRADE AND BILLS RECEIVABLES

	As at 30 June 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Trade receivables	**53,146**	324,297
Bills receivables	**108,080**	526,882
	161,226	851,179
Less: Provision for impairment on receivables	**(4,161)**	(27,475)
Trade receivables – net	**157,065**	823,704

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 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Within 60 days	**133,462**	777,169
61 – 90 days	**3,046**	34,181
91 – 180 days	**20,557**	8,712
181 – 365 days	**–**	3,642
	157,065	823,704

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

15. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/ASSOCIATES/A JOINT VENTURE

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"), the Company's associates and a joint venture. The amounts due from/(to) related companies and associates are unsecured, repayable on demand and interest free (31 December 2017: same). The amount due from a joint venture is unsecured, repayable on demand at interest rate of 6.5% per annum.

16. 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 2018 HK$'000 (Unaudited)	As at 31 December 2017 HK$'000 (Audited)
Within 90 days	**130,140**	567,082
91 – 180 days	**–**	2,109
	130,140	569,191

17. OTHER BORROWING

Other borrowing represents HK$71,130,000 of borrowings under a financing arrangement entered into by the Group with a related party in the form of a sale and leaseback transaction with a repurchase option. The subject sold and leased back under the financing arrangement is an investment property of the Group. As the repurchase price is set at RMB1 which is minimal compared to the expected fair value and the Group is certain that it will exercise the repurchase option, the above financing arrangement has been accounted for as collateralised borrowings of the Group. The average effective interest rate of the arrangement for the six months period ended 30 June 2018 is 5.6% per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

18. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares issued and fully paid:		
At 1 January 2017	8,957,896,227	5,345,183
Issue of new shares on 16 November 2017	8,957,896,227	2,015,527
Transaction costs attributable to issue of new shares	–	(11,165)
At 31 December 2017 (Audited)	17,915,792,454	7,349,545
Issue of new shares on 26 March 2018	1,047,931,056	227,401
At 30 June 2018 (Unaudited)	18,963,723,510	7,576,946

19. PROVISION FOR LITIGATION

During the ordinary course of business in December 2013, a subsidiary of the Group engaged a charterer of a vessel to transport a cargo of iron ores to its customer in China and issued a letter of indemnity ("LOI") to the charterer for delivering the cargo to the Group's customer without production of the original bill of lading (the "Bill of Lading"). The provision of the LOI was the prevailing market practice in the trading of iron ore. The goods were subsequently sold to a final buyer after several sales and purchases not in relation to the Group afterwards. The issuing bank for the letter of credit issued for the final buyer ("Issuing Bank") honoured the payment to the seller under the letter of credit. The final buyer went into bankruptcy afterwards. The Issuing Bank was therefore not reimbursed. As the final buyer has not paid the cargo proceeds to the Issuing Bank, the Issuing Bank was the lawful holder of the Bill of Lading. However, the Issuing Bank found that the goods were taken by the final buyer without presenting the Bill of Lading. The Issuing Bank appealed to the Qingdao Maritime Court ("Qingdao Court") to arrest the vessel. The vessel owner paid approximately USD10.3 million to secure the release of the vessel. The vessel owner in turn sued the charterer for the security deposit paid and the charterer reimbursed to the vessel owner. In turn, the charterer sued the Group's subsidiary which had engaged it to carry on the transportation services. This legal case had been presented to the High Court of Justice Queen's Bench Division Commercial Court, England ("High Court"). At the same time, the Group sued its customer for the same amount for the reimbursement claim according to the back-to-back indemnity claim. This legal case in High Court was finalised and it was judged that the Group was liable to the charterer and its customer was liable to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

19. PROVISION FOR LITIGATION (CONTINUED)

During the six month period ended 30 June 2018, the management considered the litigation has been conducted for 5 years and costly legal and professional fees have been incurred by the Group. Hence, the Group reached an agreement on the settlement amount of USD 2.2 million to the charterer of the vessel on 24 April 2018. Out of settlement of USD2.2 million, USD 1.5 million had been provided for in the year ended 31 December 2017 and the remaining USD 0.7 million was provided during the period and recognised under "Other gains, net" (note 6).

The related amount was fully settled by the Group on 31 July 2018.

20. ASSETS/(LIABILITIES) RELATING TO COMMODITY CONTRACTS

	30 June 2018 HK$'000 (Unaudited)	31 December 2017 HK$'000 (Audited)
Assets relating to commodity contracts		
First Commodity Contracts with MGI classified as non-current asset (Notes a and b)	**152,482**	151,244
Liabilities relating to commodity contracts		
Second Commodity Contract with MGI classified as current liability (Note c)	–	(18,853)
Third Commodity Contract classified as current liability (Note d)	–	(73,136)
	–	(91,989)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. ASSETS/(LIABILITIES) RELATING TO COMMODITY CONTRACTS (CONTINUED)

Note a:

In November 2008, the Company entered into the First Commodity Contracts with MGI to purchase iron ore for which the forward price was determined with reference to Hamersley Benchmark Iron Ore Prices. In November 2010, the First Commodity Contracts were revised as the Hamersley Benchmark Iron Ore Prices were not available in the market and the iron ore forward price had then been revised to be determined with reference to Platts Iron Ore Price.

