首鋼福山資源集團有限公司
SHOUGANG FUSHAN RESOURCES GROUP LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 639)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

(HK$'million)	**For the year ended 31 December 2019**	2018	**Percentage change**
Revenue	**3,869**	3,686	+5%
Gross profit	**1,989**	1,901	+5%
Gross profit margin	**51%**	52%	
Profit for the year	**1,176**	1,152	+2%
Profit attributable to owners of the Company ("Owners")	**1,140**	1,100	+4%
Adjusted EBITDA[1]	**2,221**	2,028	+10%
Basic earnings per share *(HK cents)*	**21.51**	20.76	+4%

(HK$'million)	**As at 31 December 2019**	2018	**Percentage change**
Net assets	**17,046**	16,776	+2%
Equity per share attributable to Owners *(HK$)*	**2.96**	2.90	+2%
Current ratio[2]	**2.61 times**	2.58 times	+1%

The board of directors has proposed a 2019 final dividend of HK8.7 cents (2018: HK8.5 cents) per ordinary share.

Notes:

1. Adjusted EBITDA is defined as profit before income tax plus finance costs, change in fair value of derivative financial instruments, share of profit/(loss) of an associate, depreciation, amortisation and written off of property, plant and equipment.

2. Current ratio is computed from total current assets divided by total current liabilities.

The board of directors (the "Board") of Shougang Fushan Resources Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 with comparative figures for the year ended 31 December 2018. These final results have been reviewed by the Audit Committee of the Company.

FINANCIAL INFORMATION

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue from contracts with customers	3	**3,869,308**	3,686,176
Cost of sales		**(1,880,565)**	(1,785,634)
Gross profit		**1,988,743**	1,900,542
Interest income		**136,755**	124,445
Other income and gains/(losses), net	4	**99,575**	35,790
Selling and distribution expenses		**(250,051)**	(208,621)
General and administrative expenses		**(182,291)**	(205,351)
Other operating expenses	5	**(146,476)**	(6,437)
Finance costs	6	**(4,912)**	–
Change in fair value of derivative financial instruments		**(8,555)**	–
Share of profit/(loss) of an associate		**27**	(659)
Profit before income tax	7	**1,632,815**	1,639,709
Income tax expense	8	**(456,674)**	(487,781)
Profit for the year		**1,176,141**	1,151,928

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		**(329,530)**	(585,649)
Item that will not be reclassified to profit or loss:			
Fair value gain on financial assets measured at fair value through other comprehensive income		**350,978**	24,374
Total comprehensive income for the year		**1,197,589**	590,653
Profit for the year attributable to:			
Owners of the Company		**1,140,413**	1,100,488
Non-controlling interests		**35,728**	51,440
Profit for the year		**1,176,141**	1,151,928
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,198,776**	605,105
Non-controlling interests		**(1,187)**	(14,452)
Total comprehensive income for the year		**1,197,589**	590,653
Earnings per share			
– Basic and diluted *(HK cents)*	*10*	**21.51**	20.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	**2019**	2018
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,691,435**	3,609,544
Prepaid lease payments		**–**	60,062
Land use rights		**60,772**	–
Right-of-use assets		**26,076**	–
Mining rights		**7,356,663**	7,751,953
Goodwill		**1,222,775**	1,255,559
Interest in an associate		**11,590**	11,880
Financial assets measured at fair value through other comprehensive income		**1,083,903**	654,053
Deposits, prepayments and other receivables		**539,020**	489,947
Deferred tax assets		**55,322**	22,752
Total non-current assets		**14,047,556**	13,855,750
Current assets			
Inventories		**123,530**	130,069
Trade receivables	*11*	**490,613**	669,837
Bills receivables	*11*	**1,306,706**	1,578,345
Deposits, prepayments and other receivables		**319,316**	319,677
Other financial asset		**232,500**	200,000
Pledged bank deposits		**190,605**	190,029
Time deposits with original maturity over three months		**1,049,501**	854,010
Cash and cash equivalents		**3,712,383**	3,453,325
Total current assets		**7,425,154**	7,395,292
Total assets		**21,472,710**	21,251,042

	Notes	2019 HK$'000	2018 HK$'000
Current liabilities			
Trade and bills payables	*12*	**652,566**	834,903
Lease liabilities		**7,119**	–
Other financial liability		**178,200**	178,358
Other payables and accruals		**1,501,517**	1,426,081
Derivative financial instruments		**5,117**	–
Amounts due to non-controlling interests of subsidiaries		**98,158**	72,228
Tax payables		**403,277**	357,130
Total current liabilities		**2,845,954**	2,868,700
Net current assets		**4,579,200**	4,526,592
Total assets less total current liabilities		**18,626,756**	18,382,342
Non-current liabilities			
Deferred tax liabilities		**1,559,503**	1,606,536
Lease liabilities		**20,941**	–
Total non-current liabilities		**1,580,444**	1,606,536
Net assets		**17,046,312**	16,775,806
EQUITY			
Equity attributable to owners of the Company			
Share capital		**15,156,959**	15,156,959
Reserves		**524,621**	227,157
Total equity attributable to owners of the Company		**15,681,580**	15,384,116
Non-controlling interests		**1,364,732**	1,391,690
Total equity		**17,046,312**	16,775,806

Notes:

1. GENERAL INFORMATION

Shougang Fushan Resources Group Limited (the "Company") is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is 6th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wanchai, Hong Kong. The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The principal places of business of the Company and its subsidiaries (collectively referred to as the "Group") are in Hong Kong and the People's Republic of China (the "PRC").

