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首長國際企業有限公司

SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

FINANCIAL HIGHLIGHTS

- Consolidated revenue was HK\$6,753 million, down 10.1% from last period.
- Loss attributable to shareholders was HK\$866 million.
- Loss per share was 9.66 HK cents.

INTERIM RESULTS

The board of directors (the “Board”) of Shougang Concord International Enterprises Company Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2014. 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**

FOR THE SIX MONTHS ENDED 30 JUNE 2014

	<i>NOTES</i>	Six months ended 30 June	
		2014	2013
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	3	6,753,462	7,509,206
Cost of sales		(7,176,353)	(7,961,335)
Gross loss		(422,891)	(452,129)
Other income		47,063	36,950
Other gains and losses		(13,568)	17,452
Change in fair value of derivative financial instruments		58,628	(5,241)
Distribution and selling expenses		(45,753)	(41,101)
Administrative expenses		(265,318)	(308,901)
Finance costs		(394,272)	(365,608)
Share of results of associates		(77,117)	139,447
Loss before taxation		(1,113,228)	(979,131)
Income tax credit (expense)	4	2,119	(11,714)
Loss for the period	6	(1,111,109)	(990,845)

Other comprehensive income (expense)

Items that will not be reclassified to profit or loss:

Exchange differences arising on translation to presentation currency		34,682	10,301
Fair value loss on investments in equity instruments designated as at fair value through other comprehensive income		(37,605)	(117,351)
Share of exchange differences of an associate arising on translation to presentation currency		(7,048)	13,405
Share of fair value losses on investment in equity instruments designated as at fair value through other comprehensive income of an associate		(83,247)	(172,192)

	Six months ended 30 June	
	2014	2013
<i>NOTE</i>	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Item that may be subsequently reclassified to profit or loss:		
Share of exchange differences of an associate arising on translation of foreign operations	<u>(52,273)</u>	49,623
Other comprehensive expense for the period	<u>(145,491)</u>	(216,214)
Total comprehensive expense for the period	<u>(1,256,600)</u>	<u>(1,207,059)</u>
Loss for the period attributable to:		
Owners of the Company	(865,750)	(728,478)
Non-controlling interests	<u>(245,359)</u>	(262,367)
	<u>(1,111,109)</u>	<u>(990,845)</u>
Total comprehensive expense attributable to:		
Owners of the Company	(1,013,658)	(920,343)
Non-controlling interests	<u>(242,942)</u>	(286,716)
	<u>(1,256,600)</u>	<u>(1,207,059)</u>
Loss per share		
– Basic	(9.66) HK cents	(8.13) HK cents
– Diluted	<u>(9.66) HK cents</u>	<u>(8.13) HK cents</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

		30 June 2014	31 December 2013
	<i>NOTES</i>	HK\$'000 (unaudited)	HK\$'000 (audited)
NON-CURRENT ASSETS			
Investment properties		39,403	40,294
Property, plant and equipment		10,791,175	11,440,070
Prepaid lease rentals		313,877	323,877
Interests in associates		7,442,174	7,777,033
Equity investments	9	156,478	198,871
Deferred tax assets		42,150	39,919
Other financial assets		506,654	477,895
Deposits for acquisition of property, plant and equipment		12,740	21,062
Pledged bank deposits		81,517	84,925
		19,386,168	20,403,946
CURRENT ASSETS			
Inventories		2,724,839	3,120,297
Trade and bills receivables	10	1,408,242	1,496,910
Trade receivables from related companies	11	138,738	162,307
Prepayments, deposits and other receivables		517,340	592,787
Prepaid lease rentals		7,769	7,922
Tax recoverable		173	262
Amounts due from related companies	11	40,856	43,505
Amount due from an associate		7,315	6,731
Amount due from a non-controlling shareholder of a subsidiary		3,816	3,816
Amount due from ultimate holding company of a shareholder	12	3,515	7,797
Other financial assets		143,596	195,988
Restricted bank deposits		1,469,013	1,036,994
Pledged bank deposits		397,276	223,368
Bank balances and cash		625,860	1,266,262
		7,488,348	8,164,946

		30 June	31 December
		2014	2013
	<i>NOTES</i>	HK\$'000	HK\$'000
		(unaudited)	(audited)
CURRENT LIABILITIES			
Trade and bills payables	<i>13</i>	4,328,453	4,073,807
Trade payables to related companies	<i>11</i>	317,629	536,093
Trade payables to ultimate holding company of a shareholder	<i>12</i>	5,250,514	4,746,408
Other payables, provision and accrued liabilities		1,267,527	1,268,691
Tax payable		187,941	178,123
Amounts due to related companies	<i>11</i>	283,738	391,176
Amount due to ultimate holding company of a shareholder	<i>12</i>	453,519	225,607
Bank borrowings – due within one year		7,954,176	8,739,634
Other financial liabilities		428	1,660
Loans from ultimate holding company of a shareholder		870,730	893,337
		20,914,655	21,054,536
NET CURRENT LIABILITIES		(13,426,307)	(12,889,590)
TOTAL ASSETS LESS CURRENT LIABILITIES		5,959,861	7,514,356
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		564,954	856,074
Deferred tax liabilities		36,523	39,131
		601,477	895,205
		5,358,384	6,619,151
CAPITAL AND RESERVES			
Share capital	<i>14</i>	5,345,183	1,791,579
Share premium and reserves		443,271	5,010,207
Equity attributable to owners of the Company		5,788,454	6,801,786
Non-controlling interests		(430,070)	(182,635)
		5,358,384	6,619,151

NOTES

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Group had net current liabilities of approximately HK\$13,426,307,000 as at 30 June 2014. Taking into account the financial resources of the Group, including the Group’s unutilised banking facilities of approximately HK\$1,332,000,000, the Group’s ability to renew or refinance the banking facilities upon maturity and financial support from the ultimate holding company of the major shareholder of the Company, Shougang Corporation, the directors of the Company (“Directors”) are of the opinion that the Group has sufficient working capital to meet in full its financial obligation as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures as set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

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

Steel manufacturing	–	manufacture and sale of steel products;
Commodity trading	–	trading of steel products, iron ore, coal and coke;
Mineral exploration	–	mining, processing and sale of iron ore; and
Others	–	management services business.