At 30 June 2018 and 31 December 2017, the major terms of the outstanding First Commodity Contracts entered by the Company with MGI are as follows:

30 JUNE 2018 AND 31 DECEMBER 2017

First Commodity Contracts entered into on or after September 2011

Notional amount	Period	Forward price
Purchase approximately 80% of total production of a relevant mine ("Mine A") in Australia (Note)	01.11.2010 to the life of the relevant mine	Platts Iron Ore Prices less operating adjustments and marketing commission for lump and fine ore products per dead weight metric tonne
Purchase approximately 56% of total production of a relevant mine ("Mine B") in Australia	01.11.2010 to the life of the relevant mine	Platts Iron Ore Prices less operating adjustments and marketing commission for lump and fine ore products per dead weight metric tonne

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. ASSETS/(LIABILITIES) RELATING TO COMMODITY CONTRACTS (CONTINUED)

Note a: (continued)

Original First Commodity Contracts entered into prior to September 2011

Notional amount	Period	Forward price
Purchase approximately 56% of total production of two relevant mines (Mine A and Mine B) in Australia	01.11.2010 to the lives of the relevant mines	Platts Iron Ore Prices less operating adjustments and marketing commission for lump and fine ore products per dead weight metric tonne

As per the Original First Commodity Contracts, the Group was entitled to purchase 80% of the 70% of the total production of Mine A and Mine B, and MGI could not enter into further sales agreements with any other customers without the consent of the Group.

Due to the demise of the Hamersley Benchmark Iron Ore Prices in 2010, MGI has sought to negotiate with each of its customers a revised pricing mechanism. However, MGI failed to reach an agreement on the revised pricing mechanism with some of its customers who in total purchase approximately 30% of the total production of Mine A. In August 2011, MGI announced that the First Commodity Contracts with these customers of Mine A have ceased to be binding on these customers. As per the First Commodity Contracts, when any sales agreements entered into between MGI and these customers prior to 31 October 2008 were terminated, 80% of the 30% of the total production surrendered by these customers would be taken up by the Group. Together with the 56% of the total production of Mine A originally taken by the Group, the Group will purchase 80% of the total production of Mine A from September 2011 onwards.

In 2014, Mine B has run out of iron ore reserve and thus has been closed down.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. ASSETS/(LIABILITIES) RELATING TO COMMODITY CONTRACTS (CONTINUED)

Note a: (continued)

As at 30 June 2018, the fair value of the First Commodity Contracts was determined by the Directors with reference to a valuation report carried out by Valtech Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group and the fair value is approximately HK$152,482,000 (31 December 2017: HK$151,244,000). For the six month period ended 30 June 2018, a gain of HK$1,238,000 (31 December 2017: HK$30,472,000) has been recognised in profit or loss.

Discounted cashflow model is used for valuation of the First Commodity Contracts. The fair value is based on certain assumptions including the risk free rate in Australia of 2.80% (31 December 2017: 2.90%), the forecasted annual production of the mines, the life of the Mine A of 3.5 years (31 December 2017: 3 years), a range of forecasted Platts Iron Ore Index, the spread between capesize vessel freight rate and panamax vessel freight rate for Australia/China, the average growth rate of capesize vessel freight rate and panama vessel freight rate, the forecasted marketing commission saving, the lives of mines and a discount rate of 19.65% (31 December 2017: 19.97%) throughout the contract period based on management's best estimate.

Note b:

On 24 October 2014, MGI announced that there was a slump in the Main Pit seawall in Koolan Island and Main Pit was inundated as a result of the breach of the seawall. Subsequent to the Slump, the production of the Koolan Island mine was suspended. On 27 April 2017, management of MGI announced its plan to restart the Koolan Island mine and the first ore sales are targeted to commence in 2019.

The Directors consider that the production of Main Pit is unlikely to resume in 2019, and therefore the entire carrying amount of the First Commodity Contracts is classified as non-current asset as at 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. ASSETS/(LIABILITIES) RELATING TO COMMODITY CONTRACTS (CONTINUED)

Note c:

In December 2016, the Group entered into another commodity contract (the "Second Commodity Contract") in relation to the production of iron ore in Iron Hill with MGI. Pursuant to the Second Commodity Contract, the Group is entitled to a discount on the purchase of the pre-agreed quantity of iron ore within one year from the date of the first shipment. The agreement has been approved by the regulatory bodies in Australia and has officially come into effect after obtaining the approval from the shareholders of MGI at the general meeting of MGI in April 2017. The major terms of the Second Commodity Contract entered by the Group with MGI are as follows:

Notional amount	Period	Forward price
Purchase approximately 75% of total production of a relevant mine ("Mine C") in Australia	08.07.2017 to the life of the relevant mine or the date of permanent cessation of mining operation at the relevant mine, which ever is earlier	Platts Iron Ore Prices less operating adjustments and marketing commission for lump and fines ore products per dead weight metric tonne

As at 30 June 2018, the fair value of the Second Commodity Contract was determined by the Directors with reference to a valuation report carried out by Valtech Valuation Advisory Limited, an independent qualified professional valuer not connected with the Group. For the six-month period ended 30 June 2018, an increase in fair value of the Second Commodity Contract amounted to HK$18,853,000 has been recognised.

Discounted cashflow model is used for valuation of the Second Commodity Contract. The fair value is based on certain assumptions including the risk free rate in Australia of 2.80% (31 December 2017: 2.90%), the forecasted annual production of the mines, a range of forecasted Platts Iron Ore Index, the life of mine and a discount rate of 20.65% (31 December 2017: 20.97%) throughout the contract period based on management's best estimate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

20. ASSETS/(LIABILITIES) RELATING TO COMMODITY CONTRACTS (CONTINUED)

Note d:

The Group has entered into another commodity contract ("Third Commodity Contract") with an independent third party and committed to purchase a certain quantity of iron ore at a price calculated which is based on Platts Iron Ore Price Index. The major terms of this commodity contract entered by the Group with the independent third party are as follows:

Notional amount	Period	Forward price
Purchase approximately 800,000 metric tonne of a relevant mine in Australia	01.01.2017 to 31.12.2017	Platts Iron Ore Prices plus freight cost and agent fee

The Third Commodity Contract expired on 31 December 2017.

