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SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

首長寶佳集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

HIGHLIGHTS

	For the year ended 31 December		
	2012	2011	
	HK$'000	*HK$'000* (Restated)	**% Change**
Operations			
Revenue	**1,688,107**	1,775,665	**-4.9**
Gross profit	**16,469**	164,700	**-90.0**
Gross profit before allowance for inventories recognised and inventories written off	**67,460**	174,565	**-61.4**
(Loss) earnings before interest, tax, depreciation and amortization ("(L)EBITDA")	**(61,382)**	195,463	**N/A**
Adjusted EBITDA *(Note)*	**96,661**	215,604	**-55.2**
(Loss) profit for the year	**(299,686)**	3,757	**N/A**
(Loss) earnings per Share (basic) *(HK cents)*	**(15.59)**	0.19	**N/A**

Note: Excluding (i) allowance for inventories recognised of HK$46,011,000 (2011: HK$6,049,000); (ii) inventories written off of HK$4,980,000 (2011: HK$3,816,000); (iii) allowance for bad and doubtful debts recognised of HK$51,052,000 (2011: HK$10,276,000); and (iv) impairment loss recognised on property, plant and equipment of HK$56,000,000 (2011: Nil).

	At 31 December		
	2012	2011	
	HK$'000	*HK$'000* (Restated)	**% Change**
Financial position			
Total assets	**3,917,338**	4,314,080	**-9.2**
Shareholders' equity	**2,064,550**	2,341,561	**-11.8**
Net asset value per Share *(HK$)*	**1.07**	1.22	**-12.3**

The Board announces that the audited consolidated results of the Group for the year ended 31 December 2012 and that final results were reviewed by the Audit Committee of the Company and agreed with the auditors.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000 (Restated)
Revenue	2	**1,688,107**	1,775,665
Cost of sales		**(1,671,638)**	(1,610,965)
Gross profit		**16,469**	164,700
Investment and other income	4	**3,974**	23,793
Other gains and losses	5	**(114,199)**	28,030
Distribution and selling expenses		**(46,553)**	(49,955)
Administrative expenses		**(77,331)**	(84,393)
Research and development expenses		**(13,440)**	(20,591)
Finance costs	6	**(76,419)**	(47,899)
(Loss) profit before tax		**(307,499)**	13,685
Income tax credit (expenses)	7	**7,813**	(9,928)
(Loss) profit for the year	8	**(299,686)**	3,757
(Loss) earnings per share	10		
Basic		**(HK15.59 cents)**	HK0.19 cents
Diluted		**(HK15.59 cents)**	HK0.19 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012 *HK$'000*	2011 *HK$'000* (Restated)
(Loss) profit for the year	**(299,686)**	3,757
Other comprehensive income (expense)		
Exchange differences arising on translation of group entities	**5,100**	106,530
Surplus on revaluation of properties	**21,983**	8,370
Recognition of deferred tax liability on revaluation of properties	**(5,248)**	(1,908)
Other comprehensive income for the year (net of tax)	**21,835**	112,992
Total comprehensive (expense) income for the year	**(277,851)**	116,749

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Notes	31 December 2012 HK$'000	31 December 2011 HK$'000 (Restated)	1 January 2011 HK$'000 (Restated)
Non-current assets				
Investment properties	*11*	**36,187**	31,491	27,744
Property, plant and equipment	*11*	**1,971,861**	2,117,478	1,745,586
Prepaid lease payments		**190,100**	198,599	184,464
Goodwill		**41,672**	41,672	41,672
Club memberships		**750**	751	732
Deposit paid for the acquisition of property, plant and equipment		**1,780**	4,662	108,269
Deferred tax assets		**5,942**	2,375	2,177
		2,248,292	2,397,028	2,110,644
Current assets				
Inventories		**292,685**	425,618	354,562
Trade receivables	*12*	**498,480**	595,578	495,156
Bills receivable	*12*	**525,956**	545,412	525,559
Prepayments, deposits and other receivables		**167,364**	186,104	136,907
Prepaid lease payments		**8,463**	8,464	7,587
Tax recoverable		**175**	920	99
Bank balances and cash		**175,923**	154,956	276,448
		1,669,046	1,917,052	1,796,318
Current liabilities				
Trade payables	*13*	**199,065**	188,742	145,050
Other payables and accruals	*13*	**224,314**	388,737	210,919
Tax payable		**21,445**	29,849	55,469
Loan from a related company	*14*	**123,327**	–	–
Bank borrowings	*15*	**824,941**	838,002	811,829
		1,393,092	1,445,330	1,223,267
Net current assets		**275,954**	471,722	573,051
Total assets less current liabilities		**2,524,246**	2,868,750	2,683,695

	Notes	**31 December 2012** *HK$'000*	31 December 2011 *HK$'000* (Restated)	1 January 2011 *HK$'000* (Restated)
Non-current liabilities				
Bank borrowings	*15*	**436,986**	500,445	403,426
Other payable		**1,154**	982	1,058
Deferred tax liabilities	*16*	**21,556**	24,922	25,162
		459,696	526,349	429,646
Net assets		**2,064,550**	2,342,401	2,254,049
Capital and reserves				
Share capital	*17*	**192,290**	192,290	192,230
Reserves		**1,872,260**	2,149,271	2,060,979
Equity attributable to equity holders of the Company		**2,064,550**	2,341,561	2,253,209
Share option reserve of a subsidiary		**–**	840	840
Total equity		**2,064,550**	2,342,401	2,254,049

Notes:

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied a number of amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the 2012 financial year. In addition, in the current year, the Group has early adopted the amendments to HKAS 1 *Presentation of Financial Statement* (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012).

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*

The Group has applied for the first time the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to HKAS 12 is not rebutted.

The application of the amendments to HKAS 12 has resulted in the Group not recognising any deferred taxes on changes in fair value of the investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of these investment properties. In respect of those investment properties located in the PRC, which are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, the Group recognised additional deferred taxes relating to land appreciation tax on changes in fair value of such investment properties. Previously, the Group recognised deferred taxes on changes in fair value of investment properties based on the tax consequence that would follow from the manner in which the Group expects at the end of the reporting period to recover the carrying amounts of the investment properties.

Upon application of amendments to HKAS 12, no deferred taxes have been provided for changes in fair value of the Group's investment properties located in Hong Kong. In respect of those investment properties located in the PRC, which are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, the Group recognised additional deferred taxes relating to land appreciation tax on changes in fair value of those investment properties.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being decreased by HK$1,241,000 as at 1 January 2011, with the corresponding credit of HK$1,206,000 being recognised in retained profits and HK$35,000 in translation reserve. Similarly, the deferred tax liabilities have been decreased by HK$1,455,000 as at 31 December 2011, with corresponding credit of HK$1,436,000 being recognised in retained profits and HK$19,000 in translation reserve.

The change in accounting policy has also resulted in the Group's income tax expense for the years ended 31 December 2012 and 2011 being reduced by HK$487,000 and HK$230,000, respectively and hence resulted in the loss for the year ended 31 December 2012 being decreased by HK$487,000 and profit for the year ended 31 December 2011 being increased by HK$230,000.

Amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets*

The Group has applied for the first time the amendments to HKFRS 7 *Disclosures – Transfers of Financial Assets* in the current year. The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.

The Group has arrangements with various banks to transfer to the banks its contractual rights to receive cash flows from certain bills receivable. The arrangements are made through discounting those receivables to banks on a full recourse basis. Specifically, if the bills receivable are not paid at maturity, the banks have the right to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivable, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing.

In addition, the Group endorsed certain bills receivable to suppliers to exchange for goods and services from those suppliers which transferred the contractual rights to receive cash flows from those bills receivables to the respective suppliers on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivable, it continues to recognise the full carrying amount of the receivables, and the associated trade payables and other payables.