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

Six months ended 30 June 2014 (unaudited)

	Steel manufacturing HK\$'000	Commodity trading HK\$'000	Mineral exploration HK\$'000	Others HK\$'000	Total HK\$'000
Revenue					
External sales	4,834,096	1,414,595	502,218	2,553	6,753,462
Inter-segment sales	<u>39,694</u>	<u>51,325</u>	<u>327,453</u>	<u>–</u>	<u>418,472</u>
Segment revenue	<u><u>4,873,790</u></u>	<u><u>1,465,920</u></u>	<u><u>829,671</u></u>	<u><u>2,553</u></u>	7,171,934
Elimination					<u>(418,472)</u>
Group revenue					<u><u>6,753,462</u></u>
Inter-segment sales are charged at prevailing market rates.					
Segment (loss) profit	<u><u>(644,873)</u></u>	<u><u>55,710</u></u>	<u><u>(50,736)</u></u>	<u><u>(11,207)</u></u>	(651,106)
Interest income					28,148
Central administration costs					(20,113)
Finance costs					(394,272)
Gain from change in fair value of interest rate swap contracts					1,232
Share of results of associates					<u>(77,117)</u>
Loss before taxation					<u><u>(1,113,228)</u></u>

Six months ended 30 June 2013 (unaudited)

	Steel manufacturing HK\$'000	Commodity trading HK\$'000	Mineral exploration HK\$'000	Others HK\$'000	Total HK\$'000
Revenue					
External sales	5,600,580	1,853,504	53,301	1,821	7,509,206
Inter-segment sales	<u>4,515</u>	<u>–</u>	<u>255,676</u>	<u>–</u>	<u>260,191</u>
Segment revenue	<u><u>5,605,095</u></u>	<u><u>1,853,504</u></u>	<u><u>308,977</u></u>	<u><u>1,821</u></u>	7,769,397
Elimination					<u>(260,191)</u>
Group revenue					<u><u>7,509,206</u></u>
Inter-segment sales are charged at prevailing market rates.					
Segment (loss) profit	<u><u>(696,777)</u></u>	<u><u>23,489</u></u>	<u><u>(87,396)</u></u>	<u><u>19,086</u></u>	(741,598)
Interest income					17,853
Central administration costs					(30,406)
Finance costs					(365,608)
Gain from change in fair value of interest rate swap contracts					1,181
Share of results of associates					<u>139,447</u>
Loss before taxation					<u><u>(979,131)</u></u>

Segment profit or loss represents the profit earned by or loss incurred from each segment without allocation of interest income, central administration costs, finance costs, gain from change in fair value of interest rate swap contracts and share of results of associates. This is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

4. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
PRC Enterprise Income Tax	44	144
(Over)underprovision of PRC Enterprise Income Tax in prior periods	(1)	1,186
	43	1,330
Deferred tax	(2,162)	10,384
Income tax (credit) expense	(2,119)	11,714

No provision for Hong Kong Profits Tax is made for the six months ended 30 June 2014 and 2013 since there is no assessable profits arising in Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

5. DISPOSAL OF SUBSIDIARIES

On 3 June 2014, the Group entered into a sale and purchase agreement with an independent third party (the "Acquirer") to dispose of its entire interest in Keylevel Investments Limited ("Keylevel") and its wholly owned subsidiary, 深圳市首康國際貿易有限公司 ("Shoukang"), to the Acquirer at a total cash consideration of RMB53,010,000 (equivalent to approximately HK\$66,077,000) less transaction costs of approximately HK\$65,000. Keylevel acted as investment holding company and Shoukang was one of the Group's subsidiary carried out commodity trading operations. Subsequent to the disposal, the Group continues to carry out commodity trading operations in other subsidiaries. The disposal was completed on 13 June 2014, when the Group lost control of Keylevel and Shoukang.

The results of Keylevel and Shoukang for the current and preceding interim periods were as follows:

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	55,436	279,310
Cost of sales	(54,757)	(272,650)
Other income	2,278	291
Distribution and selling expenses	(160)	(798)
Administrative expenses	(2,853)	(2,188)
Finance costs	–	(259)
(Loss) profit before tax	(56)	3,706
Income tax credit (expense)	1	(1,126)
(Loss) profit for the period	(55)	2,580

	HK\$'000
The net assets at the date of disposal were as follows:	
Property, plant and equipment	117
Amounts due from related companies	36
Prepayments, deposits and other receivables	968
Tax recoverable	188
Bank balances and cash	66,717
Amounts due to related companies	(358)
Other payables, provision and accrued liabilities	<u>(1,651)</u>
 Net assets disposed of	 <u>66,017</u>
Loss on disposal of subsidiaries:	
Consideration received	66,012
Net assets disposed of	<u>(66,017)</u>
 Loss on disposal	 <u>(5)</u>
Consideration satisfied by:	
Cash	<u><u>66,012</u></u>
Net cash outflow arising on disposal:	
Cash consideration received	66,012
Less: Bank balances and cash disposed of	<u>(66,717)</u>
	<u><u>(705)</u></u>

An amount of statutory reserve fund of approximately HK\$1,424,000 which represented the appropriation from the profit after tax under the applicable laws and regulations in the PRC and an amount of cumulative translation reserve of approximately HK\$5,329,000 were transferred directly to accumulated profits upon disposal of Shoukang in the current interim period.