21. RELATED PARTY DISCLOSURES

21.1 Transactions with related parties

The Group is an associate of Shougang Holding (Hong Kong) Limited, which is a wholly-owned subsidiary of Shougang Group, a state-owned enterprise under the supervision of the Beijing State-owned Assets Supervision and Administration Commission. Accordingly, the Group is significantly influenced by Shougang Group which is considered to be part of a larger group of companies under the PRC government. Accordingly, the Group is also considered to be a government related entity in accordance with HKAS 24. The transactions and balances with Shougang Group and other PRC government related entities are disclosed in notes 21.1 to 21.3.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. RELATED PARTY DISCLOSURES (CONTINUED)

21.1 Transactions with related parties (continued)

Transactions with related parties

	Notes	Six months ended 30 June **2018** **(Unaudited)** **HK$'000**	2017 (Unaudited) HK$'000
Shougang Group			
Sales by the Group	(a)	**423**	1,020
Purchases by the Group	(b)	**465,673**	370,580
Services provided by the Group	(c)	**572**	–
Finance costs	(e)	**1,679**	–
Associate of the Group			
Services provided by the Group	(d)	**558**	780

Notes:

(a) The Group provides leasing and other services (for six months ended 30 June 2017: company secretarial services) to Shougang Group and/or its associates.

(b) Shougang Group and/or its associates provide materials, leasing and services (for six months period ended 30 June 2017: materials, steel products, leasing and services) to the Group.

(c) The Group provides company secretarial and administrative services to Shougang Group and/or its associates.

(d) The Group provides company secretarial and administrative services to its associate.

(e) The Group has entered into borrowing arrangement with a related party and the effective interest rate of the arrangement is 5.6% per annum. This arrangement is disclosed in note 17.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

21. RELATED PARTY DISCLOSURES (CONTINUED)

21.2 Balances with Shougang Group

Details of balances with the Group's related companies are set out in note 15.

21.3 Transactions/balances with other PRC government controlled entities

Apart from the transactions and balances with the Shougang Group as disclosed in notes 21.1 and 21.2, the Group has entered into various transactions, government-related entities as part of its ordinary course of business.

21.4 Compensation of key management personnel

The remuneration of key management personnel, which represents the Directors of the Company during the period was as follows:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
Short-term benefits	**1,916**	1,810
Post employment benefits	**9**	9
	1,925	1,819

The remuneration of key management personnel is determined by the Remuneration Committee of the Board of Directors having regard to the market practice, competitive market position and individual performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES

22a. Acquisition of Beijing-Hebei

On 8 September 2017, the Group entered into a sale and purchase 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 95% of the equity interest in Beijing-Hebei, a limited liability company established in the PRC. The acquisition was completed on 13 December 2017. On 21 December 2017, the Group entered into another sale and purchase agreement with an independent third party to acquire 5% of the equity interest in Beijing-Hebei (collectively referred to as the "First Acquisition"). The principal activity of Beijing-Hebei and its subsidiaries (collectively referred to as the "Beijing-Hebei Group") is the provision of private fund management services in the PRC.

Consideration transferred

	HK$'000
Cash	286,985

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

	HK$'000
Property, plant and equipment	1,877
Financial assets at fair value through profit or loss – non-current	121,596
Other non-current assets	28,586
Trade receivables	5,102
Prepayments, deposits and other receivables	3,147
Financial assets at fair value through profit or loss – current	34,223
Bank balances and cash	74,936
Trade payables	(374)
Other payables, provision and accrued liabilities	(10,836)
Tax payable	(4,591)
Deferred tax liabilities	(11,102)
	242,564

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

22a. Acquisition of Beijing-Hebei (continued)

Consideration transferred (continued)

The fair value of assets have been determined on a provisional basis as the fair value of identifiable assets acquired may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date. The fair value is being valued by Flagship Appraisals and Consulting Limited, an independent qualified professional valuer, not connected to the Group.

The fair value of trade receivables of the Beijing-Hebei Group at the date of acquisition amounted to approximately HK$5,102,000 which approximates to the gross contractual amounts. Based on the best estimate at acquisition date, the contractual cash flows are expected to be fully collected.

Goodwill arising on the First Acquisition:

	HK$'000
Consideration transferred	286,985
Plus: non-controlling interests in the Beijing-Hebei Group	9,261
Less: net assets acquired	(242,564)
Goodwill arising from acquisition	53,682

Goodwill arose in the First 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 benefit of revenue growth, future market development and the assembled workforce of the Beijing-Hebei Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising on the First Acquisition is expected to be deductible for tax purposes.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

22a. Acquisition of Beijing-Hebei (continued)

Non-controlling interests

The non-controlling interests in subsidiaries of the Beijing Hebei Group recognised at the acquisition date were measured by reference to the non-controlling interests' share of the recognised amount of the net assets of respective subsidiaries of Beijing Hebei and amounted to approximately HK$9,261,000.

Net cash outflow on the First Acquisition:

	HK$'000
Cash consideration paid	(286,985)
Less: cash and cash equivalent balances acquired	74,936
Net cash outflow	(212,049)

The Beijing-Hebei Group did not have any contribution to the Group's revenue or results for the year ended 31 December 2017 as the completion of the First Acquisition was just before 31 December 2017.

Had the First Acquisition been completed on 1 January 2017, total group revenue for the year would have been HK$3,857 million, and profit for the year would have been HK$56 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

22b. Acquisition of 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd., "Shouzhong")

On 8 September 2017, the Group entered into another sale and purchase agreement with Shougang Fund to acquire 40% equity interest in Shouzhong, a limited liability company established in the PRC. The acquisition was completed on 21 December 2017. On 21 December 2017, the Group entered into another sale and purchase agreement with an independent third party to acquire approximately 4.94% equity interest in Shouzhong (collectively referred to as the "Second Acquisition"). The principal activity of Shouzhong and its subsidiaries (collectively referred to as the "Shouzhong Group") is provision of design, architecture, operation and management services of car parking lots with a focus on smart car parking system in the PRC.