The relevant disclosures have been made regarding the transfer of these bills receivable on application of the amendments to HKFRS 7.

Certain comparative information in respect of bills receivable, trade payables and other payables and accruals have been re-presented to conform to current year presentation in the consolidated statement of financial position.

Amendments to HKAS 1 *Presentation of Financial Statements*
(as part of the Annual Improvements to HKFRSs 2009 - 2011 Cycle issued in June 2012)
Various amendments to HKFRSs were issued in June 2012, the title of which is Annual Improvements to HKFRSs (2009 – 2011 Cycle). The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In the current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual period beginning on 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

In the current year, the Group has applied the amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets* for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 January 2011 without the related notes.

Summary of the effect of the above changes in accounting policies
The effect of changes in accounting policies described above on the results for the current and prior year by line items are as follows:

	2012	2011
	HK$'000	*HK$'000*
Decrease in income tax expense	**487**	230
Decrease in loss/increase in profit for the year	**487**	230

The effect of the above changes in accounting policies on the financial positions of the Group as at 1 January 2011 and 31 December 2011 is as follows:

	As at 1 January 2011			As at 31 December 2011		
	Originally stated	**Adjustments**	**Restated**	**Originally stated**	**Adjustments**	**Restated**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax liabilities and total effects on net assets	26,403	(1,241)	25,162	26,377	(1,455)	24,922
Retained profits	705,923	1,206	707,129	681,414	1,436	682,850
Translation reserve	240,201	35	240,236	346,747	19	346,766
Total effects on equity	2,252,808	1,241	2,254,049	2,340,946	1,455	2,342,401

The effects of the above changes in accounting policies on the financial positions of the Group as at 31 December 2012 is as follows:

	HK$'000
Decrease in deferred tax liabilities and total effects on net assets	1,942
Increase in retained profits	1,924
Increase in translation reserve	18
Total effects on equity	1,942

The effects of the above changes in accounting policies on the Group's basic and diluted earnings per share for the current and prior year are as follows:

Impact on basic and diluted (loss) earnings per share

	Impact on basic (loss) earnings per share		**Impact on diluted (loss) earnings per share**	
	2012	2011	**2012**	2011
	HK cents	*HK cents*	***HK cents***	*HK cents*
Figures before adjustment	**(15.62)**	0.18	**(15.62)**	0.18
Adjustment arising from change in accounting policy in relation to application of amendments to HKAS 12 in respect of deferred taxes on investment properties	**0.03**	0.01	**0.03**	0.01
Figures after adjustments	**(15.59)**	0.19	**(15.59)**	0.19

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective during the year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle[1], except for the amendments to HKAS 1
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2014.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 July 2012.

HKFRS 9 ***Financial Instruments***
HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to changes in the financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for the Group for annual period beginning on 1 January 2015, with earlier application permitted.

Based on the Group's financial assets and financial liabilities as at 31 December 2012, the Directors anticipate that the adoption of HKFRS 9 in the future is not expected to have material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised standards on consolidation, joint arrangements, associates and disclosures
In June 2011, a package of five standards on consolidation, joint arrangement, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of HKFRS 10 and HKFRS 12 are described below:

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is, control. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these HKFRSs for the first time.

These standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1 January 2013. The Directors anticipate that the application of these standards will not have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 *Fair Value Measurement*
HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for the Group for annual period beginning on 1 January 2013, with earlier application permitted.

The Directors anticipate that the application of the new standard will have no material impact to the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*
The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'.

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

2. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less returns, trade discounts and sales related taxes, and gross rental income during the year.

An analysis of the Group's revenue for the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Sales of goods		
Manufacturing of steel cords	**1,285,893**	1,359,044
Processing and trading of copper and brass products	**401,238**	415,885
	1,687,131	1,774,929
Rental income	**976**	736
	1,688,107	1,775,665

3. SEGMENT INFORMATION

Information reported to the Company's managing director, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered.

Specifically, the Group's operating and reportable segments under HKFRS 8 are as follows:

i) The steel cord segment comprising the manufacturing of steel cords; and

ii) The copper and brass products segment comprising the processing and trading of copper and brass products.

Segment revenue and results

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

For the year ended 31 December 2012

	Steel cord	**Copper and brass products**	**Segment total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue			
External sales	**1,285,893**	**401,238**	**1,687,131**
Inter-segment sales *(Note)*	**–**	**20,897**	**20,897**
Total	**1,285,893**	**422,135**	**1,708,028**
Segment results	**(200,265)**	**(781)**	**(201,046)**

Note: Inter-segment sales are made based on prevailing market price.

Reconciliation of revenue

	HK$'000
Total revenue for operating segments	**1,708,028**
Rental income	**976**
Elimination of inter-segment sales	**(20,897)**
Group revenue	**1,688,107**

Reconciliation of loss before tax

	HK$'000
Total loss for operating segments	**(201,046)**
Profit arising from property investment	**4,982**
Unallocated amounts	
Unallocated income	**1,112**
Unallocated foreign exchange losses, net	**(6,110)**
Unallocated expenses	**(30,018)**
Unallocated finance costs	**(76,419)**
Loss before tax	**(307,499)**

For the year ended 31 December 2011

	Steel cord *HK$'000*	Copper and brass products *HK$'000*	Segment total *HK$'000*
Segment revenue			
External sales	1,359,044	415,885	1,774,929
Inter-segment sales *(Note)*	–	24,417	24,417
Total	1,359,044	440,302	1,799,346
Segment results	57,088	3,940	61,028

Note: Inter-segment sales are made based on prevailing market price.

Reconciliation of revenue

	HK$'000
Total revenue for operating segments	1,799,346
Rental income	736
Elimination of inter-segment sales	(24,417)
Group revenue	1,775,665

Reconciliation of profit before tax

	HK$'000
Total profit for operating segments	61,028
Profit arising from property investment	3,523
Unallocated amounts	
Unallocated income	1,519
Unallocated foreign exchange gains, net	26,660
Unallocated expenses	(31,146)
Unallocated finance costs	(47,899)
Profit before tax	13,685

Segment results represents the profit and loss of each segment without allocation of profit arising from property investment, certain foreign exchange gains or losses, central administration costs, the emoluments of Directors, interest income on bank deposits and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INVESTMENT AND OTHER INCOME

	2012 *HK$'000*	2011 *HK$'000*
Investment income		
Interest income on bank deposits	**991**	1,472
Other income		
Government grants *(Note)*	**1,631**	16,806
Sales of scrap materials	**1,352**	5,515
	2,983	22,321
	3,974	23,793

Note: For the year ended 31 December 2011, government grants included immediate financial supports with an amount of approximately HK$12,808,000 (2012: Nil) granted from the local government of Tengzhou City, Shandong in the PRC. For the remaining government grants, there were no specific conditions attached to the grants and the amounts were recognised in profit or loss when the grants were received.

5. OTHER GAINS AND LOSSES

	2012 *HK$'000*	2011 *HK$'000*
Foreign exchange (losses) gains, net	**(7,680)**	33,983
Increase in fair value of investment properties	**4,696**	3,281
Impairment loss recognised in respect of property, plant and equipment	**(56,000)**	–
Allowance for bad and doubtful debts recognised	**(51,052)**	(10,276)
Reversal of revaluation deficit of leasehold land and buildings	**753**	630
Loss on disposal of property, plant and equipment, net	**(185)**	(227)
Others	**(4,731)**	639
	(114,199)	28,030

6. FINANCE COSTS

	2012 *HK$'000*	2011 *HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**62,645**	46,680
Interest expenses on loan from a related company wholly repayable within five years	**5,054**	–
Amortisation of transaction costs	**9,331**	5,499
Total borrowing costs	**77,030**	52,179
Less: amounts capitalised	**(611)**	(4,280)
	76,419	47,899

Borrowing costs capitalised during the year arose on general borrowing pool and were calculated by applying a capitalisation rate of 5.22% (2011: 4.47%) per annum to expenditure on qualifying assets.

