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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 2013

HIGHLIGHTS	**For the year ended 31 December**		
	2013	2012	**%**
	HK$'000	*HK$'000*	**Change**
Operations			
Revenue	**1,857,665**	1,688,107	**+10.0**
Gross profit	**214,413**	16,469	**+1201.9**
Gross profit before allowance for inventories recognised and inventories written off	**215,875**	67,460	**+220.0**
E(L)BITDA *(Note 1)*	**221,230**	(61,382)	**N/A**
Adjusted EBITDA *(Note 2)*	**209,929**	96,661	**+117.2**
Loss for the year	**(16,590)**	(299,686)	**-94.5**
Loss per Share (basic) *(HK cents)*	**(0.86)**	(15.59)	**-94.5**

Notes:

1. E(L)BITDA represents earnings (loss) before finance costs, income tax, depreciation and amortisation.

2. Adjusted EBITDA represents EBITDA before (i) allowance for inventories recognised of approximately HK$1,462,000 (2012: HK$46,011,000); (ii) inventories written off of approximately HK$4,980,000 in 2012 (2013: Nil); (iii) allowance for bad and doubtful debts reversed of HK$12,763,000 (2012: recognised of HK$51,052,000); and (iv) impairment loss recognised on property, plant and equipment of HK$56,000,000 in 2012 (2013: Nil).

	At 31 December		
	2013	2012	**%**
	HK$'000	*HK$'000*	**Change**
Financial position			
Total assets	**4,123,008**	3,917,338	**+5.3**
Shareholders' equity	**2,125,254**	2,064,550	**+2.9**
Net asset value per Share *(HK$)*	**1.10**	1.07	**+2.9**

The Board announces that the audited consolidated results of the Group for the year ended 31 December 2013 and that final results were reviewed by the Audit Committee of the Company and agreed with the auditors.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	2	**1,857,665**	1,688,107
Cost of sales		**(1,643,252)**	(1,671,638)
Gross profit		**214,413**	16,469
Investment and other income	4	**7,945**	3,974
Other gains and losses	5	**24,877**	(114,199)
Distribution and selling expenses		**(48,424)**	(46,553)
Administrative expenses		**(74,711)**	(77,331)
Research and development expenses		**(53,412)**	(13,440)
Finance costs	6	**(76,175)**	(76,419)
Loss before tax		**(5,487)**	(307,499)
Income tax (expense) credit	7	**(11,103)**	7,813
Loss for the year	8	**(16,590)**	(299,686)
Loss per share	10		
Basic and diluted		**(HK0.86 cents)**	(HK15.59 cents)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
Loss for the year	**(16,590)**	(299,686)
Other comprehensive income (expense)		
Items that will not be reclassified to profit or loss		
Exchange differences arising on translation of group entities	**64,937**	5,100
Surplus on revaluation of properties	**19,403**	21,983
Recognition of deferred tax liability on revaluation of properties	**(7,046)**	(5,248)
Other comprehensive income for the year (net of tax)	**77,294**	21,835
Total comprehensive income (expense) for the year	**60,704**	(277,851)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	**2013** **HK$'000**	2012 *HK$'000*
Non-current assets			
Investment properties	*11*	**46,907**	36,187
Property, plant and equipment	*11*	**1,928,784**	1,971,861
Prepaid lease payments		**187,325**	190,100
Goodwill		**41,672**	41,672
Club memberships		**762**	750
Deposit paid for the acquisition of property, plant and equipment		**651**	1,780
Deferred tax assets	*16*	**1,151**	5,942
		2,207,252	2,248,292
Current assets			
Inventories		**324,316**	292,685
Trade receivables	*12*	**662,815**	498,480
Bills receivable	*12*	**644,472**	525,956
Prepayments, deposits and other receivables		**151,415**	167,364
Prepaid lease payments		**8,728**	8,463
Tax recoverable		**–**	175
Bank balances and cash		**124,010**	175,923
		1,915,756	1,669,046
Current liabilities			
Trade payables	*13*	**345,450**	199,065
Other payables and accruals	*13*	**172,012**	224,314
Tax payable		**28,197**	21,445
Loan from a related company	*14*	**–**	123,327
Bank borrowings – due within one year	*15*	**1,099,542**	824,941
		1,645,201	1,393,092
Net current assets		**270,555**	275,954
Total assets less current liabilities		**2,477,807**	2,524,246

	Notes	2013 HK$'000	2012 HK$'000
Non-current liabilities			
Bank borrowings – due after one year	*15*	**322,430**	436,986
Other payable		**1,250**	1,154
Deferred tax liabilities	*16*	**28,873**	21,556
		352,553	459,696
		2,125,254	2,064,550
Capital and reserves			
Share capital	*17*	**192,290**	192,290
Reserves		**1,932,964**	1,872,260
		2,125,254	2,064,550

Notes:

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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

Except as described below, the application of the new and revised 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 HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Group has applied the amendments to HKFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about: (a) recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*; and (b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32. The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) – Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) it has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee. The application of HKFRS 10 has had no material impact on the amounts reported in the Group's consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements. The application of HKFRS 12 has had no material impact on the disclosures in the Group's consolidated financial statements.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's "statement of comprehensive income" is renamed as the "statement of profit or loss and other comprehensive income" and the "income statement" is renamed as the "statement of profit or loss". Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

5 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

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 accounting 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 of financial liabilities 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.

Based on the Group's financial assets and financial liabilities as at 31 December 2013, the Directors anticipate that the adoption of HKFRS 9 will not have material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

Annual Improvements to HKFRSs 2010 – 2012 Cycle

The *Annual Improvements to HKFRSs 2010 – 2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision maker ("CODM").

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2010 – 2012 Cycle* will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011 – 2013 Cycle

The *Annual Improvements to HKFRSs 2011 – 2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- the property meets the definition of investment property in terms of HKAS 40; and

- the transaction meets the definition of a business combination under HKFRS 3.

The Directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011 – 2013 Cycle* will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 32 *Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The Directors do not anticipate that the application of these amendments to HKAS 32 will have a significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

Amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit ("CGU") to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Directors do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's 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:

	2013	2012
	HK$'000	*HK$'000*
Sales of goods		
Manufacturing of steel cords	**1,473,662**	1,285,893
Processing and trading of copper and brass products	**382,591**	401,238
	1,856,253	1,687,131
Rental income	**1,412**	976
	1,857,665	1,688,107

3. SEGMENT INFORMATION

Information reported to the Company's managing director, being the 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 revenues 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 2013

	Steel cord	**Copper and brass products**	**Segment total**
	HK$'000	***HK$'000***	***HK$'000***
Segment revenue			
External sales	**1,473,662**	**382,591**	**1,856,253**
Inter-segment sales *(Note)*	**–**	**25,773**	**25,773**
Total	**1,473,662**	**408,364**	**1,882,026**
Segment results	**78,994**	**(2,558)**	**76,436**

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

Reconciliation of revenue

	HK$'000
Total revenue for operating segments	**1,882,026**
Rental income	**1,412**
Elimination of inter-segment sales	**(25,773)**
Group revenue	**1,857,665**

Reconciliation of loss before tax

	HK$'000
Total profit for operating segments	**76,436**
Profit arising from property investment	**5,342**
Unallocated amounts	
Unallocated income	**1,208**
Unallocated foreign exchange gains, net	**14,813**
Unallocated expenses	**(27,111)**
Unallocated finance costs	**(76,175)**
Loss before tax	**(5,487)**

For the year ended 31 December 2012

	Steel cord *HK$'000*	Copper and brass products *HK$'000*	Segment total *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)

Segment results represents the profit or 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

	2013	2012
	HK$'000	*HK$'000*
Investment income		
Interest income on bank deposits	**1,196**	991
Other income		
Government grants *(Note)*	**5,380**	1,631
Sales of scrap materials	**1,369**	1,352
	6,749	2,983
	7,945	3,974

Note: The government grants represented immediate financial supports granted by the local government. 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

	2013	2012
	HK$'000	*HK$'000*
Foreign exchange gains (losses), net	**7,261**	(7,680)
Increase in fair value of investment properties	**4,465**	4,696
Impairment loss recognised in respect of property, plant and equipment	**–**	(56,000)
Allowance for bad and doubtful debts reversed (recognised), net	**12,763**	(51,052)
Reversal of revaluation deficit of leasehold land and buildings	**–**	753
Loss on disposal of property, plant and equipment, net	**(244)**	(185)
Others	**632**	(4,731)
	24,877	(114,199)

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**63,857**	62,645
Interest expenses on loans from a related company wholly repayable within five years	**6,971**	5,054
Amortisation of transaction costs	**5,692**	9,331
Total borrowing costs	**76,520**	77,030
Less: amounts capitalised	**(345)**	(611)
	76,175	76,419

Borrowing costs capitalised during the year arose on general borrowing pool and were calculated by applying a capitalisation rate of 4.24% (2012: 5.22%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE (CREDIT)

	2013	2012
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**5,947**	4,234
Under(over) provision in prior years:		
Hong Kong	**–**	(12)
PRC EIT	**96**	106
	96	94
Deferred taxation:		
Current year	**5,060**	(12,141)
	11,103	(7,813)

No provision for Hong Kong Profits Tax for the year ended 31 December 2013 and 2012 as there is no assessable profit subject to Hong Kong Profits Tax for the year.

Under the Law of the PRC on EIT (the "EIT Law"), the Company's major subsidiaries in the PRC are now subject to a tax rate of 25%.

Two subsidiaries of the Company operating in the PRC are eligible for certain tax holidays and concessions in respect of the PRC EIT and are exempted from the PRC EIT for two years commencing from their first year of operation and thereafter, these subsidiaries will be entitled to a 50% relief from the PRC EIT for the following three years. During the year ended 31 December 2012, these two subsidiaries are in the final year of entitling 50% relief from the PRC EIT. The PRC EIT charges for the year ended 31 December 2012 were arrived at after taking into account these tax incentives.

In addition, according to the EIT Law and Implementation Regulation of the EIT Law, 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 statement of profit or loss in respect of the temporary differences attributable to such incomes based on the applicable tax rates.

8. LOSS FOR THE YEAR

	2013	2012
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including allowance for inventories recognised of approximately HK$1,462,000 (2012: HK$46,011,000) and inventories written off of approximately HK$4,980,000 during the year ended 31 December 2012 (2013: Nil))	**1,621,255**	1,650,955
Depreciation of property, plant and equipment	**141,951**	161,266
Auditor's remuneration	**1,276**	1,240
Amortisation of prepaid lease payments (included in "Cost of sales")	**8,591**	8,432

9. DIVIDENDS

No interim or final dividend was paid or proposed for the years ended 31 December 2013 and 2012, nor has any dividend been proposed since the end of the reporting period.

10. LOSS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
Loss		
Loss for the purposes of calculation of basic and diluted loss per share	**(16,590)**	(299,686)

	2013	2012
Number of shares		
Number of ordinary shares for the purposes of calculation of basic and diluted loss per share	**1,922,900,556**	1,922,900,556

For the year ended 31 December 2013, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

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.

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

During the year ended 31 December 2013, the Group incurred approximately HK$24,178,000 (2012: HK$48,639,000) on the expansion of production capacity of Steel cord segment. In addition, the Group also acquired approximately HK$887,000 (2012: HK$1,376,000) of other property, plant and equipment in the current year.