Upon completion of the Second Acquisition, the Group has the right to nominate three out of the five members of the board of directors of Shouzhong and is regarded as having control over Shouzhong as detailed in note 4. As such, Shouzhong is accounted as a non-wholly owned subsidiary of the Company, and the financial results of Shouzhong is consolidated into the results of the Group.

Consideration transferred

	HK$'000
Cash	153,482

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

22b. Acquisition of 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd., "Shouzhong") (continued)

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

	HK$'000
Property, plant and equipment	620
Other non-current assets	81,613
Interest in a joint venture	81,299
Trade receivables	1,308
Prepayments, deposits and other receivables	39,938
Financial assets at fair value through profit or loss – current	80,453
Bank balances and cash	96,810
Trade payables	(2,109)
Other payables, provision and accrued liabilities	(47,390)
Deferred tax liabilities	(14,072)
	318,470

The fair value of assets have been determined on a provisional basis as the fair value of identifiable assets acquired may be adjusted upon the completion of initial accounting year which shall not exceed one year from the respective acquisition date. The fair value is being valued by Flagship Appraisals and Consulting Limited, an independent qualified professional valuer, not connected to the Group.

The fair value of trade receivables of the Shouzhong Group at the date of acquisition amounted to approximately HK$1,308,000 which approximates to the gross contractual amounts. Based on the best estimate at acquisition date, the contractual cash flows are expected to be fully collected.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

22b. Acquisition of 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd., "Shouzhong") (continued)

Goodwill arising on the Second Acquisition:

	HK$'000
Consideration transferred	153,482
Plus: non-controlling interests in the Shouzhong Group	209,602
Less: net assets acquired	(318,470)
Goodwill arising from acquisition	44,614

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

None of the goodwill arising on the Second Acquisition is expected to be deductible for tax purposes.

Non-controlling interests

The non-controlling interests in the Shouzhong Group recognised at the acquisition date were measured by reference to the non-controlling interests' proportionate share of the recognised amount of the net assets of Shouzhong and respective subsidiaries of Shouzhong and amounted to approximately HK$209,602,000.

Net cash outflow on the Second Acquisition:

	HK$'000
Cash consideration paid	(153,482)
Less: cash and cash equivalent balances acquired	96,810
Net cash outflow	(56,672)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (CONTINUED)

22. ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

22b. Acquisition of 首中投資管理有限公司 (Shouzhong Investment Management Co., Ltd., "Shouzhong") (continued)

The Shouzhong Group did not have any contribution to the Group's revenue or results for the year ended 31 December 2017 as the completion of the Second Acquisition was just before 31 December 2017.

Had the Second Acquisition been completed on 1 January 2017, total group revenue for the year would have been HK$3,821 million, and profit for the year would have been HK$42 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2017, nor is it intended to be a projection of future results.

On 12 March 2018, the Company issued additional 1,047,931,056 shares to CIMC Transportation Equipment (International) Holdings Limited ("CIMC Transportation"), for a share consideration of RMB209,884,269. The transaction was completed on 23 March 2018 and the closing market price per share on that day was HK$0.217. The Consideration Shares have a market value of approximately HK$227.4 million. Upon the completion of this round of financing, the Company's shareholding in Shouzhong increased to 89.89%, whilst that held by Beijing Jianshi Tongxin Management Consultancy Centre（北京堅石同心管理諮詢中心）, an independent third party not connected with the Company and its connected persons decreased to 10.11%. The difference between the deemed consideration and the non-controlling interests acquired amounted to HK$73,783,000 was recorded in other reserves in the consolidated statement of changes in equity.

22c. Costs of acquisitions

Costs related to First Acquisition and Second Acquisition amounting to HK$3,494,000 have been excluded from the consideration transferred and have been recognised as an expense in the year ended 31 December 2017 within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

23. PLEDGE OF ASSETS

As at 30 June 2018, other borrowing is secured by i) an investment property with aggregate net carrying value of approximately HK$142,292,000 and ii) cross guarantee granted by a subsidiary of the Group.

As at 31 December 2017, no assets or cross guarantee were granted to the Group to secure other borrowing.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

At the end of last year, the Group successfully acquired the equity interest of 京冀協同發展示範區（唐山）基金管理有限公司(Beijing-Hebei Co-development Exhibition Zone (Tangshan) Fund Management Co., Ltd., "Jingji") and Shouzhong. It consolidated the business foundation for the Group by virtue of diversifying its business into private fund management and car park operation in the PRC together with the original trading business of iron ore. At the same time, through investment in two associates listed in Hong Kong, Shougang Fushan Resources Group Limited ("Shougang Resources") and Shougang Concord Century Holdings Limited ("Shougang Century"), the businesses of the Group include exploration and sales of hard coking coal and manufacture of steel cord for radial tyres and sawing wires; processing and trading of copper and brass products in China.

The Group witnessed the encouraging performance in the first interim results right after the acquisition of new business and the profit for the period was HK$218 million, representing an increase of 53.5% compared to the same period last year. The significant improvement in performance was mainly due to the gain attributable to private fund management business and the change of fair value of trading commodity contracts.

PERFORMANCE REVIEW

	For the six months ended 30 June	
	2018	2017
	HK$ Million	HK$ Million
Profit/(loss) attributable to shareholders before share of results of associates	**63**	(37)
Share of results of associates	**155**	179
Profit attributable to shareholders	**218**	142

KEY PERFORMANCE INDICATORS

	For the six months ended 30 June	
	2018	2017
	HK$ Million	HK$ Million
Revenue	**818**	1,306
Gross profit margin	**6.3%**	0.9%
Profit attributable to shareholders	**218**	142
		(Restated)
Earnings per share (HK cent)	**1.18**	1.57
	As at 30 June 2018	As at 31 December 2017
	HK$ Million	HK$ Million
Gross assets	**7,851**	8,186
Net assets	**7,424**	7,244
Cash and bank balances	**1,570**	1,490

The Group's profit attributable to shareholders for the six months ended 30 June 2018 was HK$218 million as compared to the profit of HK$142 million for the same period last year. The Group recorded a consolidated revenue of HK$818 million, representing a decrease of 37.4% over the same period last year. While the gross profit margin increased significantly from 0.9% for the same period last year to 6.3% for the period. The earnings per share for the period was 1.18 HK cents while the earnings per share for the same period last year was 1.57 HK cents (restated).