6. LOSS FOR THE PERIOD

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging (crediting):		
Staff costs, including Directors' emoluments		
– basic salaries and allowances	203,433	194,374
– retirement benefits scheme contributions	27,714	26,731
– equity-settled share-based payment	326	763
	<u>231,473</u>	<u>221,868</u>
Amortisation of prepaid lease rentals	3,907	4,629
Depreciation of property, plant and equipment	458,798	462,081
	<u>462,705</u>	<u>466,710</u>
Total depreciation and amortisation		
Change in fair value of derivative financial instruments		
– change in fair value of interest rate swap contracts	(1,232)	(1,181)
– change in fair value of commodity forward contracts	(57,396)	6,422
	<u>(58,628)</u>	<u>5,241</u>
Fair value of commodity forward contracts upon delivery, included in cost of sales	81,029	88,500
Interest expenses for bank borrowings wholly repayable within five years	282,364	281,635
Interest expenses for other borrowings wholly repayable within five years	26,455	26,672
	<u>308,819</u>	<u>308,307</u>
Total borrowing costs		
Less: Amounts capitalised	(10,626)	(13,355)
Add: Factoring cost for discounted receivables	96,079	70,656
	<u>394,272</u>	<u>365,608</u>
Total finance costs		
Allowance for doubtful debt of trade receivables, net	2,663	1,231
Write-down of inventories	160,330	201,428
Interest income from bank deposits	(28,148)	(17,853)
Gain on disposal of property, plant and equipment	(721)	(33)
Loss on disposal of subsidiaries	5	–
Research and development cost included in administrative expenses	5,155	12,138
Net foreign exchange loss (gain)	11,621	(18,650)
	<u><u>11,621</u></u>	<u><u>(18,650)</u></u>

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The Directors of the Company have determined that no dividend will be paid in respect of the interim period.

8. LOSS PER SHARE

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

	Six months ended 30 June	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share		
(Loss for the period attributable to owners of the Company)	<u>(865,750)</u>	<u>(728,478)</u>

The denominators used are the same as those detailed below for both basic and diluted loss per share.

	Six months ended 30 June	
	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>8,957,896,227</u>	<u>8,957,363,686</u>

For the six months ended 30 June 2014 and 2013, the computation of diluted loss per share does not assume the exercise of share options, as it would result in a decrease in loss per share.

9. EQUITY INVESTMENTS

Equity investments comprise:

	30 June	31 December
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Listed investments:		
– Equity securities listed in Australia, at fair value	4,089	9,681
Unlisted investments:		
– PRC equity securities, at fair value (<i>Note</i>)	<u>152,389</u>	<u>189,190</u>
Total	<u>156,478</u>	<u>198,871</u>

Note: The unlisted PRC equity securities represent the investment in 10% equity interest of a private entity established in the PRC by Shouqin, for which the principal activities are ship building, ship repairing and retrofitting. The fair value loss of approximately HK\$32,013,000 (for the six months ended 30 June 2013: HK\$107,524,000) is recognised as other comprehensive income and is included in security investment reserve of the Group under HKFRS 9 during the period. The fair value of the unlisted equity securities as at 30 June 2014 and 31 December 2013 was measured using valuation technique with significant unobservable inputs.

10. TRADE AND BILLS RECEIVABLES

For most customers, in particular in the business of steel manufacturing, the Group requires a certain level of deposits to be paid or settlement by bank bills before delivery. The Group allows a range of credit period to its customers normally not more than 60 days.

The following is an aged 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:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 60 days	1,283,413	1,201,453
61 – 90 days	27,833	69,858
91 – 180 days	44,928	31,014
181 – 365 days	52,068	194,585
	<u>1,408,242</u>	<u>1,496,910</u>

The following were the Group's bills receivables as at 30 June 2014 and 31 December 2013 that were transferred to banks or suppliers by discounting or endorsing those receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and trade payables and has recognised the cash received from the banks as secured borrowings. These financial assets are carried at amortised cost in the condensed consolidated statement of financial position.

	Bills receivables discounted to banks with full recourse HK\$'000	Bills receivables endorsed to suppliers with full recourse HK\$'000	Total HK\$'000
At 30 June 2014 (unaudited)			
Carrying amount of bills receivables	59,502	140,899	200,401
Carrying amount of borrowings and trade payables	(59,502)	(140,899)	(200,401)
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2013 (audited)			
Carrying amount of bills receivables	46,006	110,500	156,506
Carrying amount of borrowings and trade payables	(46,006)	(110,500)	(156,506)
	<u> </u>	<u> </u>	<u> </u>

11. TRADE RECEIVABLES/TRADE PAYABLES/AMOUNTS DUE FROM (TO) RELATED COMPANIES

The amounts due from (to) related companies represent amounts due from (to) the subsidiaries of Shougang Corporation, ultimate holding company of a shareholder of the Company (collectively referred to as the “Shougang Group”). The trade receivables/payables from (to) related companies are unsecured, interest-free and repayable within 60 days. The non-trade receivables/payables from (to) related companies are unsecured, interest-free and are repayable on demand.

The trade receivables from related companies and an aged analysis of such balances net of allowance of doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates are as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 60 days	83,864	102,240
61 – 90 days	50,574	11,897
91 – 180 days	–	47,946
181 – 365 days	4,086	–
1 – 2 years	214	224
	<u>138,738</u>	<u>162,307</u>

The trade payables to related companies and an aged analysis of such balances presented based on the invoice date at the end of the reporting period are as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 90 days	152,959	412,904
91 – 180 days	62,910	34,546
181 – 365 days	52,531	34,995
1 – 2 years	41,929	37,825
Over 2 years	7,300	15,823
	<u>317,629</u>	<u>536,093</u>

12. TRADE PAYABLES/AMOUNT DUE FROM (TO) ULTIMATE HOLDING COMPANY OF A SHAREHOLDER

As at 30 June 2014 and 31 December 2013, the amount due from (to) ultimate holding company of a shareholder is non-trade in nature, unsecured, interest-free and is repayable on demand.

The trade payables to ultimate holding company of a shareholder are unsecured, interest-free and repayable within 60 days.

The trade payables to the ultimate holding company of a shareholder and an aged analysis of such balances are presented based on the invoice date at the end of the reporting period as follows:

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 90 days	1,467,126	2,123,229
91 – 180 days	1,226,590	1,166,292
181 – 365 days	2,556,798	1,456,742
1 – 2 years	–	145
	<u>5,250,514</u>	<u>4,746,408</u>

13. TRADE AND BILLS PAYABLES

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

	30 June 2014 HK\$'000 (unaudited)	31 December 2013 HK\$'000 (audited)
Within 90 days	3,875,110	2,744,837
91 – 180 days	125,064	960,417
181 – 365 days	166,935	253,696
1 – 2 years	130,896	100,849
Over 2 years	30,448	14,008
	<u>4,328,453</u>	<u>4,073,807</u>

14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
At 1 January 2013, 30 June 2013 and 1 January 2014		
– Ordinary shares of HK\$0.20 each	<u>20,000,000,000</u>	<u>4,000,000</u>
At 30 June 2014	<u>N/A (Note)</u>	<u>N/A (Note)</u>

Note: Under the Hong Kong Companies Ordinance (Cap. 622), with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders as a result of this transition.