During the year ended 31 December 2013, the Group disposed of certain machineries with an aggregate carrying amount of HK$666,000 (2012: HK$771,000) for cash proceeds of HK$422,000 (2012: HK$586,000), resulting in a loss on disposal of HK$244,000 (2012: HK$185,000).

The fair values of the Group's investment properties as at 31 December 2013 and 2012 have been arrived at on the basis of valuations carried out on that date by Grant Sherman Appraisal Limited ("Grant Sherman") and Vigers Appraisal & Consulting Limited ("Vigers"), respectively, independent qualified professional valuers not connected with the Group. The valuation was arrived at by reference to the recent transactions for similar premises in the proximity and there has been no change from the valuation technique used in the prior year. The resulting increase in fair value of investment properties of approximately HK$4,465,000 (2012: HK$4,696,000) has been credited to profit or loss for the year.

As at 31 December 2013 and 2012, the leasehold land and buildings of the Group were valued by Grant Sherman and Vigers, respectively, independent qualified professional valuers not related to the Group.

The fair value of the leasehold land and buildings was determined based on either: (i) an open market value basis by reference to recent market transactions for comparable properties or (ii) on 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 property revaluation reserve of approximately HK$19,403,000 (2012: to profit or loss for the year and property revaluation reserve of approximately HK$753,000 and HK$21,983,000, respectively).

Impairment losses recognised during the year ended 31 December 2012:

During the year ended 31 December 2012, as the result of the unexpected unfavourable performance of TESC, the management conducted an impairment assessment of the property, plant and equipment of TESC individually. If it is not possible to estimate the recoverable amount of the property, plant and equipment individually, the management determines the recoverable amount of the CGU to which the property, plant and equipment belong. The management considers that the recoverable amount of the individual property, plant and equipment cannot be determined if (i) the value in use of the asset cannot be estimated to be close to its fair value less costs to sell, and (ii) the asset does not generate cash inflows that are largely independent of those from other assets. TESC is considered as a CGU for the purpose of the impairment test. 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 costs to sell.

The recoverable amount of TESC as at 31 December 2012 was determined based on value in use calculation and based on certain key assumptions. Value in use calculations use cash flow projections based on financial budgets approved by the management of the Group covering a five-year period. The discount rate used for the value in use calculations is at 10.33%. Cash flow beyond the five-year period is extrapolated for twenty-one years using a zero growth rate. Other key assumptions for the value in use calculations related to the estimation of cash inflows/outflows which include gross budgeted sales and gross margin. Such estimation is based on the management's expectations for the market development.

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

12. TRADE RECEIVABLES/BILLS RECEIVABLE

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**710,189**	558,015
Less: allowance for bad and doubtful debts	**(47,374)**	(59,535)
	662,815	498,480
Bills receivable	**644,472**	525,956
	1,307,287	1,024,436

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 sales invoice dates, which approximated the respective revenue recognition dates, is as follows:

	2013	2012
	HK$'000	*HK$'000*
0 – 90 days	**521,771**	390,454
91 – 180 days	**115,045**	89,952
Over 180 days	**25,999**	18,074
	662,815	498,480

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

	2013	2012
	HK$'000	*HK$'000*
0 – 90 days	**46,960**	17,165
91 – 180 days	**258,042**	184,653
Over 180 days	**339,470**	324,138
	644,472	525,956

13. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

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

	2013	2012
	HK$'000	*HK$'000*
0 – 30 days	**151,522**	89,633
31 – 90 days	**119,584**	61,965
91 – 180 days	**64,522**	40,082
181 – 365 days	**7,560**	6,655
Over 1 year	**2,262**	730
	345,450	199,065

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$124,773,000 (2012: HK$172,310,000).

14. LOAN FROM A RELATED COMPANY

The amount as at 31 December 2012 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 was unsecured, bore interest at 6% per annum and was fully repaid during the year ended 31 December 2013.

15. BANK BORROWINGS

	2013	2012
	HK\$'000	*HK\$'000*
Trust receipt loans	**26,040**	32,071
Other bank loans	**1,394,660**	1,223,690
Discounted bills with recourse	**1,272**	6,166
	1,421,972	1,261,927
Secured	**54,348**	245,364
Unsecured	**1,367,624**	1,016,563
	1,421,972	1,261,927

16. DEFERRED TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2013	2012
	HK\$'000	*HK\$'000*
Deferred tax assets	**(1,151)**	(5,942)
Deferred tax liabilities	**28,873**	21,556
	27,722	15,614

17. SHARE CAPITAL

	2013 and 2012	
	Number of shares	**Nominal value**
	'000	***HK\$'000***
Ordinary shares of HK\$0.10 each		
Authorised:		
At 1 January and 31 December	5,000,000	500,000
Issued and fully paid:		
At 1 January and 31 December	1,922,901	192,290

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. The 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.

Review of operations

Despite the recursive speculation on the tapering of quantitative easing fiscal policy of the United States of America (the"USA"), the global economy saw a gradual recovery during the year of 2013. In the USA, its economy appeared to have recovered as indicated by the improvements in jobs and property markets; while the countries in Eurozone, their economies showed signs of recovery but still remained challenging. In the PRC, the area where the Group mainly operates, it recorded an economic growth of 7.7% for the year, which expanded at the same pace as that of year 2012. During the year, the Central Government implemented a series of reform programs to stabilize economic growth and stimulate domestic demand. On this basis, the demand for radial tyres achieved a stable growth in 2013, which in turn boosted the demand for steel cords during the year. However, the steel cord market remained competitive as the overcapacity situation had not relieved, the selling price of steel cords continued to drop, albeit at a slower pace as compared to the previous year. Notwithstanding the decline in selling price of steel cords, the Steel cord segment resumed profitability in the year as the price of raw materials dropped and other production costs also decreased attributable to the increased sales and unrelenting cost cutting measures.