FINANCIAL REVIEW

Six months ended 30 June 2018 compared to the six months ended 30 June 2017.

Revenue and Cost of Sales

The Group recorded consolidated revenue of HK$818 million for this period, represented a decrease of 37.4% when comparing to HK$1,306 million for the same period last year. The decrease in revenue was mainly due to that after the injection of new businesses and based on the status quo of the ore trading business, the Group decided to strictly control the risk of ore trading and gradually reduce the revenue from ore trading as well as the volume of ore transactions.

Gross profit for the period was HK$51.53 million. The gross profit margin was 6.3% in this period while it was 0.9% in the same period last year. The increase in gross profit margin was mainly attributable to the private fund management business and car park business which were added in the main business for the period. The gross profit margin of both businesses was higher than that of iron ore trading business, especially the private fund management business, the gross profit margin for the period of which was up to 88%.

Finance Costs

For the period under review, finance costs amounted to HK$3 million, 72.2% lower than that of the same period last year. The decrease in finance costs was mainly due to the overall loan amounts of the Group decreased significantly compared with the same period last year.

Share of results of associates

In this period, we have shared a profit of HK$163 million from Shougang Resources and shared a loss of HK$8 million from Shougang Century, whereas for the same period last year, the share of profit from Shougang Resources and Shougang Century were HK$170 million and HK$9 million respectively.

REVIEW OF OPERATIONS

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

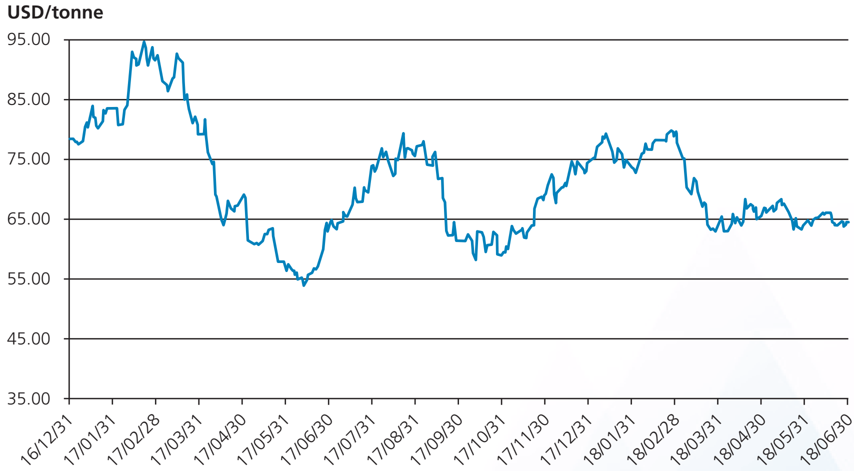
Operation/Entity	Attributable interest	For the six months ended 30 June 2018 HK$ Million	2017 HK$ Million
1. Trading business	100%	**40**	15
2. Car Park Operation business	89.89%	**(9)**	–
3. Private Fund Management business	100%	**20**	–
Sub-total		**51**	15
4. Share of results of associates			
Shougang Resources	27.61%	**163**	170
Shougang Century	35.71%	**(8)**	9
Sub-total		**155**	179
5. Others			
Fair value gain/(loss) on iron ore offtake agreements with Mt. Gibson	–	**20**	(24)
Share of results of a Joint venture	–	**(5)**	–
Exchange gain/(loss)	–	**7**	(5)
Corporate and others	–	**(10)**	(23)
Sub-total		**12**	(52)
Profit attributable to shareholders		**218**	142

REVIEW OF OPERATIONS (CONTINUED)

Trading business

The trading business of the Group mainly involves the trading of iron ore imported by the PRC. Iron ore is a vital raw material for the manufacturing of steel, while steel is one of the important material widely applied in our daily life, including development of infrastructures, real estates, shipbuilding, railways, industrial machineries, automobiles and home appliances, etc. Currently, the steel production of the PRC accounts for approximately 50% of the world's production, which makes the PRC the world's leading steel manufacturer and iron ore consumer. With better quality, imported iron ore helps reducing substantial mining and processing costs for steel manufacturing, therefore, there is strong demand for imported iron ore in the PRC.

Below is the iron ore price movement for the 18 months ended 30 June 2018.



As the iron ore trading business is encountering more and more difficulties, the Group has adjusted its business model according to actual conditions, and started to use hedging tools such as iron ore future/swap to reduce the risks exposed to its trading business.

REVIEW OF OPERATIONS (CONTINUED)

Trading business (continued)

The Group expects that the prospects of the trading business will remain challenging. As a result, it has decided to strictly control the risks of iron ore trading and gradually reduce the revenue from iron ore trading as well as the volume of iron ore transaction.

For the six months ended 30 June 2018, sales volume of iron ore in trading business was approximately 1,380,000 tonnes, representing a decrease of 45% when comparing to the same period last year, and the revenue of which was HK$737 million, representing a decrease of 44% when comparing to the same period last year. This segment contributed net profit of HK$39.73 million for the period, while net profit of HK$15.34 million was recorded in the same period last year. The increase in net profit was mainly due to the reversal of HK$23.49 million resulting from the termination of loss-making iron ore trading contracts and the reversal of HK$23.31 million as a result of the adjustment on trade receivables according to IFRS 9.