7. INCOME TAX (CREDIT) EXPENSES

	2012 *HK$'000*	2011 *HK$'000* (Restated)
Current tax:		
Hong Kong	**–**	75
PRC Enterprise Income Tax	**4,234**	12,851
	4,234	12,926
Under (over) provision in prior years:		
Hong Kong	**(12)**	(1)
PRC Enterprise Income Tax	**106**	28
	94	27
Deferred taxation:		
Current year	**(12,141)**	(3,025)
	(7,813)	9,928

No provision for Hong Kong Profits Tax for the year ended 31 December 2012 as there is no assessable profit subject to Hong Kong Profits tax for the year. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2011.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law (the "Implementation Regulation"). Under the New Law and Implementation Regulation, the Company's major subsidiaries in the PRC are subject to a respective tax rate of 18%, 20%, 22%, 24% and 25% for the years ended 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively. The tax rate for these subsidiaries was 25% for the year ended 31 December 2012 (2011: 24%).

Two subsidiaries of the Company operating in the PRC are eligible for certain tax holidays and concessions in respect of PRC Enterprise Income Tax and are exempted from PRC Enterprise Income Taxes for the two years commencing from their first year of operation and thereafter, these subsidiaries will be entitled to a 50% relief from PRC Enterprise Income Tax for the following three years. During the year ended 31 December 2012, these two subsidiaries are in the third year of entitling 50% relief from PRC Enterprise Income Tax.

In addition, according to the New Law and Implementation Regulation, withholding income tax at a rate of 10% would be imposed on dividends relating to profits earned in year 2008 onwards to foreign investors for the companies established in the PRC. Such dividend tax rate may be further reduced by applicable tax treaties or arrangement. According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the withholding tax rate on dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is further reduced to 5% if the Hong Kong resident enterprise holds at least 25% equity interests in the PRC resident enterprise, and remains at 10% otherwise. Deferred tax has been provided in the consolidated income statement in respect of the temporary differences attributable to such incomes based on the applicable tax rates.

8. (LOSS) PROFIT FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
(Loss) profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including allowance for inventories recognised of approximately HK$46,011,000 (2011: HK$6,049,000) and inventories written off of approximately HK$4,980,000 (2011: HK$3,816,000))	**1,650,955**	1,590,595
Depreciation of property, plant and equipment	**161,266**	126,031
Auditor's remuneration	**1,240**	1,240
Amortisation of prepaid lease payments (included in "Cost of sales")	**8,432**	7,848

9. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year ended 31 December 2011 in respect of 2010 final dividend of HK1.5 cents per share	**–**	28,844

No interim or final dividend was paid or proposed for the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
(Loss) earnings		
(Loss) profit for the purposes of calculation of basic and diluted (loss) earnings per share	**(299,686)**	3,757

	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic (loss) earnings per share	**1,922,900,556**	1,922,879,186
Effect of dilutive potential ordinary shares: Share options	**–**	30,142,047
Weighted average number of ordinary shares for the purpose of calculation of diluted (loss) earnings per share	**1,922,900,556**	1,953,021,233

For the year ended 31 December 2012, the computation of diluted loss per share does not assume the exercise of (i) the Company's outstanding share options and (ii) the share option granted by the Company's subsidiary outstanding during the year ended 31 December 2012 since their exercise would result in a decrease in loss per share.

For the year ended 31 December 2011, the computation of diluted earnings per share does not assume the exercise of (i) certain of the Company's outstanding share options as the exercise price of these options is higher than the average market price of the shares during the year ended 31 December 2011 and (ii) the share option granted by the Company's subsidiary outstanding during the year ended 31 December 2011 as it is anti-dilutive.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the year ended 31 December 2012, the Group incurred approximately HK$48,639,000 (2011: HK$406,307,000) on the expansion of production capacity of Steel cord segment. In addition, the Group also acquired approximately HK$1,376,000 (2011: HK$289,000) of other property, plant and equipment in the current year.

During the year ended 31 December 2012, the Group disposed of certain machineries with an aggregate carrying amount of HK$771,000 (2011: HK$670,000) for cash proceeds of HK$586,000 (2011: HK$443,000), resulting in a loss on disposal of HK$185,000 (2011: HK$227,000).

The fair values of the Group's investment properties at 31 December 2012 and 2011 have been arrived at on the basis of valuations carried out on that date by Messrs. Vigers Appraisal & Consulting Limited ("Vigers"), an independent qualified professional valuer not connected with the Group. The valuation was arrived at by reference to the recent transactions for similar premises in the proximity. Vigers is a member of the Institute of Valuers. The resulting increase in fair value of investment properties of approximately HK$4,696,000 (2011: HK$3,281,000) has been credited to profit or loss for the year.

As at 31 December 2012 and 2011, the leasehold land and buildings included in property, plant and equipment were valued by Vigers on either: (i) an open market value basis by reference to recent market transactions for comparable properties; or (ii) an basis of depreciated replacement costs for certain properties in the absence of a known market based on comparable sales method. The resulting increase in fair value of leasehold land and buildings has been credited to profit or loss for the year and property revaluation reserve of approximately HK$753,000 and HK$21,983,000 (2011: HK$630,000 and HK$8,370,000), respectively.

Impairment losses recognised in the current year:

During the year, as the result of the unexpected poor performance of Steel cord segment, the management conducted an impairment assessment of the Company's subsidiary, TESC. TESC is a cash generating unit ("CGU") for the purpose of impairment test of the tangible assets. A CGU is considered to be impaired when its recoverable amount declines below its carrying amount. The recoverable amount is the higher of value in use and fair value less cost to sell.

During the year ended 31 December 2012, an impairment loss of HK$56,000,000 recognised in the profit or loss of which (i) HK$53,134,000 was allocated to plant and machinery; (ii) HK$440,000 was allocated to furniture, fixtures and equipment; (iii) HK$314,000 was allocated to motor vehicles; and (iv) HK$2,112,000 was allocated to construction in progress on a pro rata basis with reference to their respective carrying amounts before impairment. No impairment assessment was performed in 2011 as there was no indication of impairment.

The impairment loss has been included in profit or loss in the other gains and losses line item.

12. TRADE RECEIVABLES/BILLS RECEIVABLE

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**558,015**	608,282
Less: allowance for bad and doubtful debts	**(59,535)**	(12,704)
	498,480	595,578
Bills receivable	**525,956**	545,412
	1,024,436	1,140,990

Included in bills receivable as at 31 December 2012 was an amount of approximately HK$6,166,000 (2011: HK$12,818,000) that had been discounted to banks.

The Group normally allows credit periods of 30 to 90 days to its trade customers.

An aged analysis of trade receivables net of allowance for bad and doubtful debts at the end of the reporting period presented based on the sales invoice dates, which approximated the respective revenue recognition dates, is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 – 90 days	**390,454**	400,552
91 – 180 days	**89,952**	153,494
Over 180 days	**18,074**	41,532
	498,480	595,578

An aged analysis of bills receivable at the end of the reporting period presented based on sales invoice dates is as follows:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
0 – 90 days	**17,165**	21,677
91 – 180 days	**184,653**	203,594
Over 180 days	**324,138**	320,141
	525,956	545,412

13. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

An aged analysis of trade payables at the end of the reporting period presented based on purchase invoice date is as follows:

	2012 *HK$'000*	2011 *HK$'000* (Restated)
0 – 30 days	**89,633**	91,690
31 – 90 days	**61,965**	66,284
91 – 180 days	**40,082**	29,461
181 – 365 days	**6,655**	655
Over 1 year	**730**	652
	199,065	188,742

The average credit period on purchases of goods is 30 days.

Included in other payables and accruals are payables for purchase of property, plant and equipment of approximately HK$172,310,000 (2011: HK$336,452,000 as restated).