	Number of shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2013		
– Ordinary shares of HK\$0.20 each	8,953,306,227	1,790,661
Exercise of share options	<u>4,590,000</u>	<u>918</u>
At 30 June 2013 and 31 December 2013	8,957,896,227	1,791,579
Transfer from share premium and capital redemption reserve upon abolition of par value	<u>–</u>	<u>3,553,604</u>
At 30 June 2014		
– Ordinary shares with no par value	<u>8,957,896,227</u>	<u>5,345,183</u>

INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Our operations are mainly segregated into three segments, namely, steel manufacturing, mineral exploration and commodity trading. Our principal business in steel manufacturing segment includes two heavy plate mills operating in Qinhuangdao City, Hebei province, PRC. In addition, we own a deep processing centre on steel products to extend our business to the downstream value chain. Our mineral exploration segment mainly include the holding of approximately 27.6% equity stake of Shougang Fushan Resources Group Limited (“Shougang Resources”), a Hong Kong-listed hard coking coal producer in China. On commodity trading, we have long-term iron ore offtake agreements with Australia-listed iron ore producer Mount Gibson Iron Limited (“Mt. Gibson”) to enhance our investment in upstream supply chain. Our vertical integration strategy with different upstream, mid-stream and downstream activities is advantageous in enhancing the heavy plate manufacturing operation of the Group.

PERFORMANCE REVIEW

	For the six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Loss attributable to shareholders before		
share of results of associates	(789)	(867)
Share of results of associates	(77)	139
Loss attributable to shareholders	(866)	(728)

The market of the Group’s core business in steel manufacturing was still weak in the first half of 2014. Excessive production capacity and imbalance between supply and demand were still the key issues within the industry which could not be resolved in the near term. The steel price was persisting weak under these circumstances. Our share of profit from Shougang Resources, our principal associate with core business in coking coal mining and sales also showed a sharp decline due to the drop in the selling price of coking coal. In addition, Shougang Resources also made impairment on its goodwill. Our share of results in Shougang Resources thus changed from a profit last period into a loss this period.

For the six months ended 30 June 2014, net loss attributable to shareholders amounted to HK\$866 million, the loss was increased by HK\$138 million comparing to attributable loss of HK\$728 million in the corresponding period last year. The Group recorded a consolidated turnover of HK\$6,753 million in this interim period, representing a drop of 10.1% comparing to that of last period. Loss per share was 9.66 HK cents.

FINANCIAL REVIEW

Six months ended 30 June 2014 compared to the six months ended 30 June 2013

Turnover and Cost of Sales

The Group recorded consolidated turnover of HK\$6,753 million for this period, lower by about 10.1% when comparing to the HK\$7,509 million of last period. Lower turnover mainly came from the drop in average selling price (“ASP”) and sales quantities in the steel manufacturing segment.

Cost of sales for the period was HK\$7,176 million, comparing to HK\$7,961 million in last period, a drop of 9.9%.

LBITDA and Core Operating Loss

For the interim period, loss before interest, tax, depreciation, amortization, impairment loss and change in fair value of financial derivative of the Group was HK\$151 million.

Loss after tax included significant non-cash and/or non-recurring charges and are reconciled below:

	For the six months ended 30 June	
	2014	2013
	HK\$ Million	HK\$ Million
Loss attributable to shareholders before share of results of associates	(789)	(867)
Adjusted by:		
Fair value loss on iron ore offtake contract with Mt. Gibson, net	24	95
Employee share option expenses	<u>–</u>	<u>1</u>
Core operating loss before share of results of associates	(765)	(771)
Share of results of associates (before goodwill impairment)	<u>6</u>	<u>139</u>
Core operating loss of the Group	<u>(759)</u>	<u>(632)</u>

Finance costs

For the interim period under review, finance costs amounted to HK\$394 million, 7.8% higher than that of last period. The increase in finance costs was mainly due to more use of financing from discounted bills. The Group maintains a higher leverage currently to take advantage of the low interest environment.

Share of results of associates

In this interim period, we have recognized losses of HK\$66 million from Shougang Resources and HK\$14 million from Shougang Concord Century Holdings Limited (“Shougang Century”) respectively.

Taxation

In this interim period, it was HK\$2 million in net tax income, comparing to HK\$12 million in net tax expense in last period. The tax expense in last period was mainly the reversal of deferred tax assets recognized previously by a PRC subsidiary due to foreseeable tax losses utilization.

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	
		2014 HK\$ Million	2013 HK\$ Million
1. Steel manufacturing			
Shouqin	76%	(690)	(719)
Qinhuangdao Plate Mill	100%	(39)	(61)
Sub-total		(729)	(780)
2. Mineral exploration			
Shougang Resources (before goodwill impairment)	27.6%	17	148
Shouqin Longhui	67.8%	(66)	(81)
Sub-total		(49)	67
3. Commodity trading			
The Trading Group	100%	81	119
Sub-total		81	119
4. Others			
Shougang Century	35.7%	(14)	(11)
Fair value loss on Mt. Gibson iron ore offtake contract, net	–	(24)	(95)
Share of goodwill impairment made by Shougang Resources	–	(83)	–
Corporate and others	–	(48)	(28)
Sub-total		(169)	(134)
Total		(866)	(728)

Steel Manufacturing

The Group operates in this business segment through Qinhuangdao Shouqin Metal Materials Co., Ltd. (“Shouqin”) and Qinhuangdao Shougang Plate Mill Co., Ltd (“Qinhuangdao Plate Mill”). The steel industry faces a dire operating environment. This core segment recorded net loss of HK\$729 million during the period, while that of last period was net loss HK\$780 million. Summary of production and sales quantities of the two manufacturing plants in the current and last interim period under this segment is as follows:

For the six months ended 30 June	Slabs		Heavy Plates	
	2014	2013	2014	2013
	'000 tonnes	'000 tonnes	'000 tonnes	'000 tonnes
(i) Production				
Shouqin	1,150	1,191	762	864
Qinhuangdao Plate Mill	–	–	262	317
Total	1,150	1,191	1,024	1,181
Change	-3%		-13%	
(ii) Sales				
Shouqin [#]	299	273	797	874
Qinhuangdao Plate Mill	–	–	260	307
Total	299	273	1,057	1,181
Change	+10%		-11%	

[#] *Difference between production and sales of slabs was mainly represented by those consumed by Shouqin internally to produce heavy plates; slab sales were mainly made towards Qinhuangdao Plate Mill and Processing Centre and are eliminated on consolidation.*

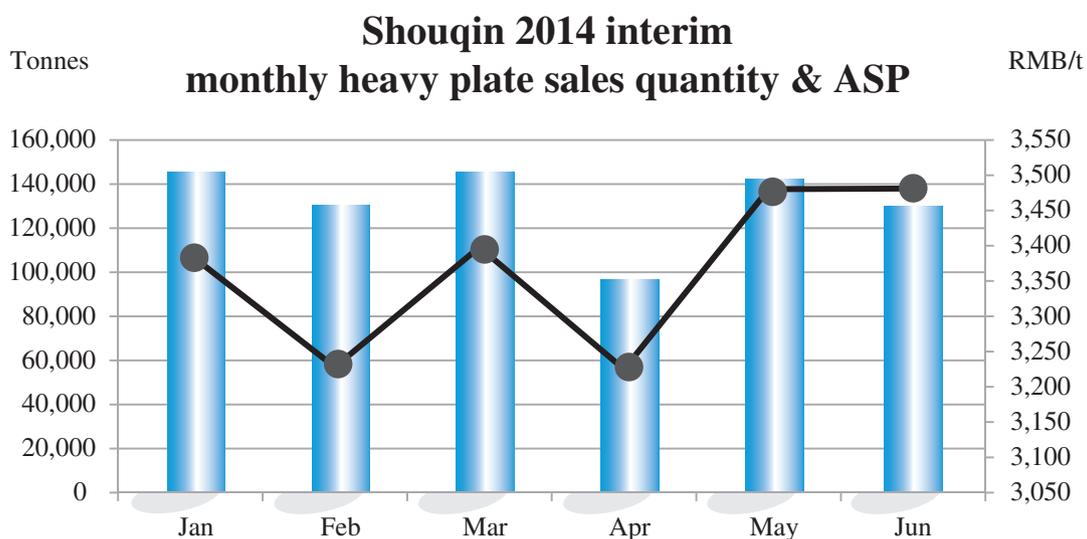
Shouqin

The Group holds an effective interest of 76% in Shouqin, the remaining 20% and 4% were held by Hyundai Heavy Industries Limited and Shougang Corporation respectively.

Shouqin is a leading environmental-friendly integrated facility encompassing the entire process from iron, steel, slab to plate production, it has formulated a product mix covering major applications in petrochemical, shipping, pressure vessel, industrial machineries and constructions. Its proprietary production technologies in petrochemical, hydro-electrical and ultra-thick plates are among the most advanced in the PRC, its annual production capacities of slab and heavy plate have reached 3.6 million tonnes and 1.8 million tonnes respectively. For the current period, Shouqin reported a turnover of HK\$4,474 million before elimination, recording a 12.1% drop on the comparative period.

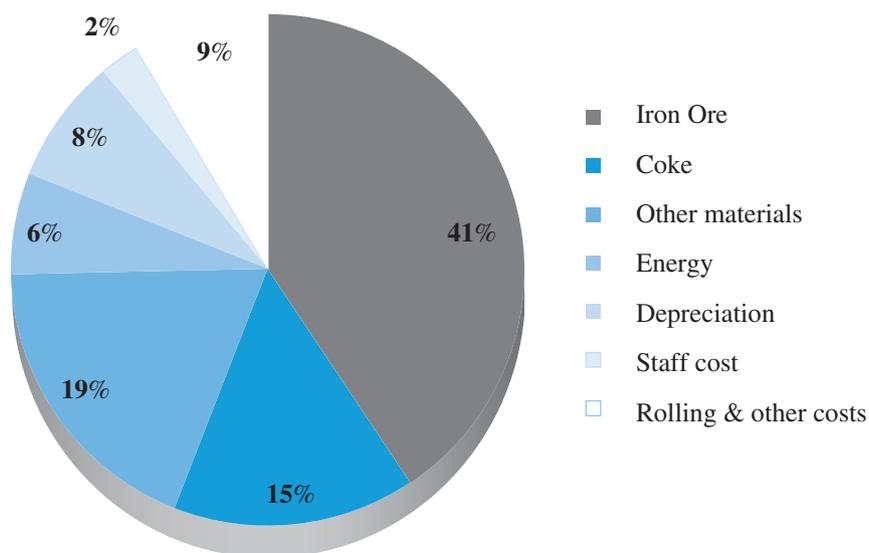
The drop was mainly due to decrease of sales quantity and ASP of heavy plates. The ASP (exclude value added tax (“VAT”)) of heavy plate was RMB3,376 (HK\$4,233) per tonne, 8.6% lower than that of the last period. Production of slab was mainly used for Shouqin’s internal consumption while some sales were made towards Qinhuangdao Plate Mill and Processing Centre and are eliminated on consolidation. The ASP (exclude VAT) of slab was RMB2,643 (HK\$3,313) per tonne, about 6.9% lower than that of the last period.

	2014	2013	Change
	Interim	Interim	
Quantity – heavy plate (tonnes)	797,000	874,000	-8.8%
ASP (RMB)	3,376	3,692	-8.6%



In the above chart, the bar represents sales quantity while the line represents ASP.