The principal activity of the Company is investment holding. The principal activities of the Group's subsidiaries comprise coking coal mining, production and sales of coking coal products. There were no significant changes in the Group's operations during the year.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is the same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements for the year ended 31 December 2019 were approved for issue by the board of directors (the "Board") of the Company on 26 March 2020.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations and the requirements of the Hong Kong Companies Ordinance Cap. 622 (the "Companies Ordinance"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost basis except for certain financial instruments classified as financial assets measured at fair value through other comprehensive income and derivative financial instruments which are measured at fair values.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of final results for the year ended 31 December 2019 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2019 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

(a) Adoption of new or amended standards and interpretations – effective 1 January 2019

The following new and amended standards and interpretations apply for the first time to the Group's financial reporting period commencing on 1 January 2019:

Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual improvements to HKFRSs 2015–2017 Cycle
HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty Over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interest in Associates in Joint Ventures

The impact of the adoption of HKFRS 16 is disclosed below in note 2(c). The other standards did not have any impact on the Group's accounting policies and are not expected to significantly affect the current or future periods.

(b) New and amended standards and interpretations that have been issued but are not yet effective

The following new and amended standards and interpretations, which are potentially relevant to the Group's financial statements have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 3	Definition of a Business[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective date to be determined.

None of the new and amended standards and interpretations issued but not yet applied by the Group is expected to have a significant effect on the financial statements of the Group.

(c) Changes in accounting policies

This note explains the impact of the adoption of HKFRS 16 on the Group's financial statements.

(a) Adoption of HKFRS 16

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balances on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.52%.

(i) *Practical expedient applied*

In applying HKFRS 16 for the first time, the Group has used the practical expedients permitted by the standard to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

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

(ii) *Measurements of lease liabilities and right-of-use assets*

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	43,686
Discounted using the lessee's incremental borrowing rate at the date of initial application on 1 January 2019	(11,842)
Lease liabilities recognised as at 1 January 2019	31,844
Of which are:	
Current lease liabilities	5,816
Non-current lease liabilities	26,028
	31,844

The associated right-of-use assets (including land use rights which is presented as a separate line items in the consolidated statement of financial position) were measured at the amount equals to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018.

The recognised right-of-use assets relate to land and office premises.

(iii) Adjustments recognised in the consolidated statement of financial position on 1 January 2019

Prepaid lease payments of HK$60,062,000 as at 1 January 2019 have been reclassified as land use rights being a part of the right-of-use assets of the Group.

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

- right-of-use assets – increased by HK$31,844,000;
- lease liabilities – increased by HK$31,844,000;
- land use rights – increased by HK$60,062,000;
- prepaid lease payments – decreased by HK$60,062,000.

There was no net impact on retained earnings on 1 January 2019.

3. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION

The Group's principal activities are disclosed in note 1 to this result announcement. Revenue from contracts with customers, which is also the Group's turnover, represents the sales value of coking coal products in the ordinary course of businesses which are recognised at a point in time. Revenue recognised is as follows:

	2019	2018
	HK$'000	*HK$'000*
Sales of raw coking coal	**107,190**	592,720
Sales of clean coking coal	**3,762,118**	3,093,456
	3,869,308	3,686,176

The executive directors has been identified as chief operating decision-maker of the Company. The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product lines. The Group has identified one reportable segment as follows:

Coking coal mining: Mining and exploration of coal resources and production of raw and clean coking coal in the PRC

The executive directors regard the Group's business as a single operating segment and review financial information accordingly. Therefore, no segment information is presented. The executive directors primarily use a measure of profit before income tax to assess the performance of the operating segment.

The Group's revenue from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Principal markets				
PRC	**3,869,308**	3,686,176	**12,904,496**	13,178,829
Hong Kong	**–**	–	**3,835**	116
	3,869,308	3,686,176	**12,908,331**	13,178,945

Geographical location of customers is based on the location at which the goods were delivered whilst geographical location of non-current assets is based on the physical location of the assets.

During the year, revenue from customers over 10% of the Group's coking coal mining segment amounted to HK$1,187,334,000 and HK$992,960,000, which represented 31% and 26% of the Group's revenue. In last year, the respective revenue from customers over 10% of the Group's coking coal mining segment amounted to HK$892,739,000, HK$826,383,000 and HK$471,557,000, which represented 24%, 22% and 13% of the Group's revenue.

4. OTHER INCOME AND GAINS/(LOSSES), NET

	2019	2018
	HK$'000	*HK$'000*
Dividend income	**56,022**	36,624
Income from sales of by-products	**55,596**	26,579
Net foreign exchange loss	**(16,857)**	(28,164)
Others	**4,814**	751
	99,575	35,790

5. OTHER OPERATING EXPENSES

	2019	2018
	HK$'000	*HK$'000*
Written off of property, plant and equipment *(Note)*	**128,784**	–
Loss on disposals of property, plant and equipment	**14,182**	3,427
Others	**3,510**	3,010
	146,476	6,437

Note: Upon the commencement of trial production of the lower coal seam of Jinjiazhuang Coal Mine, the well entrance of the upper coal seam was closed down in May 2019. Thus, the net carrying amount of the related underground mining structures of the upper coal seam were written off during the year ended 31 December 2019.