Private Fund Management in the PRC

The Group expanded its business to private fund management through the acquisition of Jingji at the end of last year. For the six months ended 30 June 2018, the private fund management business recorded revenue of HK$49.93 million and net profit of HK$19.72 million. As of 30 June 2018, there are 17 funds managed by Jingji with a total subscription scale of RMB14 billion. Currently, the investors of the managed funds include major financial institutions such as Agricultural Bank of China, China Merchants Bank and China Life Insurance, as well as various provincial and municipal government fund investment agencies in Beijing, Hebei Province, Jilin Province, Sichuan Province and Heilongjiang Province, etc. The key investment focus of the funds shall be on car parks based infrastructure and the renovation of old parks. Meanwhile, it will consider investments in health care based consumer upgrades, new energy auto parts and equipment manufacturing, as well as advanced technologies.

REVIEW OF OPERATIONS (CONTINUED)

Private Fund Management in the PRC (continued)

In 2018, the Group successively raised, established and managed a number of new funds to serve the park development business, including:京冀曹妃甸協同發展示範區基金一期(有限合夥)(Beijing-Hebei Caofeidian Co-development Exhibition Zone Fund I) (limited partnership) of RMB1 billion, focusing on supporting the development and construction of Caofeidian Park. The target subscription of 北京首鋼產業轉型基金有限公司 (Beijing Shougang Industry Transformation Fund Co., Ltd.) with a registered capital of RMB10 billion (the first phase of registered capital of RMB3.1 billion), focusing on supporting the development of 新首鋼高端產業綜合服務區 (New Shougang High-end Industry Comprehensive Service Park, "Shougang Park"). The Group adopts the real estate financial model of "funds + bases + industries" to participate in the development, management, operation, and withdrawal of industrial carriers. Through having controlling shareholding or investing in the enterprises in the old industrial zone, it will lead the high-end industries concentrating in the area and promote regional development, transformation and upgrade.

As the fund manager, Jingji is usually the general partner. In line with 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 investment return and alpha returns. At 30 June 2018, Jingji held a basket of interest in the minority stake of funds totaling HK$146 million.

The Group expects that in the foreseeable future, the management fee income and investment return from the provision of private fund management services will achieve sustainable and rapid-growth revenue.

REVIEW OF OPERATIONS (CONTINUED)

Car Park Operation in the PRC

Shouzhong is principally engaged in the business of car parking facilities investment and operation in the PRC. The Group has completed the acquisition of 44.94382% of Shouzhong held by CIMC Transportation on 23 March 2018. Upon the acquisition, Shouzhong is owned as to 89.88764% by the Group. The consideration of RMB209,884,269 will be settled by way of issuing a total of 1,047,931,056 new shares by the Company to CIMC Transportation or its designated person at an issue price of HK$0.2475 per share. On 7 April 2018, the Board resolved to change the registered capital of Shouzhong from RMB445 million to RMB1.5 billion, all of the additional registered capital were contributed by Shouzhong (Hong Kong) Limited, a wholly-owned subsidiary of the Group.

The Group will make great efforts in developing the investment in and operation of car parking facilities, and adhere to the principle of "key cities, prime locations and quality parking spaces", while focusing on segment markets such as airports, hospitals, shopping malls, office buildings and roadside to source high quality and high-return operational projects.

For the six months ended 30 June 2018, the car park operation business recorded revenue of HK$30.67 million and gross profit margin of 13%. The Group currently has 9 car park projects in the PRC and operates approximately 5,800 car parking lots in total. In addition, Shouzhong also owns the car park operation right of a major project in the new airport in Beijing through the investment in 48.125% equity interest in 北京首中停車管理有限公司 (Beijing Shouzhong Car Parking Management Company Limited), a joint venture of Shouzhong. The operation of the new airport project is for a term of 20 years with an option to extend for a further 5 years. The new airport in Beijing will has 4,200 parking lots and is expected to be put into operation by the end of 2019.

Currently, "difficulties and chaos in parking" is one of the painful points in the administration of large and medium-sized cities across China. Due to the huge gap between the demand for and the actual number of parking spaces, it is generally perceived that the outlook for the parking industry is optimistic. The Group provides integrated solutions in relation to regional static traffic control and smart car parking facilities for the painful points in the parking industry such as scattered, weak, small and low operational efficiency, so as to enhance its operation efficiency through improving regional static traffic and dynamic traffic management.

REVIEW OF OPERATIONS (CONTINUED)

PERFORMANCE OF ASSOCIATES

Shougang Resources

Exploration and sale of coking coal

Shougang Resources is a 27.61% held associate of the Group listed in Hong Kong and is a major hard coking coal producer in China. Shougang Resources currently operates three premium coking coal mines in Shanxi province, the PRC namely Xingwu coal mine, Zhaiyadi coal mine and Jinjiazhuang coal mine. It sold 510,000 tonnes raw coking coal and 1,100,000 tonnes clean coking coal during the period and its consolidated revenue for the period was HK$1,978 million, an increase of 3% over that of last period. The average selling price (include VAT) of raw coking coal and clean coking coal sold during the period were RMB733 and RMB1,366 respectively, representing an increase of 4% and decrease of 5% respectively over the last year. Profit attributable to shareholders of Shougang Resources in this period was HK$638 million while the profit was HK$662 million in the corresponding period last year. Profit of Shougang Resources attributable to the Group was HK$163 million in this period while it was HK$170 million in the corresponding period last year.

The strong financial base of Shougang Resources with close to zero gearing ratio and bank balances of HK$4,700 million enable it to maximize its value when appropriate investment opportunities arise.

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

REVIEW OF OPERATIONS (CONTINUED)

PERFORMANCE OF ASSOCIATES (continued)

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% held associate of the Group listed in Hong Kong whose businesses are manufacture of steel cord for radial tyres and sawing wires; 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$8 million in this period, comparing to share of net profit of HK$9 million in the same period last year.