Component of manufacturing costs – Shouqin



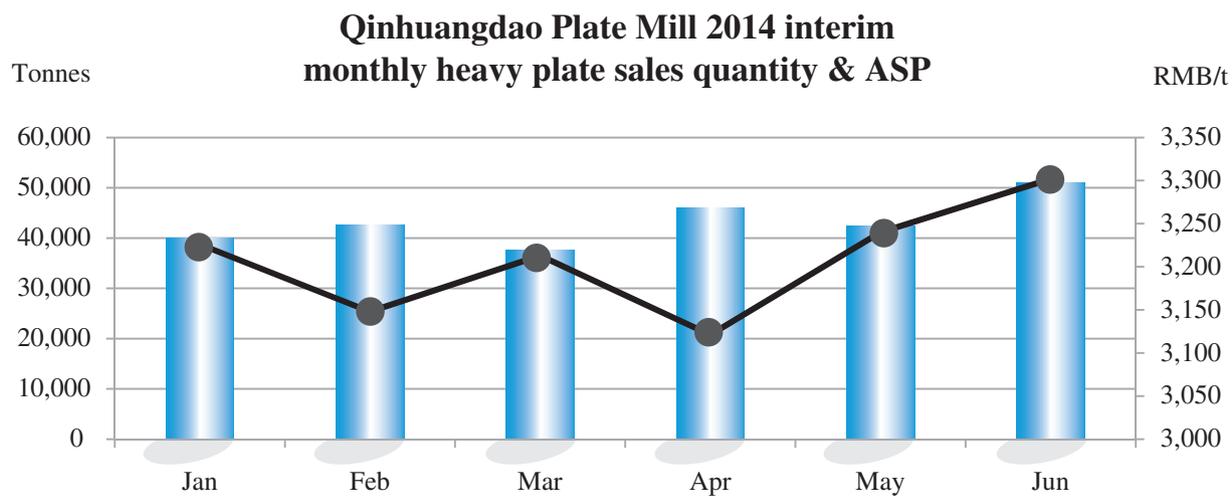
Its downstream processing centre, Qinhuangdao Shouqin Steels Machining and Delivery Co., Ltd. (“Processing Centre”) is mainly engaged in pre-treatment of ship plates, heavy machinery engineering and structural steel. In this interim period, this entity recorded HK\$512 million in turnover, which is double of that of last period as a result of more export sales and processing activities in specific plates.

For the six months ended 30 June, 2014, the aggregate net loss of Shouqin and Processing Centre attributable to the Group was HK\$690 million, comparing to the net loss of HK\$719 million in last period.

Qinhuangdao Plate Mill

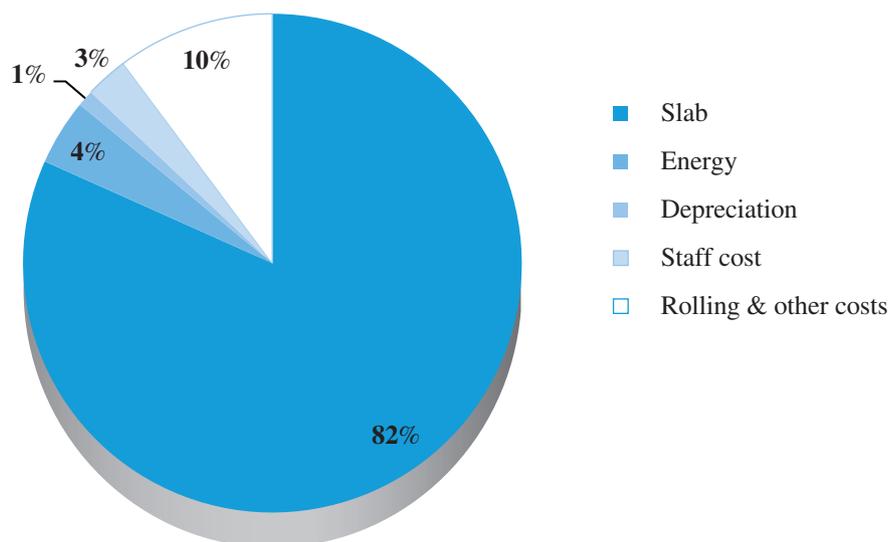
Qinhuangdao Plate Mill recorded a turnover of HK\$1,121 million before elimination for the six months ended 30 June 2014, a drop of 24.7% comparing with that of last period. The drop was mainly due to lower sales quantities and selling price in the weak market, ASP (exclude VAT) was RMB3,210 (HK\$4,025) per tonne, about 3.7% lower than that of last period. The Group's share of net loss of Qinhuangdao Plate Mill was HK\$39 million, comparing to net loss of HK\$61 million in last period.

	2014	2013	Change
	Interim	Interim	
Quantity – heavy plate (tonnes)	260,000	307,000	-15.3%
ASP (RMB)	3,210	3,334	-3.7%



In the above chart, the bar represents sales quantities while the line represents ASP.

Component of manufacturing costs- Qinhuangdao Plate Mill



Mineral exploration

Production and sale of coking coal

Shougang Resources is a 27.6% held associate of the Group and is a major hard coking coal producer in China, currently operating three premium coking coal mines in Shanxi province, PRC with an annual production capacity of over 6 million tonnes. Its consolidated turnover for the interim period was HK\$1,702 million, a drop of 26.7% over that of last period. With the weak demand in coke market that is the second largest upstream raw material having sharp decline in sales prices and sales volumes, the operating profit of Shougang Resources was significantly reduced and forced to make impairment on its goodwill in the amount of HK\$300 million during the period. In addition, because of the devaluation of Renminbi, Shougang Resources recorded unrealized exchange related losses of about HK\$120 million on the accounts for holding large amounts of cash and financial instruments. Net losses attributable to shareholders of Shougang Resources was HK\$192 million while there was net profit of HK\$582 million in last period. Loss of Shougang Resources attributable to the Group was HK\$66 million in this interim period.

Although selling price of coking coal was in a downside during the period, with the brand quality of Shougang Resources's products, we are confident towards its future operations.

Production and processing of iron ore products

The Group holds an effective 67.8% interest in Qinhuangdao Shouqin Longhui Mining Co., Ltd (“Shouqin Longhui”) which is situated in Qinglong County, Qinhuangdao City, Hebei province, PRC. Shouqin Longhui currently holds two magnetite iron ore mines in addition to concentrating and pelletizing facilities.

During the period under review, Shouqin Longhui sold approximately 585,000 tonnes pellets while average selling price was RMB953 (HK\$1,195) per tonne. It recorded a turnover of HK\$830 million before elimination for the period, loss of Shouqin Longhui attributable to the Group was about HK\$66 million, comparing to an attributable loss of HK\$81 million in last period.