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest charged on discounted bills receivables	**3,502**	–
Interest expense on lease liabilities	**1,410**	–
	4,912	–

No borrowing costs were capitalised for the years ended 31 December 2019 and 2018.

7. PROFIT BEFORE INCOME TAX

	2019	2018
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging:		
Auditor's remuneration		
– audit services	**1,600**	1,550
– other services	**414**	542
Cost of inventories sold	**1,880,565**	1,785,634
Amortisation of:		
– prepaid lease payments	**–**	1,778
– land use rights	**1,781**	–
– mining rights	**195,429**	153,437
Depreciation of:		
– property, plant and equipment	**243,178**	232,613
– right-of-use assets	**5,162**	–
Staff costs (including directors' emoluments)	**675,579**	611,816

8. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Current tax – PRC income tax		
– Current year	**496,406**	463,525
– Over provision in respect of prior years	**(1,000)**	(753)
Deferred tax		
– Current year	**(38,732)**	25,009
	456,674	487,781

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no assessable profits arising in Hong Kong for 2019 and 2018.

In accordance with the Income Tax Law of the PRC for Enterprises with Foreign Investment, the Group's major operating subsidiaries, namely Shanxi Liulin Xingwu Coal Co., Limited ("Xingwu"), Shanxi Liulin Jinjiazhuang Coal Co., Limited ("Jinjiazhuang") and Shanxi Liulin Zhaiyadi Coal Co., Limited ("Zhaiyadi"), all established in the PRC, are subject to 25% enterprise income tax in the PRC.

The Group is also subject to withholding tax at the rate of 5% (2018: 5%) on the distributions of profits generated from the Group's major PRC subsidiaries which are directly owned by the Group's subsidiaries incorporated in Hong Kong.

9. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distributions during the year:		
No 2018 special dividend (2018: 2017 special dividend of HK6.3 cents per ordinary share)	–	334,016
2018 final dividend of HK8.5 cents (2018: 2017 final dividend of HK7.2 cents) per ordinary share	**450,656**	381,732
2019 interim dividend of HK8.5 cents (2018: 2018 interim dividend of HK8.3 cents) per ordinary share	**450,656**	440,053
	901,312	1,155,801

On 26 March 2020, the Board proposed a final dividend of HK8.7 cents per ordinary share totalling HK$461,260,000 to the owners of the Company in respect of the year ended 31 December 2019. The final dividend is subject to the shareholder's approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2019 has not been recognised as a liability as at 31 December 2019.

On 21 March 2019, the Board proposed a final dividend of HK8.5 cents per ordinary share totalling HK$450,656,000 to the owners of the Company in respect of the year ended 31 December 2018. The final dividend was approved by shareholders at the annual general meeting held on 16 May 2019 and was paid on 11 July 2019. The final dividend proposed after 31 December 2018 has not been recognised as a liability as at 31 December 2018.

10. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share to owners of the Company are based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Profit used to determine basic and diluted earnings per share	**1,140,413**	1,100,488
	'000 shares	*'000 shares*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**5,301,837**	5,301,837

Basic earnings per share is HK21.51 cents (2018: HK20.76 cents), based on the profit for the year attributable to owners of the Company of HK$1,140,413,000 (2018: HK$1,100,488,000) and weighted average number of ordinary shares as set out above for basic earnings per share.

No share options had been granted under the 2012 share option scheme since its adoption. Accordingly, as at 31 December 2019 and 2018, there was no share option outstanding and the Company did not have any dilutive potential ordinary shares during years ended 31 December 2019 and 2018.

11. TRADE AND BILLS RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**702,293**	887,290
Less: Provision for impairment loss	**(211,680)**	(217,453)
	490,613	669,837
Bills receivables	**1,306,706**	1,578,345
	1,797,319	2,248,182

Trade receivables generally have credit terms ranging from 60 to 90 days (2018: 60 to 90 days) and no interest is charged. Bills receivables are expiring within one year. As at 31 December 2019 and 2018, all of the trade and bills receivables are denominated in RMB.

As at 31 December 2019, bills receivables amounted to RMB253,042,000 (equivalent to HK$278,346,000) (2018: RMB292,531,000 (equivalent to HK$330,560,000)) were pledged for bills payables (note 12).

The Group endorsed certain of its bills receivables with full recourse to the creditors. In the event of default by the debtors, the Group is obliged to pay the creditors the amount in default. The Group is therefore exposed to the risks of credit losses and late payment in respect of its endorsed bills receivables.

The endorsement transactions do not meet the requirements for de-recognition of financial assets as the Group retains substantially all of the risks and rewards of ownership of the endorsed bills receivables. As at 31 December 2019, bills receivables of RMB70,604,000 (equivalent to HK$77,664,000) (2018: RMB122,622,000 (equivalent to HK$138,563,000)) continue to be recognised in the Group's consolidated financial statements although they have been legally transferred to the creditors. The proceeds of the endorsement transactions are included in trade payables and other payables until the related bills receivables are collected or the Group settles any losses suffered by the creditors.