14. LOAN FROM A RELATED COMPANY

The amount represents loan from Shougang (Hong Kong) Finance Company Limited, a wholly-owned subsidiary of Shougang Holding (Hong Kong) Limited ("Shougang HK"). The Company is an associate of Shougang HK. The loan is unsecured, bears interest at 6% per annum and repayable within one year.

15. BANK BORROWINGS

	2012 *HK$'000*	2011 *HK$'000*
Trust receipt loans	**32,071**	59,443
Other bank loans	**1,223,690**	1,266,186
Discounted bills with recourse	**6,166**	12,818
	1,261,927	1,338,447
Secured	**245,364**	394,329
Unsecured	**1,016,563**	944,118
	1,261,927	1,338,447

16. DEFERRED TAX LIABILITIES

As at 31 December 2012 and 31 December 2011, included in deferred tax liabilities was mainly the tax effect arising from withholding tax on distributable profits of subsidiaries in the PRC.

17. SHARE CAPITAL

	2012		2011	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised:				
At 1 January and 31 December	**5,000,000**	**500,000**	5,000,000	500,000
Issued and fully paid:				
At 1 January	**1,922,901**	**192,290**	1,922,301	192,230
Exercise of share options *(Note)*	**–**	**–**	600	60
At 31 December	**1,922,901**	**192,290**	1,922,901	192,290

Note: During the year ended 31 December 2011, employees other than Directors exercised 600,000 share options. Therefore, 600,000 new shares were issued during the year ended 31 December 2011. The new shares rank pari passu with the existing Shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Business model and strategy

We have clear focused strategy to operate the businesses on behalf of our Shareholders. Our mission is to be one of the top tier steel cord and sawing wire manufacturers in the PRC, capable of consistently purveying premium quality steel cords and sawing wire products; and the evolution into a diversified metal product manufacturer with the development of a successful "Eastern" brand awareness and recognition in the PRC and worldwide markets. Our ultimate goal is to maintain long term profitability, maximize return to our Shareholders under a prudent and manageable capital structure and contribute to the economic and social development of the communities in which we operate and deliver sustainable growth in stakeholders' value.

The Board is responsible for the development of business model and setting of strategies, planning and development of the Group, to drive for expansion and new business opportunities. The strategies adopted by the Board will be deployed to general manager of the Company to motivate the staff to achieve the designated business goals and financial targets under risk tolerance levels prescribed by the Board. The progress of implementation of the strategies and business goals will be reviewed and adjusted to respond to increasingly complicated external environment and further discussed with follow up action regularly at the Board and/or other management meetings throughout the years.

For the coming years, we will take a prudent approach to operate our business under current uncertain global economic conditions with a view to deliver a satisfactory results to our Shareholders.

Review of operations

The global economy saw a slowdown in growth since the fourth quarter of 2011 which continued into the whole year of 2012. Operating environment was very challenging for the year under review as clouded by the incessant uncertainties on the development of Euro sovereign debts crisis and lack of confidence in economic outlook. In the PRC, various business segments including automobile and transportation sectors were operated in a very difficult market condition due to the slowdown in business growth and the implementation of tightened monetary policy by the Central Government throughout the year. Our downstream customers, radial tyre manufacturers suffered from the slowing demand from automobile and transportation sectors and hence, instigated further pressure on procurement price of materials, including steel cords. Furthermore, market competition in the steel cord industry was very intensive during the year due to excessive capacity that drove down the selling price of steel cords. Attributable to these factors, the Steel cord segment incurred significant operating loss for the year under review.

The Copper and brass products segment also faced difficult market environment for the year under review, particular for sales outside Mainland China. Despite this segment achieved a steady growth in overall sales volume during the year, its profitability was affected by the decline in copper price during the year. This segment reported substantial decrease in EBITDA and incurred operating loss for the year under review.

Owing to the above, the Group recorded decrease in EBITDA (before allowance and write-off of inventories; allowance for bad and doubtful debts and impairment loss recognised on property, plant and equipment) of 55.2% as compared to the previous year to HK$96,661,000 (2011: HK$215,604,000) for the year; and significant net loss of HK$299,686,000 for the year, as compared to net profit of HK$3,757,000 (restated) for the previous year. Further details are discussed on '**FINANCIAL REVIEW**' section below.

Although the Group delivered discouraging results under the difficult operating environment for the year under review, the Group achieved advancement on the following aspects:

1. Both the Steel cord segment and Copper and brass products segment achieved steady growth in sales volume. The sales volume of steel cords and copper and brass products increased by 3.2% and 8.0% over the previous year respectively; and

2. There was a great improvement in cash flow generated from operating activities. The Group recorded net operating cash inflow of HK$101,968,000 (including bills receivable totalling HK$114,990,000 (2011: HK$44,536,000) that has been discounted to banks were matured during the year) for the year under review. Furthermore, bills receivable of HK$75,766,000 endorsed to certain creditors of the Group at 31 December 2011 to settle the payable for purchase of property, plant and equipment were matured during the year. These matured bills also formed part of the operating cash inflow for the year and when this was included, the actual net cash operating inflow of the Group would be HK$177,734,000 for the year, while in the previous year, the Group had corresponding net operating cash outflow of HK$769,000.

Steel cord

Overall performance

This segment achieved a steady growth in sales volume of steel cords during the year, while the production costs of steel cords decreased as prices of raw materials dropped and reduction in other production costs which was attributable to enhancement in production efficiency and higher production volume. However, due to the unprecedented decline in selling price of steel cords, further allowances made against inventories and trade receivables and recognition of impairment loss on property, plant and equipment during the year, this segment recorded loss before interest, tax, depreciation and amortisation of HK$32,136,000 for the year, as compared to EBITDA of HK$190,015,000 for the previous year.

During the year, allowance and write-off of inventories totaling HK$50,991,000 (2011: HK$9,865,000) was made primarily for the decrease in value of raw materials for manufacturing of sawing wire products and certain steel cord finished products; further allowance for bad and doubtful debts of HK$50,956,000 (2011: HK$10,276,000) was made mainly against certain long overdue trade receivables aged over 180 days based on sales invoice date; and the recognition of impairment loss on property, plant and equipment amounted to HK$56,000,000 (2011: Nil). When these allowances, write-off and impairment loss were excluded, EBITDA of this segment would be HK$125,811,000 for the year, decreased by 40.1% as compared to HK$210,156,000 for the previous year.

Attributable to the significant drop in EBITDA, this segment recorded an operating loss of HK$200,265,000 (2011: operating profit of HK$57,088,000) for the year.

Revenue
This segment sold 96,383 tonnes of steel cords during the year, increased by 3.2% as compared to 93,409 tonnes for the previous year. In respect of sawing wire business, this segment sold 788 tonnes (2011: 1,078 tonnes) of half products and 198 tonnes (2011: 30 tonnes) of final products of sawing wires respectively. The analysis of sales volume of this segment is as follows:

	2012		2011		
	Sales volume *(Tonne)*	**% of total sales volume of steel cords**	Sales volume *(Tonne)*	% of total sales volume of steel cords	**% change**
Steel cords for:					
– truck tyres	**70,597**	**73.2**	66,996	71.7	**+5.4**
– off the road truck tyres	**3,318**	**3.5**	3,363	3.6	**-1.3**
– passenger car tyres	**22,468**	**23.3**	23,050	24.7	**-2.5**
Total for steel cords	**96,383**	**100.0**	93,409	100.0	**+3.2**
Sawing wires:					
– half product	**788**		1,078		**-26.9**
– final product	**198**		30		**+560.0**
Total for sawing wires	**986**		1,108		**-11.0**
Other steel wires	**220**		279		**-21.1**
Total	**97,589**		94,796		**+2.9**

There was no significant change in sales mix of steel cords during the year, steel cords for truck tyres remained the largest part of sales of steel cords which accounted for 73.2% of sales of steel cords for the year.