Commodity trading (“Trading”)

Our Trading operations are jointly conducted by SCIT Trading Limited, SCIT Services Limited and Shougang Concord Steel Holdings Limited and its subsidiaries (“The Trading Group”), all of which are wholly owned by the Group. The Trading Group reported a turnover of HK\$1,466 million in the six months ended 30 June 2014, decreased by 20.9% comparing to last period. Through long term offtake arrangements with Mt. Gibson starting from mid of 2009, it sold approximately 1.71 million tonnes of iron ores, which was higher than the 1.29 million tonnes sold of last period. Selling price decreased by 32% to USD96 (HK\$744) per tonne. After the negotiation between management and Mt. Gibson last year, the pricing method for long-term off-take contracts was modified to be determined from the daily average price of the Platts iron ore price index one month prior to sales delivery to the daily average price of the Platts iron ore price index in the month of sales delivery. This resulted in trading profits becoming more stable, greatly reducing the impact of price fluctuations between months that may bring a loss. The resulting net profit of this segment was HK\$81 million in the period, comparing to HK\$119 million in last period. Results from this operation are expected to remain favourable in the foreseeable future.

Other business

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

Shougang Century is a 35.7% associate of the Group. The Group’s share of its net loss was HK\$14 million, comparing to share of loss of HK\$11 million in last period.

There is keen competition in the steel cord market. The selling price of steel cords continued to drop during the period but stabilized gradually. In mid of July this year, Shougang Century and an independent third party entered into a non-legally binding memorandum of understanding 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. Upon completion of the proposal, Shougang Century and the independent third party will each own 50% interests in TESC. The proposed capital injection would enhance the capital base of TESC and provide additional financial resources to TESC, which will be utilised to fund the phase II construction of TESC’s steel cord production facilities with an annual production capacity of 100,000 tonnes. The completion of the proposal is subject to the fulfilment of certain conditions.

[#] For identification only

Environmental Protection Measures

The most important operating activity of the Company is the manufacturing and sales of steel. Shouqin, the Company’s flagship subsidiary, is the main operator of this business segment. Shouqin focuses on investment in environmental protection and creating green production. With the construction goal of environment protective type, energy recycling type and cost-effective type, Shouqin invested about 10% of the total project costs in environmental protection, which comprised of the following measures:

1. Dust Clearing System

Shouqin has applied fully enclosed joint silos, which eliminates the traditional raw steel enterprises yard mode, and integrates storage and distribution as a whole. This resolves the dusting problem of raw materials, reduces the cost of dumping and ensures the quality of raw materials and fuels whilst eliminating pollution. Dust is removed in a fully enclosed loop, which utilizes all vacuum suction tankers in pneumatic conveying to eliminate secondary dusting. In addition, pulse dust-dry technique is applied at large blast furnace to treat blast furnace gas.

2. Water System

Shouqin has constructed a centralized water supply and closed-loop water system, which implements the water for use in production on cascade basis. By combining the principles of voicing diversion, rain and sewage diversion and loop principle, the smelting of steel, iron, and rolling of steel were built with water treatment system with separate loop. There is zero waste water discharge from production and the capacity of sewage treatment station is 650t/h. Water circulation rate reached 98.6%, with fresh water consumption of steel 1.7m³ per tonne. Zero waste water discharge is thus achieved.

3. Energy Recycling

The residual resources are adequately utilized from comprehensive application of power generation projects (pressure generation), which do not only save energy but reduce emissions of pollutants and noise. The recovery of gas from by-products through the use of advanced technologies are all applied in sintering, hot stove, sleeve kilns, furnaces and captive power generation.

- Recycling of blast furnace gas

The blast furnace gas generated from the production of Shouqin after going through gravity dusting and dry dusting are all recovered and stored, which are applied pressure generation of electricity, sintering ignition, stove, furnace coal injection mixing air and rolling furnace production.

- Converter gas recovery and utilization

The converter gas generated from the production of Shouqin after one time dusting are applied in torpedo baking, bake steel package, captive power plant boilers, lime sleeve kiln production.

- Residual heat recycling

The steam generated from the factory area of Shouqin accounted for 75% of the total usage of steam in the residual heat recycling within the factory area, which is applied to Sintering mixing, RH furnace production, the production of liquid oxygen and other areas.

4. Energy-saving measures

- Energy centre

Through information technology, digital technology, precise control, segment management, Shouqin implements total process management over the procurement, production, operation, use, and recycle of energy products. Comprehensive monitoring and economic distribution of energy is realized and the goals of systematic energy saving are achieved.

- Energy Management Contracts

Shouqin first introduced new mechanisms of energy saving for energy management contracts in the steel industry, which accumulated the implementation for a number of energy conservation projects, with an annual capacity of 120,000 tons of standard coal in energy conservation.

5. Noise Control

Shouqin selected low-noise equipment, using silencers, noise separation, vibration reduction and flexible connections in air compressors, oxygen compressors, blowers, etc.

6. Green landscaping

The green landscaping site in the factory area of Shouqin amounted to 720,000 square metres with a green ratio of 39%.

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.

1. Cash/Bank balances and Loans

The cash and bank balances, loans and financial leverage of the Group as at 30 June 2014 as compared to 31 December 2013 is summarized below:

	PRC (exclude HK) 30 June 2014 HK\$ Million	Other than PRC 30 June 2014 HK\$ Million	Group Total 30 June 2014 HK\$ Million	Group Total 31 December 2013 HK\$ Million
Cash and bank balances	<u>1,667</u>	<u>907</u>	<u>2,574</u>	<u>2,612</u>
Total loans				
– from banks*	6,887	1,573	8,460	9,550
– from parent company	<u>871</u>	<u>–</u>	<u>871</u>	<u>893</u>
Total	<u>7,758</u>	<u>1,573</u>	<u>9,331</u>	<u>10,443</u>
Total assets	<u>17,662</u>	<u>9,213</u>	<u>26,875</u>	<u>28,569</u>
Total loans to total assets	<u><u>43.9%</u></u>	<u><u>17.1%</u></u>	<u><u>34.7%</u></u>	<u><u>36.6%</u></u>

* *excluding financing from discounted bills.*

Our ultimate holding company, Shougang Corporation has provided corporate guarantee for most of the bank loans in PRC granted to the Group. Taking into account the financial resources of the Group, including the Group's ability to renew and refinance the banking facilities upon maturity, the Group has sufficient working capital to meet in full its financial obligations.