Regarding the Copper and brass products segment, its performance was affected by the unsettled economic recovery in other major developed countries. The demand of copper products outside the PRC remained weak. The decline in copper price during the year also eroded profit margin of this segment. Attributable to the softened demand in regions outside the PRC and declined copper price, this segment recorded substantial increase in operating loss for the year.

In respect of the overall performance of the Group as a whole, contributed by the recovery in operating results of Steel cord segment, the Group attained significant improvement in EBITDA during the year. EBITDA of the Group amounted to HK$221,230,000 for the year, as compared to (L)BITDA of HK$61,382,000 for the previous year. Adjusted EBITDA was HK$209,929,000 for the year, significantly increased by 117.2% as compared to HK$96,661,000 for the previous year.

As a result of the increase in EBITDA, net loss of the Group reduced by 94.5% as compared to the previous year to HK$16,590,000 (2012: HK$299,686,000).

Steel cord

Overall performance

In 2013, the automobile industry in the PRC saw a higher growth as compared to the previous year. According to the information of China Association of Automobile Manufacturers, the production of new vehicles amounted to 22.1 million units in the year, increased by 14.8% over the previous year. Out of which, the production volume of passenger car and commercial vehicles increased by 16.5% and 7.6% respectively when compared with the same of the previous year. And based on the information from the Tyre Branch of China Rubber Industry Association, the production of radial tyres amounted to 475.7 million units in 2013, increased by 14.8% over 414.4 million units produced in the previous year.

The increase in production of new cars and radial tyres brought along the increase in demand for steel cord. This segment achieved a satisfactory growth in sales volume of steel cords of 17.9% over the previous year. Both our steel cord manufacturing plants, JESC and TESC accomplished lower unit production cost of steel cords in light of decline in prices of raw materials and reduction in other production costs which was attributable to enhancement in production efficiency and higher production volume. Furthermore, allowance for inventories recognised and written off reduced significantly as compared to the previous year, as we have implemented measures to enhance our production process control and inventory management since the end of the previous year. As such, this segment achieved a significant increase in gross profit of 2591.9% over the previous year to HK$206,465,000 (2012: HK$7,670,000) for the year.

In addition, the quality of trade receivables improved during the year and given our perseverance, certain bad and doubtful debts were recovered that resulted in the reversal of allowance for bad and doubtful debts of HK$12,763,000 for the year, as compared to allowance for bad and doubtful debts of HK$50,956,000 recognised in the previous year. Therefore, this segment recorded significant increase in EBITDA for the year. EBITDA of this segment amounted to HK$227,004,000 for the year, as compared to (L)BITDA of HK$32,136,000 for the previous year. Adjusted EBITDA was HK$215,703,000 for the year, significantly increased by 71.5% as compared to HK$125,811,000 for the previous year.

In corollary to the increase in EBITDA, this segment achieved turnaround from loss to profit from its operations. It recorded operating profit of HK$78,994,000 for the year, as compared to operating loss of HK$200,265,000 for the previous year.

Revenue
This segment sold 113,590 tonnes of steel cords during the year, increased by 17.9% as compared to 96,383 tonnes for the previous year. In respect of sawing wire business, this segment sold an aggregate of 970 tonnes of half products and final products of sawing wires during the year, slightly dropped by 1.6% as compared to 986 tonnes for the previous year, as we adopted a cautious sales strategy in light of the severe downturn in solar energy sector. The analysis of sales volume of this segment for the year is as follows:

	2013		2012		
	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	**84,227**	**74.1**	70,597	73.2	**+19.3**
– off the road truck tyres	**4,284**	**3.8**	3,318	3.5	**+29.1**
– passenger car tyres	**25,079**	**22.1**	22,468	23.3	**+11.6**
Total for steel cords	**113,590**	**100.0**	96,383	100.0	**+17.9**
Sawing wires:					
– half product	**731**		788		**-7.2**
– final product	**239**		198		**+20.7**
Total for sawing wires	**970**		986		**-1.6**
Other steel wires	**621**		220		**+182.3**
Total	**115,181**		97,589		**+18.0**

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 74.1% of sales volume of steel cords for the year, increased by 0.9 percentage point as compared to 73.2% for the previous year.

In respect of sales of steel cords by region, the volume of export sales moderately increased by 4.3% over the previous year to 12,302 tonnes (2012: 11,794 tonnes) for the year. The volume of export sales represented 10.8% of total sales volume of the year, decreased by 1.4 percentage points as compared to 12.2% for the previous year. The breakdown of sales of steel cords is as follows:

	2013		2012		
	Sales volume *(Tonne)*	**% of total sales volume of steel cords**	Sales volume *(Tonne)*	% of total sales volume of steel cords	**% change**
PRC	**101,288**	**89.2**	84,589	87.8	**+19.7**
Other countries (mainly USA, Japan and South Korea)	**12,302**	**10.8**	11,794	12.2	**+4.3**
Total	**113,590**	**100.0**	96,383	100.0	**+17.9**

The average selling price of steel cords dropped by 4.0% as compared to the previous year, such decrease was due to the decline in raw material prices, and pricing pressure from customers and intensified market competition. Despite the drop, the pressure on downward selling price from price competition tapered off during the year. The average selling price of steel cord decreased moderately by 1.8% when compared to the second half of the previous year.

In summary, the increase in sales volume of steel cords of 17.9% brought along the increase in revenue of this segment by 14.6% over the previous year to HK$1,473,662,000 (2012: HK$1,285,893,000) for the year.