In respect of sales of steel cords by region, the export sales volume of steel cords amounted to 11,794 tonnes (2011: 12,055 tonnes) for the year, representing a decline of 2.2% as compared to the previous year; its percentage to total sales volume was 12.2% for the year, similar to 12.9% for the previous year. An analysis of sales of steel cords is as follows:

	2012		2011		
	Sales volume *(Tonne)*	**% of total sales volume of steel cords**	Sales volume *(Tonne)*	% of total sales volume of steel cords	**% change**
Domestic	**84,589**	**87.8**	81,354	87.1	**+4.0**
Export	**11,794**	**12.2**	12,055	12.9	**-2.2**
Total	**96,383**	**100.0**	93,409	100.0	**+3.2**

The sales volume contributed by the two manufacturing plants, JESC and TESC for the year under review is as follows:

	JESC *(Tonne)*	**TESC *(Tonne)***	**Total *(Tonne)***
Steel cords for:			
– truck tyres	**39,910**	**30,687**	**70,597**
– off the road truck tyres	**3,318**	**–**	**3,318**
– passenger car tyres	**19,287**	**3,181**	**22,468**
Total for steel cords	**62,515**	**33,868**	**96,383**
Sawing wires:			
– half product	**837**	**(49)**	**788**
– final product	**198**	**–**	**198**
Total for sawing wires	**1,035**	**(49)**	**986**
Other steel wires	**40**	**180**	**220**
Total	**63,590**	**33,999**	**97,589**
Sales volume for 2011	68,079	26,717	94,796
% change	**-6.6%**	**+27.3%**	**+2.9%**

In respect of selling price, the average selling price of steel cords dropped by 9.6% as compared to the previous year to RMB10,627 (2011: RMB11,754) per tonne for the year, as affected by pricing pressure from customers and intensified market competition in the year under review.

The revenue from sales of half product and final product of sawing wires amounted to HK$23,579,000 for the year, decreased by 28.5% as compared to HK$33,000,000 for the previous year, attributable to the tremendous decline in selling price of sawing wires during the year as affected by the severe downturn of the solar energy sector. In all, the decrease in selling price of steel cords counteracted the increase in sales volume of steel cords, coupled with the decrease in revenue from sales of sawing wire products, the revenue of this segment dropped by 5.4% as compared to the previous year to HK$1,285,893,000 (2011: HK$1,359,044,000) for the year.

Gross profit
Gross profit of this segment sharply declined by 94.9% as compared to the previous year to HK$7,670,000 (2011: HK$151,403,000) for the year. Gross profit margin substantially dropped from 11.1% in the previous year to 0.6% for the year. The breakdown is as follows:

	2012		2011		
	HK$'000	**Gross profit margin *(%)***	*HK$'000*	Gross profit margin *(%)*	**% change**
Gross profit before allowance for inventories and inventories written off:					
JESC	**75,172**	**8.5**	138,622	13.9	**-45.8**
TESC	**(17,068)**	**-3.9**	19,860	5.2	**N/A**
Others and elimination of intercompany sales	**557**	**N/A**	2,786	N/A	**-80.0**
Total	**58,661**	**4.6**	161,268	11.9	**-63.6**
Allowance for inventories and inventories written off	**(50,991)**	**N/A**	(9,865)	N/A	**+416.9**
Gross profit	**7,670**	**0.6**	151,403	11.1	**-94.9**

The production costs of steel cords dropped as compared to the previous year, contributed by the lower raw material prices and reduction in other production costs attributable to the unremitting effort in improving our operating efficiency and increase in production volume. However, these contributions were not able to counteract the drop in average selling price of steel cords of 9.6%, which caused gross profit (before allowance for inventories and inventories write-off) to drop by 63.6% as compared to the previous year.

Furthermore, allowance and write-off of inventories totaling HK$50,991,000 (2011: HK$9,865,000) was made primarily for the decrease in value of raw materials for manufacturing of sawing wire products and certain steel cord finished products during the year. These caused the gross profit of this segment to drop substantially by 94.9% as compared to the previous year.

Investment and other income
Investment and other income decreased by 85.2% as compared to the previous year to HK$3,347,000 (2011: HK$22,612,000) for the year, mainly because the amount of government grants decreased by 91.8% as compared to the previous year to HK$1,334,000 (2011: HK$16,188,000) for the year.

Allowance for bad and doubtful debts
During the year, further allowance for bad and doubtful debts of HK$50,956,000 (2011: HK$10,276,000) was made principally for those long overdue customers with receivables aged over 180 days based on sales invoice date, as their credit quality and financial position was negatively affected by the tightened monetary policy and significant downturn in solar energy sector during the year.

Impairment loss recognised on property, plant and equipment
The management of the Group conducted an impairment assessment of TESC during the year under review. Due to the significant decline in average selling price of steel cords and the lower than expected capacity utilization rate of TESC's production facility attributable to the weaker demand of steel cords during the year, there was an indication that there is a decrease in recoverable amount of TESC, which is the higher of value in use and fair value less cost to sell, therefore an impairment loss of HK$56,000,000 was recognised in property, plant and equipment during the year.

Distribution and selling expenses
Distribution and selling expenses decreased by 8.2% as compared to the previous year to HK$42,750,000 (2011: HK$46,555,000) for the year. The extent of decrease was higher than the drop of 5.4% in revenue.

Administrative expenses and research and development expenses
Cost reductions were in placed during the year and both administrative expenses and research and development expenses decreased as compared to the previous year. Administrative expenses amounted to HK$40,351,000 for the year, decreased by 11.5% as compared to HK$45,601,000 for the previous year; while research and development expenses decreased by 34.7% as compared to the previous year to HK$13,440,000 (2011: HK$20,591,000) for the year. The decrease of research and development expenses was because the development of sawing wire business by JESC and TESC had substantially completed in 2011 and the techniques for producing certain specification of products had been well mastered.

Copper and brass products

Overall performance

This segment was affected by the uncertain outlook of global economy and prolonged Euro sovereign debts crisis that pushed down the price of copper, especially in the first half year. Despite it achieved a satisfactory growth in overall sales volume, the decline in copper price during the year caused this segment to incur an operating loss of HK$781,000 for the year, as compared to an operating profit of HK$3,940,000 for the previous year.

Revenue

The sales volume of this segment was 7,750 tonnes for the year, increased by 8.0% as compared to 7,176 tonnes for the previous year. Sales volume in Mainland China increased by 36.9% over the previous year, and its percentage to total sales volume increased from 54.9% in the previous year to 69.6% for the year under review, reflected this segment's long term strategic focus on the PRC market. However, sales to other regions dropped by 27.2% as compared to the previous year, attributable to the stagnant economy in other major developed countries. The breakdown of sales volume by geographical location is as follows:

	2012		2011		
	Sales volume *(Tonne)*	**% of total sales volume**	Sales volume *(Tonne)*	% of total sales volume	**% change**
Mainland China	**5,393**	**69.6**	3,939	54.9	**+36.9**
Other regions	**2,357**	**30.4**	3,237	45.1	**-27.2**
Total	**7,750**	**100.0**	7,176	100.0	**+8.0**

Due to the decline in copper price, average selling price dropped from HK$61,360 per tonne in the previous year to HK$54,468 per tonne for the year, representing a decrease of 11.2%. The drop in average selling price fully offset the positive contribution from the increase in sales volume and therefore this segment recorded a decline in revenue of 4.1% as compared to the previous year to HK$422,135,000 (2011: HK$440,302,000) for the year.

Gross profit

The decrease in revenue of this segment and the decline in copper price since February 2012 affected the gross profit of this segment, which dropped by 36.3% as compared to the previous year to HK$8,094,000 (2011: HK$12,708,000) for the year. Gross profit margin dropped from 2.9% in the previous year to 1.9% for the year.