As at 31 December 2019, the bills receivables endorsed to trade creditors and other creditors amounted to RMB6,964,000 (equivalent to HK$7,660,000) (2018: RMB19,500,000 (equivalent to HK$22,035,000)) (note 12) and RMB63,640,000 (equivalent to HK$70,004,000) (2018: RMB103,122,000 (equivalent to HK$116,528,000)) respectively.

As these bills receivables have been legally transferred to the creditors, the Group does not have the authority to determine the disposition of the bills receivables.

As at 31 December 2019, ageing analysis of net trade receivables, based on the invoice dates, is as follows:

	2019	2018
	HK$'000	*HK$'000*
Up to 90 days	**490,613**	382,432
91 to 180 days	**–**	287,405
	490,613	669,837

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

The Group does not hold any collateral over these balances.

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case impairment loss is written off against trade and bills receivables directly.

Movement in the loss allowance of trade receivables is as follows:

	2019	2018
	HK$'000	*HK$'000*
At 1 January	**217,453**	227,847
Exchange differences	**(5,773)**	(10,394)
At 31 December	**211,680**	217,453

12. TRADE AND BILLS PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**240,461**	317,726
Bills payables	**412,105**	517,177
	652,566	834,903

The Group was granted by its suppliers credit period ranging between 30 to 180 days (2018: 30 to 180 days). As at 31 December 2019 and 2018, all of the trade and bills payables are denominated in RMB.

Based on the invoice dates, ageing analysis of trade payables as at 31 December 2019 is as follows:

	2019	2018
	HK$'000	*HK$'000*
Up to 90 days	**170,043**	231,896
91 to 180 days	**38,528**	47,123
181 to 365 days	**11,488**	16,211
Over 365 days	**20,402**	22,496
	240,461	317,726

As at 31 December 2019, bills payables amounted to RMB374,640,000 (equivalent to HK$412,105,000) (2018: RMB457,629,000 (equivalent to HK$517,121,000)) were secured by the pledged bank deposits of RMB129,800,000 (equivalent to HK$142,780,000) (2018: RMB166,752,000 (equivalent to HK$188,430,000)) and bills receivables of RMB253,042,000 (equivalent to HK$278,346,000) (2018: RMB292,531,000 (equivalent to HK$330,560,000)) (note 11).

As at 31 December 2019, included in trade payables is a balance of RMB6,964,000 (equivalent to HK$7,660,000) (2018: RMB19,500,000 (equivalent to HK$22,035,000)) which represents bills receivables endorsed to trade creditors which do not meet the de-recognition requirements. The corresponding financial assets are included in bills receivables (note 11).

13. CAPITAL COMMITMENTS

	2019	2018
	HK$'000	*HK$'000*
Commitments for the:		
− Acquisition of property, plant and equipment	**259,903**	194,767
− Exploration and design fees for a potential mining project	**8,228**	8,452
	268,131	203,219

14. EVENTS OCCURRING AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19"), a series of precautionary and control measures have been and is expected to be continued to be implemented across the country. Up to the date of this announcement, the Group was not aware of any material adverse effects on the financial statements as a result of the COVID-19 outbreak. As the World Health Organisation announced COVID-19 outbreak as a pandemic, an economic slowdown or recession is expected which will affect the demand and market price of coking coal. All of these may have a negative impact on the future results of the Group. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group, and the Group shall take proactive measures in response to the impact.

FINAL DIVIDEND

The Board has proposed a final dividend of HK8.7 cents per ordinary share for the year ended 31 December 2019 (2018 final dividend: HK8.5 cents per ordinary share), payable to shareholders whose names appear on the register of members of the Company at the close of business on Monday, 8 June 2020. The proposed final dividend (HK8.7 cents per ordinary share) together with the interim dividend (HK8.5 cents per ordinary share) paid in 2019 will make a total dividend of HK17.2 cents per ordinary share for the year ended 31 December 2019 (2018 total dividend: HK16.8 cents per ordinary share).

Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Thursday, 21 May 2020 (the "AGM"), the final dividend is expected to be paid on Thursday, 23 July 2020. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 8 June 2020 for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 18 May 2020 to Thursday, 21 May 2020 (both days inclusive) to determine the entitlement to attend and vote at the AGM. During such period, no transfer of shares of the Company will be registered. In order to qualify for the entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 15 May 2020 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The key operational data of our three premium operating coking coal mines in Liulin County, Shanxi Province (Xingwu Coal Mine, Jinjiazhuang Coal Mine and Zhaiyadi Coal Mine, collectively referred to as the "Three Mines") for the year ended 31 December 2019 (the "year under review") together with that of the same period of 2018 is summarised as follows:

		For the year ended 31 December		Change	
	Unit	**2019**	2018	Quantity/ Amount	Percentage
Production volume:					
Raw coking coal	Mt	**4.41**	4.07	+0.34	+8%
Clean coking coal	Mt	**2.75**	2.12	+0.63	+30%
Sales volume:					
Raw coking coal	Mt	**0.12**	0.74	-0.62	-84%
Clean coking coal	Mt	**2.70**	2.10	+0.60	+29%
Average realised selling price (inclusive of VAT):					
Raw coking coal	RMB/tonne	**864**	786	+78	+10%
Clean coking coal	RMB/tonne	**1,396**	1,451	-55	-4%