Gross profit

This segment achieved a significant increase in gross profit in 2013. Gross profit restored from HK$7,670,000 of the previous year to HK$206,465,000 for the year, which represented an increase of 2591.9%. Gross profit margin was 14.0% for the year, as compared to 0.6% for the previous year. The factors leading to the improved gross profit were as follows:

1. The increase in sales volume of steel cords of 17.9% over the previous year, as mentioned in "*Revenue*" section above;

2. The production costs of steel cords of both JESC and TESC declined as compared to that of the previous year, contributed by (i) the price of major raw material, steel wire rod dropped during the year; (ii) lowered unit fixed production cost from increased production volume; and (iii) reduction in other production costs attributable to the unremitting effort in improving our production efficiency;

3. There was substantial decrease in amount of allowance for inventories recognised during the year. The amount of allowance for inventories recognised amounted to HK$1,462,000 for the year, decreased by 96.8% as compared to HK$46,011,000 for the previous year.

Investment and other income
Investment and other income increased by 151.2% as compared to the previous year to HK$6,749,000 (2012: HK$2,687,000) for the year, as the amount of government grants increased by 303.3% over the previous year to HK$5,380,000 (2012: HK$1,334,000) for the year.

Allowance for bad and doubtful debts reversed (recognised)
There was reversal of allowance for bad and doubtful debts of HK$12,763,000 for the year, being the result of persistent effort on the management of quality of trade receivables and certain long overdue debts were recovered during the year; while an allowance for bad and doubtful debts of HK$50,956,000 was recognised in the previous year.

Distribution and selling expenses
Distribution and selling expenses amounted to HK$44,551,000 for the year, increased by 4.2% as compared to HK$42,750,000 of the previous year. The extent of increase was lower than the growth of 14.6% in revenue, reflecting our strengthened cost control measures on sales related expenses.

Administrative expenses
The amount of administrative expenses increased by 2.2% over the previous year to HK$41,227,000 (2012: HK$40,351,000) for the year.

Research and development expenses

Research and development expenses amounted to HK$53,412,000 for the year, significantly increased by 297.4% as compared to HK$13,440,000 for the previous year. Such higher increase in research and development expenses was because our two steel cord manufacturing plants deployed more resources with a view to procure long term sustainability development of the business of Steel cord segment. These costs were incurred on the development of: (i) new specifications of steel cords to correspond to market development and for ongoing market expansion; (ii) new techniques to lower energy costs and reduce wastage in the production process; and (iii) modifications to production facilities to reduce air pollutant emissions and hence to create a more environmental friendly manufacturing plants.

Copper and brass products

Overall performance

The performance of this segment for the year was mainly affected by the fickled economic recovery in the major economies of the USA and Europe; and the persistent decline in copper price during the year. The sales volume remained similar to the previous year albeit a stable growth in sales volume in the PRC. As such, this segment incurred an operating loss of HK$2,558,000 for the year, increased by 227.5% as compared to HK$781,000 for the previous year.

Revenue

The sales volume of this segment was 7,764 tonnes for the year, slightly increased by 0.2% as compared to 7,750 tonnes for the previous year. This segment stay focused on the development of PRC domestic market, sales volume in the PRC increased by 6.3% over the previous year, and its percentage to total sales volume increased from 69.6% in the previous year to 73.8% for the year. Sales to Hong Kong and other countries dropped by 13.8% as compared to the previous year, attributable to the softened demand in other major developed countries. The breakdown of sales volume by geographical location is as follows:

	2013		2012		
	Sales volume *(Tonne)*	**% of total sales volume**	Sales volume *(Tonne)*	% of total sales volume	**% change**
PRC	**5,732**	**73.8**	5,393	69.6	**+6.3**
Hong Kong and other countries	**2,032**	**26.2**	2,357	30.4	**-13.8**
Total	**7,764**	**100.0**	7,750	100.0	**+0.2**

Attributable to the decline in copper price, average selling price lowered by 3.4% as compared to that of the previous year. Due to the decline in average selling price, this segment recorded a decrease in revenue of 3.3% as compared to the previous year to HK$408,364,000 (2012: HK$422,135,000) for the year.

Gross profit

The decrease in revenue of this segment and the decline in copper price during the year affected the gross profit of this segment, which dropped by 18.0% as compared to the previous year to HK$6,639,000 (2012: HK$8,094,000) for the year.

FINANCIAL REVIEW

The Group reported net loss of HK$16,590,000 for the year, significantly reduced by 94.5% as compared to HK$299,686,000 for the previous year. EBITDA of the Group amounted to HK$221,230,000 for the year, a discernible recovery as compared to (L)BITDA of HK$61,382,000 for the previous year; while the adjusted EBITDA also significantly increased by 117.2% over the previous year to HK$209,929,000 for the year, as follows:

	2013	2012	
	HK$'000	*HK$'000*	**% change**
E(L)BITDA	**221,230**	(61,382)	**N/A**
Adjusted for significant allowances for and impairment loss on assets of the Group as follows:			
Allowance for inventories recognised	**1,462**	46,011	**-96.8**
Inventories written off	**–**	4,980	**-100.0**
Allowance for bad and doubtful debts (reversed) recognised	**(12,763)**	51,052	**N/A**
Impairment loss recognised in respect of property, plant and equipment	**–**	56,000	**-100.0**
Adjusted EBITDA	**209,929**	96,661	**+117.2**

Revenue

Revenue of the Group amounted to HK$1,857,665,000 (2012: HK$1,688,107,000) for the year, increased by 10.0% as compared to the previous year. The breakdown of revenue is as follows:

	2013		2012		
	HK$'000	**% of total revenue**	*HK$'000*	% of total revenue	**% change**
Steel cord	**1,473,662**	**79.3**	1,285,893	76.2	**+14.6**
Copper and brass products	**408,364**	**22.0**	422,135	25.0	**-3.3**
Sub-total	**1,882,026**	**101.3**	1,708,028	101.2	**+10.2**
Elimination of inter-segment sales	**(25,773)**	**(1.4)**	(20,897)	(1.2)	**+23.3**
Property rental	**1,412**	**0.1**	976	–	**+44.7**
Total	**1,857,665**	**100.0**	1,688,107	100.0	**+10.0**