FINANCIAL REVIEW

The Group reported significant net loss of HK$299,686,000 for the year, as compared to net profit of HK$3,757,000 (restated) for the previous year. In summary, the significant downturn in results of the Group for the year as compared to the previous year was mainly attributable to the following factors:

1. The significant drop in gross profit which was due to the decrease in average selling price and allowance and write-off of inventories as mentioned in '**Steel cord**' and '**Copper and brass products**' sections above;

2. Further allowance for bad and doubtful debts of HK$51,052,000 made during the year;

3. Impairment loss recognised on property, plant and equipment of HK$56,000,000 during the year, as mentioned in '**Steel cord**' section above; and

4. The increase in finance costs of 59.5% over the previous year, as more bank borrowings were raised to finance capital expenditures and working capital of Steel cord segment.

Revenue

Revenue of the Group amounted to HK$1,688,107,000 (2011: HK$1,775,665,000) for the year, representing a decrease of 4.9% as compared to the previous year. The breakdown of revenue by business segments is as follows:

	2012		2011		
	HK$'000	**% of total revenue**	*HK$'000*	% of total revenue	**% change**
Steel cords	**1,285,893**	**76.2**	1,359,044	76.5	**-5.4**
Copper and brass products	**422,135**	**25.0**	440,302	24.8	**-4.1**
Sub-total	**1,708,028**	**101.2**	1,799,346	101.3	**-5.1**
Elimination of inter-segment sales	**(20,897)**	**(1.2)**	(24,417)	(1.4)	**-14.4**
Property rental income	**976**	**–**	736	0.1	**+32.6**
Total	**1,688,107**	**100.0**	1,775,665	100.0	**-4.9**

Gross profit

Gross profit of the Group sharply decreased by 90.0% as compared to the previous year to HK$16,469,000 (2011: HK$164,700,000) for the year. Gross profit margin was 1.0% for the year, declined by 8.3 percentage points as compared to 9.3% of the previous year. Gross profit margin before allowance and write-off of inventories was 4.0% for the year, declined by 5.8 percentage points as compared to 9.8% of the previous year, which was primarily attributable to the drop in gross profit of Steel cord segment. The breakdown of gross profit by business segments is as follows:

	2012		2011		
	HK$'000	**Gross profit margin (%)**	*HK$'000*	Gross profit margin (%)	**% change**
Steel cords	**7,670**	**0.6**	151,403	11.1	**-94.9**
Copper and brass products	**8,094**	**1.9**	12,708	2.9	**-36.3**
Property rental income	**705**	**72.2**	589	80.0	**+19.7**
Total	**16,469**	**1.0**	164,700	9.3	**-90.0**

While the gross profit of Steel cord segment and the Group before allowance and write-off of inventories is as below:

Steel cords	**58,661**	**4.6**	161,268	11.9	**-63.6**
The Group	**67,460**	**4.0**	174,565	9.8	**-61.4**

Investment and other income
Investment and other income declined by 83.3% as compared to the previous year to HK$3,974,000 (2011: HK$23,793,000) for the year, mainly as the amount of government grants dropped from HK$16,806,000 in the previous year to HK$1,631,000 for the year, representing a significant decrease of 90.3%.

Other gains and losses
The Group recorded net loss of HK$114,199,000 for the year, whereas it recorded net gain of HK$28,030,000 for the previous year. The net loss for the year was attributable to the followings:

1. The Group recorded exchange loss of HK$7,680,000 for the year as compared to exchange gain of HK$33,983,000 for the previous year, as the exchange rate of RMB recorded a slight depreciation of approximately 0.2% against HKD over the year, whereas RMB had a corresponding appreciation of 5.0% over the previous year. Owing to the depreciation of RMB over the year, the Group recorded exchange loss on its HKD and USD denominated bank borrowings during the year;

2. Further allowance for bad and doubtful debts of HK$51,052,000 was made mainly against trade receivables of Steel cord segment; and

3. Impairment loss recognised on property, plant and equipment of HK$56,000,000 during the year, as mentioned in '**Steel cord**' section above.

The breakdown of other gains and losses is as follows:

	2012 *HK$'000*	2011 *HK$'000*	**% change**
Foreign exchange (losses) gains, net	**(7,680)**	33,983	**N/A**
Increase in fair value of investment properties	**4,696**	3,281	**+43.1**
Allowance for bad and doubtful debts recognised	**(51,052)**	(10,276)	**+396.8**
Impairment loss recognised in respect of property, plant and equipment	**(56,000)**	–	**N/A**
Reversal of revaluation deficit of leasehold land and buildings	**753**	630	**+19.5**
Others	**(4,916)**	412	**N/A**
Total	**(114,199)**	28,030	**N/A**

Distribution and selling expenses
Distribution and selling expenses amounted to HK$46,553,000 (2011: HK$49,955,000) for the year, representing a decrease of 6.8% as compared to the previous year, which was in line with the decrease in sales revenue.

Administrative expenses and research and development expenses
In view of the stringent market conditions, the Group had adopted various measures to reign in administrative expenses. Administrative expenses of the Group amounted to HK$77,331,000 (2011: HK$84,393,000) for the year, decreased by 8.4% as compared to the previous year. As revenue of the Group decreased by 4.9% as compared to the previous year, the ratio of administrative expenses to revenue lowered from 4.8% in the previous year to 4.6% for the year.

Research and development expenses of the Group amounted to HK$13,440,000 for the year, decreased by 34.7% as compared to HK$20,591,000 for the previous year because the development of sawing wire business by JESC and TESC had substantially completed in 2011 and the techniques for producing certain specification of products had been well mastered.

Segment results

The Group recorded losses of HK$201,046,000 from its business segments for the year, as compared to profit of HK$61,028,000 for the previous year. The breakdown of the operating results of the Group's business segments is as follows:

	2012 *HK$'000*	2011 *HK$'000*	**% change**
Steel cords	**(200,265)**	57,088	**N/A**
Copper and brass products	**(781)**	3,940	**N/A**
Total	**(201,046)**	61,028	**N/A**

Finance costs

Finance costs amounted to HK$76,419,000 for the year, increased by 59.5% as compared to HK$47,899,000 for the previous year. Such increase in finance costs arose primarily due to (i) the raising of additional interest bearing borrowings to finance the capital expenditures of Steel cord segment; and (ii) increased short term bank borrowings and bills discounting to finance working capital needs arising from increased sales volume and slower repayments from our customers during the year.

Income tax (credit) expenses

The Group recorded income tax credit of HK$7,813,000 for the year, as compared to income tax expenses of HK$9,928,000 (restated) for the previous year. There was no significant change in applicable tax rates of the Company's subsidiaries during the year. The subsidiaries operating in Hong Kong is subject to Hong Kong Profits Tax at a rate of 16.5% (2011: 16.5%) for the year. While for the subsidiaries operating in the PRC, pursuant to the Law of the PRC on Enterprise Income Tax (the "New Law") and Implementation Regulation of the New Law (the "Implementation Regulation") that were promulgated in 2007, the major subsidiaries operating in the PRC are subject to a tax rate of 25% (2011: 24%) for the year. During the year under review, two subsidiaries, namely JESC and 東莞興銅 are in the third year (and the final year) of entitling 50% relief from PRC Enterprise Income Tax. In addition, according to the New Law and Implementation Regulation and the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the Group is subject to withholding tax on dividends paid by subsidiaries in the PRC to holding companies in Hong Kong at a rate of 5% (2011: 5%).

The major reasons for the significant change in income tax for the year are as follows:

i) The amount of current income tax expenses decreased significantly by 67.2% to HK$4,234,000 (2011: HK$12,926,000) for the year as the taxable profit of JESC dropped significantly as compared to the previous year; and

ii) The amount of deferred tax credit increased significantly by 301.4% over the previous year to HK$12,141,000 (2011: HK$3,025,000) for the year as (i) deferred tax credit attributable to the withholding tax on dividend paid as mentioned above increased due to significant loss incurred by TESC during the year; and (ii) increased deferred tax credit arising on further allowance for inventories and bad and doubtful debts made during the year.