For the year ended 31 December 2019, the Group produced approximately 4.41 million tonnes ("Mt") (2018: approximately 4.07 Mt) of raw coking coal, representing a year-on-year ("YoY") increase of 8% and also the production volume of clean coking coal increased to approximately 2.75 Mt (2018: approximately 2.12 Mt), representing a YoY increase of 30% as a result of increase in production volume of raw coking coal by approximately 0.34 Mt and significant reduction of sales volume of raw coking coal by approximately 0.62 Mt. Due to the upgrading in mining technologies and the resumption normal production of Jinjiazhuang Coal Mine gradually in August 2019 which offset the negative effect of the implementation of new production restriction policies such as limitation of number of mining work platforms, our raw coal production volume was increased by 8% YoY in 2019.

In line with the increase in production volume of clean coking coal, the sales volume of clean coking coal also increased sharply by 29% YoY even though sales volume of raw coking coal dropped significantly by 84% YoY during the year under review. This is in line with the Group's long-term strategy to concentrate on clean coking coal sales. Sales of raw and clean coking coal accounted for 3% and 97% of the Group's turnover respectively for the year ended 31 December 2019. They accounted for 16% and 84% respectively for the year ended 31 December 2018.

In the first half of 2019, the market prices of coking coal rose YoY. However, following the impact of the economic growth slowdown in the Mainland China, the market prices of coking coal have been falling since the second half of 2019. For the year ended 31 December 2019, the Group's average realised selling price (inclusive of value added tax "VAT") of raw coking coal increased by 10% YoY to Renminbi ("RMB") 864/tonne when compared with that of the same period of 2018 (2018: RMB786/tonne) and the Group's average realised selling price (inclusive of VAT) of clean coking coal decreased by 4% YoY to RMB1,396/tonne when compared with that of the same period of 2018 (2018: RMB1,451/tonne). The selling price of our raw coking coal was decreased in line with market. But the average realised selling price of our raw coking coal increased YoY mainly because of the increase in selling proportion of hard raw coking coal with higher selling price during the year under review. On the other hand, the drop in average realised selling price of our clean coking coal was slightly higher than market price because of the decrease in selling proportion of No.1 clean coking coal with higher selling price during the year under review. In terms of its sales volume, sales of hard and semi-hard raw coking coal accounted for 85% and 15% (2018: 11% and 89%) of the total raw coking coal sales volume respectively for the year ended 31 December 2019. In addition, sales of No.1 and No.2 clean coking coal accounted for 37% and 63% (2018: 46% and 54%) of the total clean coking coal sales volume respectively for the year ended 31 December 2019.

FINANCIAL REVIEW

For the year ended 31 December 2019, the Group recorded a turnover of approximately Hong Kong Dollars ("HK$") 3,869 million, representing an increase of approximately HK$183 million or 5% YoY as compared with that of approximately HK$3,686 million for the same period of 2018. The increase in turnover was mainly driven by the rise in overall sales volume of coal products, the positive impact of which has partially overridden by the decrease in average realised selling prices of clean coking coal by 4% YoY and the drop in average RMB exchange rate for the year under review.

For the year ended 31 December 2019, the total turnover to the top five customers accounted for 74% (2018: 72%) of the Group's turnover. Of which, the total turnover to the largest customer accounted for 31% (2018: 24%) of the Group's turnover.

For the year ended 31 December 2019, gross profit margin was 51% while 52% for the same period in 2018. Gross profit was increased by approximately HK$88 million or 5% YoY.

For the year ended 31 December 2019, the Group recorded a net profit of approximately HK$1,176 million and profit attributable to the owners of the Company (the "Owner") of approximately HK$1,140 million. Suffered from the depreciation of RMB average exchange rate by approximately 4% YoY, the net profit and profit attributable to the Owners derived from the Group's coal business, which RMB is its functional currency, reduced by approximately HK$45 million and approximately HK$44 million YoY respectively. In addition, during the year under review, the Group had also made a one-off non-cash write off of property, plant and equipment mainly in relation to the carrying amount of underground mining structures of the upper coal seam of Jinjiazhuang Coal Mine upon its closure amounted to approximately HK$129 million. Excluding the impact on aforesaid exchange rate and the one-off written off, the Group would record a net profit of approximately HK$1,318 million and profit attributable to Owners of approximately HK$1,247 million, increased by approximately HK$166 million and approximately HK$147 million YoY respectively. During the year under review, save for the growth of coal business, the Group also recorded (i) an increase in dividend income generated from financial assets of approximately HK$19 million YoY; (ii) the increase in income from sales of by-products by approximately HK$29 million YoY as a result of the increase in sales volume of by-products being produced in the process of production of clean coking coal products and the increase in its selling prices because of direct sales to end-users; and (iii) the reduction in net foreign exchange loss by approximately HK$11 million YoY as a result of the realised exchange gain of approximately HK$21 million arose from the exchange of RMB and USD into HK$ at good time which partially offset the effect on the depreciation in RMB exchange rate by 2.65% as at 31 December 2019 when compare with that as at 31 December 2018 (2018: depreciation in RMB exchange rate by 4.56% as at 31 December 2018 when compare with that as at 31 December 2017).