Gross profit

Gross profit of the Group sharply increased by 1201.9% over the previous year to HK$214,413,000 (2012: HK$16,469,000) for the year. Gross profit margin was 11.5% for the year, increased by 10.5 percentage points as compared to 1.0% of the previous year. When excluding allowance for inventories recognised and inventories written off, gross profit margin was 11.6% for the year, increased by 7.6 percentage points as compared to 4.0% for the previous year, primarily attributable to the improved performance of Steel cord segment. The breakdown of gross profit is as follows:

	2013		2012		
	HK$'000	**Gross profit margin (%)**	*HK$'000*	Gross profit margin (%)	**% change**
Steel cord	**206,465**	**14.0**	7,670	0.6	**+2591.9**
Copper and brass products	**6,639**	**1.6**	8,094	1.9	**-18.0**
Property rental	**1,309**	**92.7**	705	72.2	**+85.7**
Total	**214,413**	**11.5**	16,469	1.0	**+1201.9**

Gross profit before allowance for inventories recognised and inventories written off:

Steel cord	**207,927**	**14.1**	58,661	4.6	**+254.5**
The Group	**215,875**	**11.6**	67,460	4.0	**+220.0**

Investment and other income

Investment and other income increased by 99.9% over the previous year to HK$7,945,000 (2012: HK$3,974,000) for the year, mainly as the amount of government grants increased by 229.9% from HK$1,631,000 in the previous year to HK$5,380,000 for the year.

Other gains and losses

The Group recorded net gain of HK$24,877,000 for the year, as compared to net loss of HK$114,199,000 for the previous year. The breakdown of other gains and losses is as follows:

	Notes	**2013** **HK$'000**	2012 *HK$'000*	**% change**
Foreign exchange gains (losses), net	*1*	**7,261**	(7,680)	**N/A**
Increase in fair value of investment properties		**4,465**	4,696	**-4.9**
Allowance for bad and doubtful debts reversed (recognised)	*2*	**12,763**	(51,052)	**N/A**
Impairment loss recognised in respect of property, plant and equipment		**–**	(56,000)	**-100.0**
Reversal of revaluation deficits of leasehold land and buildings		**–**	753	**-100.0**
Others		**388**	(4,916)	**N/A**
Total		**24,877**	(114,199)	**N/A**

Notes:

1. The Group recorded exchange gain of HK$7,261,000 for the year as compared to exchange loss of HK$7,680,000 for the previous year, as the exchange rate of RMB recorded an appreciation of approximately 3.1% against HKD over the year, whereas RMB had a corresponding decrease of 0.2% over the previous year. Contributed by the appreciation of RMB over the year, the Group therefore recorded exchange gain on its HKD and USD denominated bank borrowings during the year.

2. There was reversal of allowance for bad and doubtful debts of HK$12,763,000 in respect of trade receivables of Steel cord segment during the year, instead of allowance for bad and doubtful debts of HK$51,052,000 recognised in the previous year.

Distribution and selling expenses and administrative expenses

Distribution and selling expenses amounted to HK$48,424,000 (2012: HK$46,553,000) for the year, represented an increase of 4.0% as compared to the previous year, while the extent of increase was lower than the increase of 10.0% in revenue.

Administrative expenses of the Group amounted to HK$74,711,000 (2012: HK$77,331,000) for the year, decreased by 3.4% as compared to the previous year. As revenue of the Group increased by 10.0% over the previous year, the ratio of administrative expenses to revenue lowered from 4.6% in the previous year to 4.0% for the year, reflecting our continuous effort on the implementation of cost control measures.

Research and development expenses

Research and development expenses of the Group amounted to HK$53,412,000 for the year, increased by 297.4% as compared to HK$13,440,000 for the previous year. These expenses were all incurred by Steel cord segment, which have been mentioned in "**Steel cord**" section above.

Segment results

The Group recorded profit of HK$76,436,000 from its business segments for the year, as compared to loss of HK$201,046,000 for the previous year. The breakdown of the operating results of the Group's business segments is as follows:

	2013	2012	
	HK$'000	*HK$'000*	**% change**
Steel cord	**78,994**	(200,265)	**N/A**
Copper and brass products	**(2,558)**	(781)	**+227.5**
Total	**76,436**	(201,046)	**N/A**

Finance costs

Finance costs amounted to HK$76,175,000 for the year, slightly decreased by 0.3% as compared to HK$76,419,000 for the previous year. The average amount of interest bearing borrowings increased from approximately HK$1,362,000,000 in the previous year to approximately HK$1,404,000,000 for the year. However, interest expenses decreased as our average borrowing costs dropped, attributable to the increase in proportion of bank borrowings in HKD and USD during the year, taking advantage of lower borrowing rates as compared to RMB borrowings.

Income tax expense (credit)

Income tax expense of the Group amounted to HK$11,103,000 for the year, as compared to income tax credit of HK$7,813,000 for the previous year.

There was no change in applicable tax rates of the Company and its subsidiaries during the year. For the Company and subsidiaries operating in Hong Kong, they are subject to Hong Kong Profits Tax at a rate of 16.5% (2012: 16.5%) for the year. For the subsidiaries operating in the PRC, pursuant to the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law (the "Implementation Regulation"), the major subsidiaries operating in the PRC are subject to a tax rate of 25% (2012: 25%) for the year. Furthermore, two subsidiaries, namely JESC and 東莞興銅五金有限公司 had fully enjoyed their tax concession of 50% relief from PRC Enterprise Income Tax ("EIT") in the previous year, and so they are subject to full tax rate of 25% during the year.

In addition, according to the EIT 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% (2012: 5%).

The increase in income tax expense for the year was mainly attributable to the increase in profits of JESC and the higher PRC EIT rate as its 50% relief was ended at the end of the previous year.