Trade receivables

The amount of trade receivables before allowance for bad and doubtful debts amounted to HK$558,015,000 at 31 December 2012, decreased by 8.3% as compared to HK$608,282,000 at 31 December 2011. However, the amount of allowance for bad and doubtful debts increased by 368.6% over the end of 2011 to HK$59,535,000 at 31 December 2012, mainly as further allowance for bad and doubtful debts of HK$51,052,000 was made during the year. These allowances mainly represented those made for receivables from sales of steel cords and sawing wires products (including half products and final products); the majority of which are customers in Shandong province and the age of which significantly exceeded the Steel cord segment's credit policy of not more than 90 days in general. Although every effort has been taken to recover these receivables, allowances were made as the management of the Group considered the negative change in the payment history, credit quality and financial position of these customers during the year. The Group has already ceased sales to most of these customers during the year and follow up actions have taken to recover these receivables, including the negotiation of payment by way of assets other than cash and/or instituting legal actions against these customers to claim our payment back. Further, we have taken measures during the year under review to contain the level of past due trade receivables, including but not limited to the re-focusing of our customer base to those customers with stronger credibility and better payment history.

In respect of the trade receivables at 31 December 2012, approximately 53.2% has been subsequently settled by cash or bills receivable up to the date of this announcement, details are as follows:

Age	Amount at 31 December 2012 *HK$'000*	% of subsequent settlement
0 – 90 days	390,454	45.8
91 – 180 days	89,952	80.6
Over 180 days	18,074	77.5
Total	498,480	53.2

SHARE CAPITAL, LIQUIDITY AND FINANCIAL RESOURCES

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can continue to maintain a sustainable growth and providing a long-term reasonable return to its Shareholders. It is imperative to maintain the debt and equity ratio of the Group at a secure and manageable level.

There was no change in the share capital of the Group during the year; the issued share capital of the Company remained at 1,922,900,556 Shares at 31 December 2012. The net asset value of the Group was HK$2,064,550,000 at 31 December 2012, decreased by 11.9% as compared to HK$2,342,401,000 (restated) at 31 December 2011; and net asset value per Share decreased by 12.3% as compared to the end of 2011 to HK$1.07 per Share at 31 December 2012.

Although the Group reported loss of HK$299,686,000 for the year, through strengthening credit control on sales and receivables, and improving raw materials procurement and inventory management, it generated net cash operating inflow of HK$101,968,000 (including bills receivable totalling HK$114,990,000 (2011: HK$44,536,000) that has been discounted to banks were matured during the year) for the year. Furthermore, bills receivable of HK$75,766,000 endorsed to certain creditors of the Group at 31 December 2011 to settle the payable for purchase of property, plant and equipment were matured during the year. These matured bills also formed part of the operating cash inflow for the year and when this was included, the actual net cash operating inflow of the Group would be HK$177,734,000 for the year, significant improvement as compared to the corresponding net cash operating outflow of HK$769,000 for the previous year. Furthermore, the Group has net cash outflow on investing activities of HK$124,540,000, primarily represented settlement of payables for the purchase of property, plant and equipment of TESC during the year.

The Group's bank balances and cash amounted to HK$175,923,000 at 31 December 2012, increased by 13.5% as compared to HK$154,956,000 at 31 December 2011. Total interest bearing borrowings (including bank borrowings and loan from a related company) of the Group were HK$1,385,254,000 at 31 December 2012, increased by 3.5% as compared to HK$1,338,447,000 at 31 December 2011.

At 31 December 2012, HK$1,006,382,000 of bank borrowings were floating-rate borrowings, while HK$255,545,000 of bank borrowings were collared at rate ranging from 1.92% to 7.22% per annum. The nature and maturing profile of the Group's bank borrowings at 31 December 2012 based on contracted repayment schedules were as follows:

	HK$'000	**% of total bank borrowings**
Due within one year or on demand:		
– Trust receipt loans	32,071	2.5
– Bank advances for discounted bills	6,166	0.5
– Working capital loans	241,973	19.2
– Current portion of medium term loans	506,002	40.1
	786,212	62.3
Medium term loan		
– Due in the second year	239,953	19.0
– Due in the third year	240,823	19.1
	1,266,988	100.4
Unamortized loan arrangement and management fees	(5,061)	(0.4)
Total	1,261,927	100.0

Gearing ratio (Total interest bearing borrowings less bank balances and cash/Shareholders' equity) of the Group increased from 50.5% at 31 December 2011 to 58.6% at 31 December 2012, but still within the Group's target level. The current ratio of the Group was 1.20 times at 31 December 2012, lower as compared to 1.33 times at 31 December 2011.

FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

The Group's sources of revenue are principally denominated in RMB and HKD, while purchases and payments are concentrated on RMB, HKD and USD. Under this circumstance, the Group shall mainly raise borrowings in these currencies to minimize the risk of significant mismatch between the sources of revenue with bank borrowings, while endeavor to take advantage of the lower borrowing rates of HKD and USD as compared to those of the RMB. As at 31 December 2012, the currency breakdown of the Group's bank borrowings was follows:

	31 December 2012	31 December 2011
	%	%
HKD	**30.6**	41.4
RMB	**61.0**	40.7
USD	**8.4**	17.9
Total	**100.0**	100.0

In respect of exposure to interest rate risk, even though the majority of the bank borrowings are at floating rate, the Group had not entered into any interest rate swaps to contain any upside risks on interest rate to the profit and cashflows of the Group, as we were of the view that interest rate would sustain at a relatively low level for a considerable period of time.

In all, we would keep monitoring the currency and interest rate composition of the Group's bank borrowings under the guidance of the Internal Control Manual and take appropriate action to minimize our exchange and interest rate risks when needed.

BUSINESS DEVELOPMENT PLAN AND CAPITAL COMMITMENTS

Capital expenditures incurred by the Group during the year amounted to HK$50,015,000, the majority of these capital expenditures represented the remaining capital expenditures on the expansion of production facilities of Steel cord segment.

The capital expenditures to be incurred in 2013 are estimated to be approximately HK$5,178,000, which are mainly for the enhancement of production facilities of Steel cord segment. These capital expenditures will be financed by the Group's internal resources and bank borrowings.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

At 31 December 2012, the Group had a total of 1,919 employees located in Hong Kong and the PRC, lowered by 18.7% as compared to 2,359 employees at 31 December 2011 due to downsizing exercise during the year under review. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. In addition to salary payments, other employee benefits include medical insurance, hospitalization scheme and a defined contribution provident fund, Mandatory Provident Fund Scheme and other retirement scheme or other similar defined contribution provident fund stipulated by the State Regulations of the PRC which provided retirement benefits to employees in Hong Kong and the PRC respectively. The Group's contributions to these schemes are charged against profits as they are incurred. The amount charged to consolidated income statement for the year amounted to approximately HK$14,113,000. The Group had also provided training programme or course for the mainland staff at all levels from different departments so as to further enhance their technical skills in production operation.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

In addition, the Company had adopted a share option scheme (the "2002 Scheme"). Under the 2002 Scheme, the Board shall, subject to and in accordance with the provisions of the 2002 Scheme and the Listing Rules, grant share options to any eligible participant to subscribe for Shares for the purpose of providing incentives or rewards to him/her for contribution to the Group. The 2002 Scheme remained in force for a period of ten years from the date of its adoption and expired on 6 June 2012. The Shareholders at the annual general meeting held on 25 May 2012 approved the termination of the 2002 Scheme and adoption of a new share option scheme (the "2012 Scheme") which serves the same purpose as the 2002 Scheme. The 2012 Scheme will remain in force for a period of ten years from 29 May 2012, the date of obtaining the approval of the listing and permission to deal in the Shares falling to be allotted and issued pursuant to the exercise of any options granted under the 2012 Scheme.