During the year under review, basic earnings per share was HK21.51 cents (2018: HK20.76 cents).

The Group recorded Adjusted EBITDA of approximately HK$2,221 million (2018: approximately HK$2,028 million) and generated a positive cash flow of approximately HK$1,922 million (2018: approximately HK$1,643 million) from our operating activities during the year under review. As at 31 December 2019, the Group continues to maintain a healthy financial position and has free bank balances and cash of approximately HK$4,762 million (As at 31 December 2018: approximately HK$4,307 million). The increase in bank balances and cash is mainly due to the increase in cash inflow generated from operating activities during the year under review. The Group earned the return on cash resources amounting to approximately HK$128 million (2018: approximately HK$124 million) during the year under review.

Cost of Sales

During the year under review, cost of sales was approximately HK$1,881 million, representing an increase of approximately HK$95 million or 5% YoY, as compared with that of approximately HK$1,786 million for the same period of 2018. The increase in cost of sales was due to the increase in actual usage volume of raw coking coal for sales and also increase in unit production cost of raw coking coal, of which partially offset by the depreciation in RMB average exchange rate.

The unit production costs are summarised as follows:

Unit: RMB/tonne

	For the year ended 31 December		Change	
	2019	2018	Amount	Percentage
Production cost of raw coking coal	**352**	337	+15	+4%
Less: Depreciation and amortisation	**(74)**	(62)	+12	+19%
Cash production cost of raw coking coal	**278**	275	+3	+1%
Less: Uncontrollable costs – resources tax and levies	**(57)**	(61)	-4	-7%
Sub-total	**221**	214	+7	+3%
Processing cost for clean coking coal	**53**	61	-8	-13%
of which, depreciation	**(11)**	(15)	-4	-27%

Included in cost of sales, amortisation of mining rights was approximately HK$195 million for the year ended 31 December 2019, representing an increase of approximately HK$42 million or 27% YoY, as compared with that of approximately HK$153 million for the same period of 2018. The increase in amortisation of mining rights was mainly due to the increase in actual usage volume of raw coking coal for sales during the year under review.

The increase in unit production cost of raw coking coal by 4% YoY was mainly attributable to the temporary high unit production cost derived from Jinjiazhuang Coal Mine. It was resulted from the low production level of Jinjiazhuang Coal Mine as it resumed production in August 2019.

In addition, the Group faced pressure on the rising costs such as increase in electricity and sewage charges by RMB4/tonne because of the implementation of various environmental protection policies and increase in labor costs. On the other hand, the reduction of cost was resulted from implementation of the effective cost control by the Group such as (i) the decrease in material cost by RMB3/tonne YoY due to the strengthen material management; (ii) the reduction on levy of environmental restoration fund by RMB3/tonne YoY; and (iii) the decrease in mining surface moving fee by RMB1/tonne YoY.

In addition, the unit processing cost of clean coking coal also decreased by 13% YoY as a result of the effective cost control and the increase in clean coking coal production volume by 30% YoY.

Gross Profit and Gross Profit Margin

As a result of the reasons above, gross profit was approximately HK$1,989 million for the year ended 31 December 2019, representing an increase of approximately HK$88 million or 5% YoY as compared with that of approximately HK$1,901 million for the same period of 2018. Gross profit margin was 51% for the year under review and 52% for the same period of 2018.

Interest Income

During the year under review, interest income was approximately HK$137 million, representing an increase of approximately HK$13 million or 10% YoY as compared with approximately HK$124 million of the same period in 2018. The increase in interest income was the result of the higher return derived from the effective cash management for the year under review.

Other Income and Gains/(Losses), Net

During the year under review, other income and gains/(losses), net were approximately HK$100 million, representing a significant increase of approximately HK$64 million or 178% YoY as compared with approximately HK$36 million of the same period in 2018. Excluding the impact of net foreign exchange loss of approximately HK$17 million (2018: approximately HK$28 million) during the year under review, other income and gains/(losses), net was increased by approximately HK$53 million, was mainly attributable to increase in income from sales of by-products by approximately HK$29 million or 107% YoY as a result of the increase in sales volume of by-products being produced in the process of production of clean coal products and the increase in its selling prices because of direct sales to end-users; and the increase in dividend income amounted to approximately HK$19 million or 51% YoY generated from financial assets during the year under review.

Selling and Distribution Expenses

During the year under review, selling and distribution expenses were approximately HK$250 million, representing an increase of approximately HK$41 million or 20% YoY as compared with that of approximately HK$209 million for the same period of 2018. Selling and distribution expenses mainly included the trucking fee for short distance to trains and transportation costs by trucks for sales of clean coking coal. The increase was mainly due to the increase in sales volume of clean coking coal by trains and trucks by approximately 350,000 tonnes during the year under review.

General and Administrative Expenses

During the year under review, general and administrative expenses were approximately HK$182 million for the year ended 31 December 2019, representing a decrease of approximately HK$23 million or 11% YoY as compared with approximately HK$205 million for the same period of 2018. Save for the depreciation in average RMB to HK$ exchange rate resulting in reduction of RMB-denominated expenses when translated into HK$, the decrease is mainly attributable to the continuous implementation of cost control measurement.