Trade receivables

The amount of trade receivables before allowance for bad and doubtful debts amounted to HK$710,189,000 at 31 December 2013, increased by 27.3% as compared to HK$558,015,000 at 31 December 2012. During 2013, the Group had no further allowance for bad and doubtful debts, instead HK$12,763,000 of allowance for bad and doubtful debts was reversed as recovery was made under our persistent collection efforts. Such reversal was the result of the recovery of certain long overdue debts and the improvement of quality of trade receivables during the year.

In respect of the balance of the allowance for bad and doubtful debts of HK$47,374,000 still remaining at 31 December 2013, they mainly represented those made for receivables from sales of steel cord and sawing wire products (including half products and final products), follow up actions have been taken during the year and will continue after the year end to recover those receivables, including the negotiation of payment by way of assets other than cash and/or instituting legal actions against those customers to claim our payment back.

In respect of the trade receivables at 31 December 2013, approximately 55.8% 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 2013 *HK$'000*	% of subsequent settlement
0 – 90 days	521,771	51.0
91 – 180 days	115,045	81.9
Over 180 days	25,999	38.1
Total	662,815	55.8

TREASURY AND FUNDING POLICIES

The treasury and funding policies of the Group concentrates on the management of liquidity and the monitoring of financial risks, including interest rate risk, currency risk and counterparty risk. The objectives are to ensure the Group has adequate financial resources to maintain business growth with a healthy financial position.

Surplus funds of the Group are generally placed on short term deposits denominated in HKD, RMB or USD with reputable banks in Hong Kong and the PRC. The financing of the Group usually comprises short to medium term loans from banks, the loan portfolio takes into consideration of the liquidity of the Group and interest costs.

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. Nonetheless, in light of the continual to our turnover, we moderately relaxed our gearing threshold in 2013 and yet, we believe such level remained secure and manageable.

There was no change in the share capital of the Company during the year; the issued share capital of the Company remained at 1,922,900,556 Shares at 31 December 2013. The net asset value of the Group was HK$2,125,254,000 at 31 December 2013, increased by 2.9% as compared to HK$2,064,550,000 at 31 December 2012. Net asset value per Share also increased by 2.9% over the end of 2012 to HK$1.10 per Share at 31 December 2013.

Although the Group reported loss of HK$16,590,000 for the year, through strengthening credit control on sales and receivables, and improving raw materials procurement and inventory management, it generated net cash inflow from operating activities of HK$21,091,000 for the year as follows:

	HK$'000
Net cash used in operating activities as per consolidated statement of cash flows	(87,264)
Add: Operating cash inflows not reflected in the consolidated statement of cash flows (non-cash transactions):	
Bills receivable that has been discounted to banks and matured during the year	41,067
Bills receivable endorsed to creditors of the Group to settle payable for purchase of property, plant and equipment and matured during the year	67,288
Net cash inflow from operating activities for the year	21,091

Furthermore, the Group has net cash outflow on investing activities of HK$16,045,000, primarily represented the payments for the purchase of property, plant and equipment of Steel cord segment during the year.

The Group's bank balances and cash amounted to HK$124,010,000 at 31 December 2013, decreased by 29.5% as compared to HK$175,923,000 at 31 December 2012. Total interest bearing borrowings (including bank borrowings and loan from a related company) of the Group were HK$1,421,972,000 at 31 December 2013, increased by 2.7% as compared to HK$1,385,254,000 at 31 December 2012.

At 31 December 2013, HK$1,159,177,000 of bank borrowings were floating-rate borrowings, while HK$262,795,000 of bank borrowings were collared at rate ranging from 2.41% to 7.15% per annum. The nature and maturing profile of the Group's bank borrowings at 31 December 2013 based on contracted repayment schedules were as follows:

	HK$'000	**% of total bank borrowings**
Due within one year or on demand:		
– Trust receipt loans	26,040	1.8
– Bank advances for discounted bills	1,272	0.1
– Working capital loans	305,274	21.5
– Current portion of medium term loans	334,960	23.6
	667,546	47.0
Medium term loans:		
– Due in the second year	607,581	42.7
– Due in the third year	150,000	10.5
	1,425,127	100.2
Unamortised loan arrangement and management fees	(3,155)	(0.2)
Total	1,421,972	100.0

Gearing ratio (calculated as total interest bearing borrowings less bank balances and cash divided by Shareholders' equity) of the Group increased from 58.6% at 31 December 2012 to 61.1% at 31 December 2013. The current ratio (calculated as current assets divided by current liabilities) of the Group was 1.16 times at 31 December 2013, lower as compared to 1.20 times at 31 December 2012. Included in current liabilities at 31 December 2013 are banks loans that are due after one year but contain a repayment on demand clause totalling HK$434,291,000 (31 December 2012: HK$42,500,000). When these bank loans are excluded, current ratio of the Group would be 1.58 times at 31 December 2013, improved as compared to corresponding 1.24 times at 31 December 2012.

FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

Both the Group's sources of revenue and purchases and payments are mainly denominated in RMB, HKD and USD. The Group's bank balances and cash are therefore mainly in RMB, HKD and USD, and 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 such, the Group increased the proportion of borrowings in HKD and USD during the year in order to reduce interest costs, and therefore at 31 December 2013, the percentage of bank borrowings of the Group that are denominated in HKD and USD rose from 39.0% at the end of 2012 to 60.2% at the end of 2013. The respective currency composition of the Group's bank balances and cash and bank borrowings was as follows:

Bank balances and cash

	31 December 2013		31 December 2012	
	HK$'000	***%***	*HK$'000*	*%*
RMB	**78,112**	**63.0**	109,050	62.0
HKD	**9,607**	**7.7**	23,682	13.4
USD	**35,926**	**29.0**	39,362	22.4
Other currencies	**365**	**0.3**	3,829	2.2
Total	**124,010**	**100.0**	175,923	100.0

Bank borrowings

	31 December 2013		31 December 2012	
	HK$'000	***%***	*HK$'000*	*%*
RMB	**565,316**	**39.8**	769,267	61.0
HKD	**767,649**	**54.0**	386,371	30.6
USD	**89,007**	**6.2**	106,289	8.4
Total	**1,421,972**	**100.0**	1,261,927	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 or loss and cashflows of the Group, as we were of the view that interest rate would sustain at a relatively low level for at least in the coming year.