Pursuant to the non-legally binding memorandum of understanding ("MOU") dated 13 July 2014 and the supplemental MOUs dated 30 June 2015 and 30 June 2016 between Shougang Century and an independent third party in relation to the proposed capital injection into one of the wholly-owned major subsidiaries of Shougang Century, 滕州東方鋼簾線有限公司 (Tengzhou Eastern Steel Cord Co., Ltd, "TESC") as well as the proposed strategic cooperation between Shougang Century and the independent third party. On 12 July 2018, the second supplemental MOU expired and ceased to have any effect. Thus, Shougang Century will have no further obligation to proceed with the proposed capital injection or the proposed strategic cooperation with the independent third party. The directors of the Company are of the view that the lapse of the second supplemental MOU does not have any material adverse impact on the business operation and financial position of Shougang Century.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

We aim to diversify our funding sources through utilization of both banking and capital markets. To the extent possible, financing is arranged to match business characteristics and cash flows.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES (CONTINUED)

1. Cash/Bank Balances and Loans

The cash and bank balances, loans and financial leverage of the Group as at 30 June 2018 as compared to 31 December 2017 is summarized below:

	As at 30 June 2018 HK$ Million	As at 31 December 2017 HK$ Million
Cash and bank deposits	**1,570**	1,490
Loans from related companies		
– Financial leasing loans	**71**	–
Total loans	**71**	–
Shareholders' funds	**7,361**	7,025
Gearing ratio	**0.96%**	N/A

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES (CONTINUED)

2. Price, Currency and Interest Rate Risk

The Company manages its financial risks in accordance with guidelines instructed by its Board of Directors. The treasury policy aims to manage the Group currency, interest rate and counterparty risks. Derivatives are mainly used for managing such 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 minimize currency exposure, non-Hong Kong dollar 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 2018, around 99.8% of the Group's revenue was denominated in US dollars. Floating rate borrowings are used in the portfolio of the Group's borrowing. The Group also enters into certain interest rate swaps to mitigate interest rate risks if necessary. To cope with the trading situation, the Group started to use iron ore future/swap and foreign exchange forward to hedge for the price risks of the purchase cost and selling price arising from iron ore trading.

At the end of the reporting period, the Group held the iron ore futures contract of the net purchase of 30,000 tonnes of July 2018 with a contract value of US$1,922,500, and the iron ore futures contract of the net sale of 185,000 tonnes of August 2018 with a contract value of US$11,877,500.

3. Financing Activities

On 2 February 2018, an indirect non wholly-owned subsidiary of the Company entered into a lease agreement with South China International Leasing Company Limited ("South China Leasing"), pursuant to which South China Leasing has agreed to provide finance lease to the subsidiary by way of sale and leaseback the leased assets to the subsidiary for a term of 1 year. Other than which, the Company has no new term loan financing from bank during the period.

MATERIAL ACQUISITIONS & DISPOSALS

There were no material acquisitions and disposals by the Group during this period.

CAPITAL STRUCTURE

The Company issued 1,047,931,056 new shares during this period.

The issued share capital of the Company was HK$7,576,945,623 (represented by 18,963,723,510 ordinary shares).

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of 281 employees as at 30 June 2018.

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 hospitalization scheme. All of the subsidiaries of the Group in Hong Kong provide pension schemes to the employees as part of their staff benefits.

PROSPECTS

In 2017, the Group acquired the businesses of private fund management and car park operation in the PRC, and specified its principal business to focus on car park asset operation and management, fund management and park development supported by international trade. While creating long-term and stable profits for the Company, the private fund management business also contributed to the development of the businesses of park development and car park operation. A unique development model of "funds + bases + industries" was formed, providing a strong platform for our growth in the future. The car park operation business in the PRC has a rosy outlook thanks to the strong demand of domestic citizen for automobiles and is also our principal business to expand in the future. It is expected that the car park operation business of the Group will witness an extreme rapid development by targeting the markets, both domestic and overseas. However, the business of trading of imported iron ore was difficult to generate profit to the Group due to the traditional back to back trading of mainstream minerals. For this reason, our trading team has utilised tools of iron ore future/swap since this year to hedge the operation risks of trading business. The Group will continue to adjust its trading business model to accommodate the changing market conditions.

PROSPECTS (CONTINUED)

In order to support the business transformation, the Group has introduced new strategic shareholders to seek longer-term and broader development for the new principle business in the future. At the end of 2017, Shougang Fund acquired approximately 1.79 billion shares in the Company. In March 2018, the Company successfully completed the offering of approximately 1.05 billion new shares to CIMC Transportation. Furthermore, in May 2018, NWS Group acquired approximately 1.9 billion shares in the Company.

In addition, the Group announced that on 24 July 2018, the Company entered into a fund subscription agreement with Shougang Fund, NWS Group and ORIX Asia, pursuant to which, the Company conditionally agreed to allot and issue, and Shougang Fund, NWS Group and ORIX Asia have conditionally agreed to subscribe for an aggregate of approximately 4.9 billion new shares under the specific mandate subscription. The subscription shares will be issued at a subscription price of HK$0.25 per subscription share. The subscription is subject to the shareholders' approval at the GM. The subscription shares will be allotted and issued under a specific mandate to allot, issue and deal with the subscription shares by a resolution to be proposed for approval by the shareholders at the GM.

The introduction of strategic shareholders will greatly help the Company's business development, improvement of governance, and optimization 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. The Group would like to express gratitude for the immense support from Shougang Group, the ultimate controlling shareholder of the Company, to assist the Company to navigate such difficult times. Thus, the Company has transitioned smoothly.

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2018 (2017: Nil).