2. Currency and Interest Rate Risk

The Company manages its financial risks in accordance with guidelines laid down by its Board of Directors. The treasury policy aims to manage the Group currency, interest rate and counterparty risks. Derivatives are only used primarily for managing such risks but not for speculative purposes. We also target to ensure that adequate financial resources are available for business growth.

The Group conducts its businesses mainly in Hong Kong and 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 2014, approximately 80% of the Group's turnover was denominated in Renminbi. A mixture of fixed and floating rate borrowings are used in order to stabilize interest costs despite rate movements. The Group also enters into certain interest rate swaps to mitigate interest rate risks. Notional amounts of such derivative instruments amounted to HK\$194 million.

3. Financing activities

The Company did not have any new banking facilities during this interim period.

There are various financial covenants under the existing bank loan agreements entered into by the Company. The Company has been from time to time monitoring the compliance with such financial covenants. In the event the Company foresees the possibility that the Company may not be able to attain any required financial indicators for any relevant period, the Company will take pre-caution measures to obtain consents from the relevant banks either to waive compliance with the relevant financial covenants for the relevant period or to revise the relevant financial covenants, as the case may be.

MATERIAL ACQUISITIONS & DISPOSALS

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

CAPITAL STRUCTURE

The Company did not issue any new shares during this interim period.

The issued share capital of the Company was HK\$5,345 million (represented by 8,957,896,227 ordinary shares).

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of approximately 4,350 employees as at 30 June 2014.

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

PROSPECTS

During the first half of the year 2014, global geopolitics became complicated. For example, the conflicts between Russia and the western countries over Ukraine, the tense situations in South China Sea of East Asia and the continued political confrontations in the Middle East, etc. All these situations are building uncertainties to the world economy. Economically, the concerns over European debt recurred. With the pace of exit from the market by the US government accelerating, the interest rate hiking cycle will bring considerable challenges to the world economy as soon as it begins. In China, the government now focuses on further reform in its economic structure, primarily through supporting the macro economy from micro-stimulus policies and shifting the emphasis from exports to increasing domestic demands so as to achieve changes in a steady manner.

Our main business is the manufacturing of steel. Facing the weak demand and excess capacity, the unbalanced situation between supply and demand remains unchanged in the first half of the year 2014. However, despite the price of steel was still at a low level, the decreasing trend had been stabilized. On the contrary, the prices of iron ore and coke, which are the major raw materials in steel manufacturing, have seen decrease rapidly in the first half of the year. Since the end of last year to mid of this year, the price of imported iron ore had decreased by more than 30% whilst the price of coke had also decreased by more than 25%. Benefiting from the declining purchase cost of major raw materials, the Company expected the manufacturing costs reduction will be further reflected in the third quarter, which will greatly help the Group to continue reduce its losses.

On commodity trading, the pricing method for long-term offtake contracts with Mt. Gibson was modified last year to be determined from the daily average price of the Platts iron ore price index one month prior to sales delivery to the daily average price of the Platts iron ore price index in the month of sales delivery. This resulted in trading profits becoming more stable, which significantly reduced the impact of price fluctuations between months that may bring a loss. Although the price of iron ore continued to decrease during the period, the Group still recorded a profit in commodity trading. We believe that the business of this segment can still bring stable income for us in future.

On mineral exploitation, Shougang Resources, the Company's principal associate, recorded losses during the period. It was mainly due to the downturn in the steel industry, with the weak demand in coke market that is the second largest upstream raw material having sharp decline in sales prices and sales volumes, and forced Shougang Resources to make impairment for its goodwill during the period. In addition, because of the devaluation of Renminbi, Shougang Resources recorded unrealized exchange related losses on the accounts for holding large amounts of cash and financial instruments. However, the provisions for losses above was mostly non-repetitive and non-cash. Shougang Resources still holds large amounts of cash, which will enhance value for Shougang Resources when suitable investment opportunities appear. We are still confident to the prospects of Shougang Resources.

The steel industry has experienced years of doldrums. The Mainland government has imposed increasingly strict environmental requirements on the industry and set up a target of reducing production capacity of 80 million tonnes by 2017, as well as accelerating the integration of the industries. All of these factors will have a stabilizing effect on the steel prices. As the most important raw material in the upstream of the industry, the price of iron ore cannot avoid to be affected by the impacts of excess capacity in steel industry with a great fall in its price anticipating the market conditions. Together with the continuing increase supply from the domestic and foreign mines, there will still have a declining pressure on the price of iron ore, which will play a significant role in relieving the cost of the steel industry.

As a member of Shougang Corporation, the Company has strong support from Shougang Corporation, remains cautiously optimistic about our development in future.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “CG Code”) during the six months ended 30 June 2014, except for the following deviation:

- Under the first part of code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. In their absence, he should invite another member of the committee or failing this his duly appointed delegate, to attend. These persons should be available to answer questions at the annual general meeting.

The Chairman of the Board, who is also the chairman of the Nomination Committee of the Company, did not attend the annual general meeting of the Company held on 6 June 2014 (the “2014 AGM”) as he had another business engagement. The Managing Director of the Company, who took the chair of the 2014 AGM, and other members of the Board together with the chairmen of the Audit and Remuneration Committees and all other members of each of the Audit, Remuneration and Nomination Committees attended the 2014 AGM. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the 2014 AGM were already of sufficient calibre and number for answering questions at the 2014 AGM.

APPRECIATION

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

By Order of the Board
**Shougang Concord International
Enterprises Company Limited**
Li Shaofeng
Managing Director

Hong Kong, 28 August 2014

As at the date of this announcement, the Board comprises Mr. Xu Ning (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Zhang Wenhui (Deputy Managing Director), Mr. Chen Zhouping (Non-executive Director), Mr. Ip Tak Chuen, Edmond (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).