Other Operating Expenses

During the year under review, other operating expenses were approximately HK$146 million, representing a sharply increase of approximately HK$140 million YoY as compared with approximately HK$6 million for the same period of 2018. The significant increase in other operating expenses is mainly due to the one-off non-cash write off of net carrying amount of the related underground mining structures of the upper coal seam of Jinjiazhuang Coal Mine amounting to approximately HK$129 million. For undergoing the trial production of the lower coal seam of Jinjiazhuang Coal Mine, the wellhead of the upper coal seam was closed down at the same time. Thus, net carrying amount of the related underground mining structures of the upper coal seam was written off.

Finance Costs

During the year under review, finance costs were approximately HK$5 million (2018: nil). The finance costs amounted to approximately HK$4 million (2018: nil) were derived from the early redemption of bills receivables of the Group for the short-term financing during the year under review. The remaining balance was the interest expense on lease liabilities recognised under the adoption of HKFRS 16. During the year under review, no borrowing costs (2018: nil) were capitalised in the construction in progress.

Income Tax Expense

During the year under review, it was recorded income tax expense of approximately HK$457 million (2018: approximately HK$488 million), of which approximately HK$49 million (2018: approximately HK$65 million) represented the provision of withholding tax of 5% on the dividend to be declared from the Group's major subsidiaries incorporated in the People's Republic of China ("PRC") ("major PRC Subsidiaries") in accordance with the relevant tax regulations in the PRC. The enterprise income tax rate for the Group's major PRC subsidiaries is 25%.

Owner's Attributable Profit

By reasons of the foregoing, the profit attributable to the Owner during the year under review was approximately HK$1,140 million, an increase of HK$40 million or 4% YoY, while approximately HK$1,100 million for the year ended 31 December 2018.

Material Investments and Acquisitions

During the year ended 31 December 2019, the Group had no material investments and acquisitions.

Material Disposals

During the year ended 31 December 2019, the Group had no material disposals.

Safety Production and Environmental Protection

The Group has always been paying great attention to production safety and environmental protection while achieving stable coal production. Thus, the Group makes great efforts in promoting safety management and strengthening measures for environmental protection, aiming to build itself into a safety-oriented and environmentally-friendly enterprise. The Group has complied with the relevant environmental protection rules and regulations. The Group fulfilled our responsibility of energy saving, emission reduction and environmental protection by strictly managing production procedures, eliminating discharge of waste water and waste gas and controlling vegetation damage etc. in material aspects. All coal mines of the Group have obtained necessary permission and approval from the relevant Chinese regulators.

During the year under review, except infrastructure and construction of the lower coal seam for Jinjiazhuang Coal Mine under acceptance check of work in the first half of 2019 and the resumption of normal production in August 2019, all coal mines of the Group operated smoothly.

Charges on Assets

As at 31 December 2019, save for disclosed below, none of the Group's assets was charged or subject to any encumbrance.

As at 31 December 2019, bank deposits of approximately HK$143 million and bills receivables of approximately HK$278 million were used for securing bills facilities of approximately HK$412 million.

Contingent Liabilities

As at 31 December 2019, there were no guarantees given by the Group.

Gearing Ratio

As at 31 December 2019, the Group had no borrowings. The gearing ratio of the Group was 0% (As at 31 December 2018: 0%).

Exposure to Fluctuations in Exchange Rates

As at 31 December 2019, other than assets and liabilities denominated in Australian Dollars ("AUD") and RMB, the Group had no material exposure to foreign exchange fluctuations. As at 31 December 2019, AUD and RMB were depreciated by approximately 1% and approximately 3% respectively, when compared to that as at 31 December 2018. The aggregate carrying amount of assets denominated in AUD represented approximately 5% of the Group's net assets value as at 31 December 2019. Thus, such fluctuation in AUD exchange rate is not expected to have any material impact on the financial position of the Group. On the other hand, as the net assets value of foreign operations denominated in RMB represented approximately 71% of the Group's net assets value as at 31 December 2019, the depreciation in RMB also led to an exchange loss of approximately HK$330 million (other than the foreign exchange difference recognised in profit or loss stated above) recognised in the other comprehensive income upon translation of its net assets in the financial statements of foreign operations in the PRC for the year ended 31 December 2019. Nevertheless, the above exposure to fluctuation in exchange rates did not have any material impact on the financial position of the Group.

Liquidity and Financial Resources

As at 31 December 2019, the Group's current ratio (total current assets divided by total current liabilities) was approximately 2.61 times and the Group's cash and bank deposits amounted to approximately HK$4,952 million, of which approximately HK$143 million was deposited to secure bills facilities of same amount. The Group continued to maintain a healthy net cash balance.

The Group has bills receivables amounting to approximately HK$1,307 million (of which approximately HK$78 million represented endorsed bills receivables and approximately HK$278 million was used for securing bills facilities of approximately HK$269 million) as at 31 December 2019 that were readily convertible into cash, but would be subject to finance cost upon conversion before the maturity. Taking into account for the free bills receivables of approximately HK$951 million, the Group's free cash resources would have approximately HK$5,760 million as at 31 December 2019.

Capital Structure

Total equity and borrowings are classified as capital of the Group. As at 31 December 2019, the share capital of the Company was approximately HK$15,157 million, represented approximately 5,302 million shares in number. During the year under review, there is no change in number and amount of issued shares. The Group had no borrowings as at 31 December 2019.