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

(a) Long positions in the shares and underlying shares of the Company

Name of Director	Capacity in which interests were held	Number of shares held	Total shareholding as to % of the total number of shares of the Company in issue as at 30.06.2018
Liang Hengyi	Beneficial owner	500,000	0.0026
Liu Jingwei	Beneficial owner	500,000	0.0026
Wang Xin	Beneficial owner	200,000	0.0010
	Interest of spouse	1,000,000	0.0053

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(b) Long positions in the shares of associated corporation of the Company

Name of Director	Name of associated corporation	Capacity in which interests were held	Number of shares in the associated corporation held	Total shareholding as to % of the total number of shares of the associated corporation in issue as at 30.06.2018
Li Shaofeng	Shougang Concord Century Holdings Limited	Beneficial owner	1,652,000	0.0859%

Save as disclosed above, as at 30 June 2018, none of the Directors or chief executive of the Company or their respective associates had registered any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other than those disclosed in this section and the section headed "Share Option Scheme", no right to subscribe for equity or debt securities of the Company has been granted by the Company to, nor have any such rights been exercised by, any Directors or chief executives of the Company (including their spouses or children under 18 years of age) during the six months ended 30 June 2018.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS UNDER THE SFO

So far as is known to the Directors and chief executive of the Company, as at 30 June 2018, the following persons (other than a Director or chief executive of the Company) had or deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares/underlying shares of the Company

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares	Shareholding as to % of the total number of shares of the Company in issue as at 30.06.2018	*Note(s)*
Shougang Group	Interests of controlled corporation	9,833,903,865	51.85	*1*
Cheng Yu Tung Family (Holdings II) Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
Cheng Yu Tung Family (Holdings) Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
Chow Tai Fook Capital Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
Chow Tai Fook (Holding) Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
Chow Tai Fook Enterprises Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
New World Development Company Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*

Name of shareholder	Capacity in which interests were held	Number of shares/ underlying shares	Shareholding as to % of the total number of shares of the Company in issue as at 30.06.2018	*Note(s)*
NWS Holdings Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
NWS Service Management Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
NWS Service Management Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
NWS FM Holdings Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
NWS FM Limited	Interests of controlled corporation	1,900,000,000	10.02	*2*
Rocket Parade Limited	Beneficial owner	1,900,000,000	10.02	*2*
China International Marine Containers (Group) Co., Ltd.	Interests of controlled corporation	1,047,931,056	5.53	*3*

Notes:

1. Shougang Group is interested in all the shares of the Company held by its direct and indirect subsidiaries, namely, Shougang Holding (Hong Kong) Limited (holding 360,601,160 shares of the Company), China Gate Investment Limited (holding 2,757,829,774 shares of the Company), Grand Invest International Limited (holding 768,340,765 shares of the Company), Wide Success Holdings Limited (holding 4,106,748,921 shares of the Company), Prime Success Investments Limited (holding 48,574,000 shares of the Company), Lyre Terrace Management Limited (holding 230,000 shares of the Company) and Jingxi Holdings Limited (holding 1,791,579,245 shares of the Company).

2. Rocket Parade Limited is wholly-owned by NWS FM Limited which is a wholly-owned subsidiary of NWS FM Holdings Limited. NWS FM Holdings Limited is wholly-owned by NWS Service Management Limited (incorporated in the British Virgin islands) which is a wholly-owned subsidiary of NWS Service Management Limited (incorporated in the Cayman Islands) ("NWS Service"). NWS Service is wholly-owned by NWS Holdings Limited which is held as to 61.09% by New World Development Company Limited, which is in turn held as to 44.41% by Chow Tai Fook Enterprises Limited ("Chow Tai Fook Enterprises"). Chow Tai Fook Enterprises is wholly-owned by Chow Tai Fook (Holding) Limited, which is held as to 81.03% by Chow Tai Fook Capital Limited, which is in turn held as to 48.98% by Cheng Yu Tung Family (Holdings) Limited and as to 46.65% by Cheng Yu Tung Family (Holdings II) Limited respectively.

3. China International Marine Containers (Group) Co., Ltd. is interested in the shares of the Company held by its indirect wholly-owned subsidiary, CIMC Transportation.

Save as disclosed above, as at 30 June 2018, the Company had not been notified by any person (other than a Director or chief executive of the Company), who had any interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

At the annual general meeting held on 25 May 2012, the Company adopted a share option scheme (the "Scheme") for the purpose of providing incentives or rewards to selected participants for their contribution or potential contribution to the Company and/or any of its subsidiaries and/or any entity in which any member of the Group holds any equity interest. Since the adoption of the Scheme, no options have been granted, exercised, lapsed, cancelled or outstanding thereunder as at 30 June 2018.

AUDIT COMMITTEE

The Company has engaged the Auditor to assist the Audit Committee to review the 2018 interim results of the Group. A meeting of the Audit Committee was held with the Auditor and the management of the Company on 21 August 2018 for, amongst other things, reviewing the interim results of the Group for the six months ended 30 June 2018.

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 2018.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as a code of conduct of the Company for Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions throughout the six months ended 30 June 2018.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The following are the changes in the information of Directors since the date of the 2017 Annual Report of the Company (or the date of announcement for appointment as Directors), which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

(a) Mr. Xu Liang, an Executive Director of the Company, ceased to be the chairman of the board of directors of Global Digital Creations Holdings Limited, a company listed on the Stock Exchange, but remained as its executive director with effect from 21 July 2018.

(b) Mr. Liu Jingwei, a Non-executive Director of the Company, has been appointed as an independent director of BeiJing StarNeto Technology Co., Ltd., a company listed on Shenzhen Stock Exchange, with effect from 16 May 2018.

(c) Mr. Ho Gilbert Chi Hang, a Non-executive Director of the Company, has been appointed as an executive director of NWS Holdings Limited, a company listed on the Stock Exchange, with effect from 9 July 2018.

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
Zhao Tianyang
Chairman

Hong Kong, 30 August 2018