During the year, no share options were granted under the 2002 Scheme. Also, no share options granted under the 2002 Scheme have been exercised while 100,000 and 10,178,000 share options had been cancelled and lapsed respectively. Besides, no share options were granted, exercised, cancelled or lapsed under the 2012 Scheme.

PLEDGE OF ASSETS

At 31 December 2012, the following assets had been pledged to the Group's bankers for banking facilities granted to the Group:

1. Leasehold land and buildings with an aggregate net book value of HK$10,000,000;
2. Prepaid lease payments amounted to HK$88,474,000; and
3. Equity interests in certain subsidiaries of the Company.

BUSINESS OUTLOOK

Year 2012 was a very difficult year for steel cord industry since the Group established its steel cord business in 1994. We are suffered from the intensive competition in the market due to excessive capacity in steel cords and lackluster demand for tyres from both the OEM and replacement segments which caused a discernible fall in our average selling price. Further, the slowdown in the Chinese economy and tightening of monetary policy by Central Government had distorted the purchasing power of general public which in turn brought forth substantial deterioration in credit quality of some of our downstream customers, radial tyre manufacturers. All these negative factors affected our 2012 results substantially. It is expected that these unfavourable market and industrial conditions will last well into 2013.

For the operating environment in year 2013, we believe tyre manufacturing industry will continue to be cautious on expansion and keeping inventory low. Some of the smaller steel cord makers are still experiencing acute cashflow problems, and the pressure on price and market competition is still high. The solar energy sector for our sawing wire business will not rebound within a short period of time. Nonetheless, we will continue to maintain our stability of product quality and master at top tier level of production techniques and technologies for our steel cord and sawing wire businesses. Further, we are constantly reviewing our competitive position and have identified the following areas to cope with the challenging situation, and will adhere to our formulated business model and strategies stated above enabling us to grasp domestic and global opportunities when they arise:

(1) Rebuilding the operational excellence and machine utilization rate and enhancement of product quality of TESC

After we have assigned a team of technical, production and quality control professional comprising of both TESC and JESC's personnel to rectify the production and quality problems of TESC in the second half year of 2012, product quality and utilization rate of TESC have improved and fixed cost per tonne has become lower. We will continue to take these measures to further improve TESC operating position.

(2) Improving our receivables quality and cash flow position

We continue to take a cautious approach in developing of any new customers and cease to supply to those customers having high credit risks with a view to improve upon the quality of our outstanding receivables. We will also take utmost effort to collect those receivables although relevant allowances had been made. Besides, we will work with our suppliers and bankers to further enhance our cash and working capital position.

(3) Repositioning of our customer and product mix of Steel cord segment

While ceasing supply to certain domestic customers of Steel cord segment, we have and will continue to strengthen our selling effort to international and giant domestic clientele to cope with the uncertain economic conditions. In view of increasingly complicated external environment, the Group will proactively respond to market changes and fine-tune and optimize its product mix; and collect more timely market information for formulating precise production plans and supplying guidance.

(4) Continuation on cost control

Cost cutting measures will be taken continuously under this unfavourable operating condition. In addition to downsizing exercise, the Group has implemented a host of measures including but not limited to energy and product packaging savings with a view to keeping our cost competitiveness in the industry.

(5) "Eastern" brand building

More importantly, stronger brand equity will make our products more desirable to customers, which would in turn generate higher sales revenue for us and boost confidence in our sales team. Hence, we will further promote our brand image to our customers by enhancing quality and variety of our products.

In summary, we are confident that we can ride through the storm in year 2013 given the above measures.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 17 June 2013 to 18 June 2013, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting which is scheduled to be held on 18 June 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 14 June 2013.

CORPORATE GOVERNANCE CODE

The Board is committed to practicing and achieving a high standard of corporate governance. It also recognizes that an effective internal control system is crucial to the long term development of the Company. Hence, the Board reviews from time to time the effectiveness of the system of internal control of the Group, such as financial, operational and compliance controls and risk management functions. The Company has adopted the SCCHL Corporate Governance Code and the Internal Control Manual, which will be amended and revised in order to enhance the effectiveness of the corporate governance practices and the internal control system, and also to be in line with the relevant amendments to the law, rules and regulations.

During the year, the Company has adopted respective revised terms of reference of nomination, remuneration and audit committees as well as Model Code for Securities Transactions by Directors and Specified Individuals of the Company (the "SCCHL Code") and Continuous Disclosure Obligation Policy and also introduced new policy, namely, SCCHL Whistleblowing Policy to raise concerns, in compliance with the Audit Committee about possible improprieties in any matter related to the Company.

In the opinion of the Board, the Company has complied with the principles and code provisions of the Old Code and the Revised Code and also the SCCHL Corporate Governance Code throughout the year ended 31 December 2012, except for deviations from code provisions as below:

Code provision A.1.1 of the Old Code and the Revised Code

Only three regular board meetings had been held during the year of 2012 instead of at least four regular board meetings a year as required under both codes. However, the three regular board meetings have achieved active participation of Directors and all Directors had shown their high attendance rate of the three board meetings during the year. Further, the Directors consider it is more efficient to hold board meetings to address emerging or ad hoc issues as appropriate and sufficient measures have been taken to ensure there is efficient communication among the Directors.

Code provision D.1.4 of the Revised Code

Due to the nomination of Mr. Zhang Zhong (the executive Director) as the representative of NV Bekaert SA ("Bekaert"), a substantial Shareholder in accordance with the subscription agreement dated 22 September 2006 entered into by the Company and Bekaert, Mr. Zhang does not have any formal letter of appointment setting out the key terms and conditions of his appointment as Director.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte 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 Deloitte on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt thanks to the management and all employees for their sustained loyalty, diligence, and dedication to the Group especially during the difficult times in 2012. I would also like to thank other stakeholders for their continuing trust and support and hope to continue to work closely with them to create success for the Group for the coming years.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the meanings set out below:

"Board"	the board of Directors
"Company"	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange
"Continuous Disclosure Obligation Policy"	Shougang Concord Century Holdings Limited Continuous Disclosure Obligation Policy adopted on 28 March 2011 and revised from time to time thereafter
"Copper and brass products"	processing and trading of copper and brass products
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries

"HKD/HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Manual"	an internal management and control manual of the Company adopted in 1999 and revised from time to time thereafter
"JESC"	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Old Code"	the code on Corporate Governance Practices (effective until 31 March 2012) as set out in Appendix 14 to the Listing Rules
"PRC"	the People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
"Revised Code"	the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 to the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"SCCHL Corporate Governance Code"	Shougang Concord Century Holdings Limited Code on Corporate Governance and revised from time to time thereafter
"SCCHL Whistleblowing Policy"	Shougang Concord Century Holdings Limited Whistleblowing Policy adopted in 2012 and revised from time to time thereafter
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Steel cord"	manufacturing of steel cords for radial tyres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TESC"	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company

"USD/US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.
"東莞興銅"	東莞興銅五金有限公司, a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company

By order of the Board
Shougang Concord Century Holdings Limited
Li Shaofeng
Chairman

Hong Kong, 27 March 2013

As at the date of this announcement, the Board comprises the following Directors:

Mr. Li Shaofeng (Chairman), Mr. Yang Kaiyu (Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Zhang Wenhui (Non-executive Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Zhang Zhong (Executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Law, Yui Lun (Independent Non-executive Director) and Mr. Chan Chung Chun (Independent Non-executive Director).

This final results announcement is published on the websites of the Company at http://www.irasia.com/listco/hk/sccentury/ and the Stock Exchange at http://www.hkexnews.hk. The 2012 Annual Report will be despatched to Shareholders and made available on the above websites in due course.