EMPLOYEES

As at 31 December 2019, the Group had 20 Hong Kong employees and 4,882 PRC employees. The remuneration packages of the employees are subject to annual review. The Group provides mandatory and voluntary provident fund schemes for its employees in Hong Kong and the state-sponsored retirement plan for its employees in the PRC. The Group also provides training to PRC employees. The Group has a share option scheme. During the year under review, no share option was granted or exercised.

FUTURE PROSPECTS

China has achieved a gross domestic product ("GDP") growth of 6.1% in 2019, within the expected growth target of 6.0% to 6.5%. However, the growth rate declined gradually throughout the year due to number of domestic and international factors. The Chinese government reiterated the "Housing is not for Speculation" position, indicating the government will not boost the economy in the short-term by means of real estate industry. In 2019, the National Real Estate Development Investment was RMB13 trillion, a 9.9% growth YoY. Real estate industry is the major pillar to support the demand of steel. Its growth slowdown led to a weakening demand along the steel and coking coal products supply chain. In addition, the import volume of coking coal has increased significantly in 2019. The increase in supply growth rate has led to the decline in the prices of coking coal products in 2019. Especially, price declined in the second half of 2019 was more obvious.

Looking forward to 2020, China and the United States ("US") have officially signed the first-phase trade agreement in which the US will cancel part of the tariffs previously and suspend additional tariffs imposed on China. Although trade frictions between two countries have reduced temporarily, the outbreak of COVID-19 that spreads across the World has added uncertainty to global economy. Both Chinese and global GDP growth will obviously slow down. If the COVID-19 continues to spread, it may impact the global economy severely and dramatically.

Despite China economic growth will inevitably be affected by the epidemic in the first quarter of this year, the Chinese government has begun to accelerate investment and adopt more proactive fiscal measures to boost economic growth which will have positive effect on the demand side growth for the steel industry this year. On the other hand, since 2019, Chinese government has vigorously promoted infrastructure investment to ensure economic growth and stabilise employment. Local government debt issuance exceeded RMB4 trillion, a scale much greater than that in 2018. The special debt issuance reached trillions of RMB in the middle of March this year, together with leverage, this will drive more fund to infrastructure investments. We expect the funding will be in place and infrastructure projects will gradually be launched this year, which will help to promote the demand for steel and coking coal products.

As the upstream industry of steel sector, coking coal sector is benefited not only from the continuing structural reform of the sector, but also the economic policies from the Chinese government. Therefore the prices of coking coal products are expected to remain relatively stable. However, factors such as the COVID-19 development, the progress of next stage of trade negotiation between China and US, and the upcoming US Presidential election might still cause uncertainties and huge pressure on the global economic development and investment sentiment. We remain cautious about future coking coal and steel prices.

The Group's Jinjiazhuang Coal Mine was officially resumed production in August 2019. Due to the COVID-19, all domestic mines must pass the inspection upon resumption of production after the Lunar New Year holidays resulting in the suspension of production temporarily. Currently, our three coking coal mines have taken the lead in resuming the production in mid-February 2020. The Group expects that the overall raw coking coal output will gradually return to normal levels and will increase output accordingly compare to that of 2019.

As an Excellent Enterprise with Advanced Capacity selected by the Shanxi Provincial Government, we have maintained a good record in occupational safety for many years. We will continue to strengthen production safety, introducing cutting-edge technologies, improving environmental protection measures to ensure smooth production, cost control and enhance production efficiency. In this very time, the Group's stable financial position and strong cash flow will become an exceptional advantage. In response to epidemic development at home and abroad, the Group will timely adjust our operating strategy and identify potential investment opportunities. Looking at 2020, the Group will continue to maintain stringent corporate governance and leverage our competitive advantages to create greater value for our society, shareholders and employees.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

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

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2019, save for the deviations from code provision A.4.1 as follows:

Under code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive directors of the Company ("Non-executive Directors") and independent non-executive directors of the Company ("Independent Non-executive Directors") is appointed for a specific term, but according to the Articles of Association of the Company ("Articles"), every director of the Company is subject to retirement by rotation at least once every 3 years.

Since all directors of the Company, including the Non-executive Directors and Independent Non-executive Directors, are also subject to retirement by rotation and re-election by shareholders at annual general meeting pursuant to the Articles, the Board therefore considers this requirement is sufficient to meet the underlying objective of the said code provision.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.shougang-resources.com.hk).

The 2019 annual report containing all the information required under the Listing Rules will be despatched to shareholders of the Company and available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Shougang Fushan Resources Group Limited
Ding Rucai
Chairman

Hong Kong, 26 March 2020

As at the date of this announcement, the Board comprises Mr. Ding Rucai (Chairman), Mr. Fan Wenli (Managing Director), Mr. So Kwok Hoo (Deputy Managing Director), Mr. Chen Zhaoqiang (Deputy Managing Director), Mr. Liu Qingshan (Deputy Managing Director), Mr. Shi Yubao (Non-executive Director), Ms. Chang Cun (Non-executive Director), Mr. Kee Wah Sze (Independent Non-executive Director), Mr. Choi Wai Yin (Independent Non-executive Director), Mr. Chan Pat Lam (Independent Non-executive Director) and Mr. Japhet Sebastian Law (Independent Non-executive Director).