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$25,065,000, 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 2014 are estimated to be approximately HK$25,707,000, 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 2013, the Group had a total of 2,352 employees located in Hong Kong and the PRC. 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 statement of profit or loss for the year amounted to approximately HK$18,921,000. The Group had also provided training programmes or courses for the mainland staff at all levels from different departments and also for Directors and employees of the Company so as to further enhance their technical skills in production operation and management, professional skills and knowledge, respectively.

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 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 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.

Share options granted and remained outstanding under the 2002 Scheme remain valid and exercisable in accordance with their terms of issue.

No share options were granted under the 2002 Scheme during the years ended 31 December 2013 and 2012. During the year ended 31 December 2013, no share options granted under the 2002 Scheme have been exercised while 148,182,000 share options lapsed.

No share options were granted, exercised, cancelled or lapsed under the 2012 Scheme during the year ended 31 December 2013.

PLEDGE OF ASSETS

At 31 December 2013, 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$10,850,000;

2. Prepaid lease payments amounted to HK$87,712,000; and

3. Equity interests in certain subsidiaries of the Company.

BUSINESS OUTLOOK

Looking forward, the United States Federal Reserve's timing on the tapering of its asset purchase program still affects global economy. The economic outlook of the PRC is anticipated to remain challenging with uncertainties on the domestic fiscal and monetary policies which might affect the performance of our Steel cord and Copper and brass products segments. The oversupply situation in the steel cord industry in the PRC is likely to persist in 2014; nonetheless, the magnitude of pressure on our selling price has shown signs of reprieve. Research and development are central to our long term success in the steel cord industry. In this connection, we will continue to exert efforts:

(1) in the improvement of production technologies in order to enhance production efficiency;

(2) suiting the international customers' varying requirements and demands on high-end specifications of steel cords;

(3) accelerating the launch of new products to capture extra market share and expand the market coverage in the PRC and overseas;

(4) strengthening the quality control systems of our two plants to retain customers' loyalty and reinforce the Group's reputation in the "Eastern" brand in the PRC and overseas; and

(5) endeavouring to attain satisfactory capacity utilisation of TESC.

In addition to above, we will continue to take a cautious approach in developing of any new customers with a view to improve upon the quality our trade receivables. Although there was reversal of allowance for bad and doubtful debts of HK$12,763,000 for the year, we will continuously take utmost effort to collect the outstanding receivables. We will work with our suppliers and bankers to further enhance our cash and working capital position.

Finally, we are confident to achieve a turnaround in profitability in 2014, we, in summary, will focus on carrying out our cost control measures, carefully expand our client base and develop potential overseas markets, and improve our cash flow position to abate any unexpected adverse incident and uncertain global market conditions.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 5 June 2014 to 6 June 2014, 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 6 June 2014, 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 (Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014) for registration not later than 4:00 p.m. on 4 June 2014.

CORPORATE GOVERNANCE CODE

The Board is committed to practicing and achieving a high standard of corporate governance. It also recognises 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 laws, rules and regulations.

In view of the changes of statutory inside information by the Securities and Futures (Amendment) Ordinance 2012 and consequential on the Listing Rules, and also the enhancement of fairness, transparency, accountability and responsibility of the Company, and the abatement of any negative impact on the Company when certain events such as short selling of the securities, market rumours related to the Company occur, the Company had adopted two policies, namely, Contingency Plan Policy and Codes on Promotion and Advertising during the year. Furthermore, the Board had also approved and adopted the revised SCCHL Corporate Governance Code to reflect the current laws, rules and regulations during the year.

In view of the implementation of a code provision on board diversity of Appendix 14 of the Listing Rules, on 11 June 2013, the Board had reviewed analysis on board diversity of the Company. The Shougang Concord Century Holdings Limited Board Diversity Policy and the Terms of Reference of the Nomination Committee have also been adopted and amended, respectively on 26 August 2013.

In the opinion of the Board, the Company has complied with the principles and code provisions of the Code and also the SCCHL Corporate Governance Code throughout the year ended 31 December 2013, except for deviations from code provisions as below:

Deviation from code provision A.1.1 of the Code

During the year under review, the Company held three regular board meetings instead of holding at least four regular board meetings a year as required under the code provision A.1.1 of the Code. However, the three regular board meetings have achieved active participation of Directors and all Directors (except one of the Directors who was absent due to his health reason) had shown their high attendance rate of the three board meetings held 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.

Deviation from code provision D.1.4 of the 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 which therefore deviates from code provision D.1.4 of the Code.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 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 our gratitude to the Shareholders, business partners, suppliers and customers for their unfaltering support. We would also like to thank our dedicated staff for their contributions to the success of the Group.

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:

"2002 Scheme"	A share option scheme adopted and terminated by the Shareholders at the annual general meetings held on 7 June 2002 and 25 May 2012 respectively
"2012 Scheme"	A new share option scheme adopted by the Shareholders at the annual general meeting held on 25 May 2012 and became effective on 29 May 2012
"Board"	the board of Directors
"Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Codes on Promotion and Advertising"	Shougang Concord Century Holdings Limited Codes on Promotion and Advertising adopted in 2013 and revised from time to time thereafter
"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
"Contingency Plan Policy"	Contingency Plan for Market Rumours and Short Selling of the Securities of Shougang Concord Century Holdings Limited adopted in 2013 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
"PRC"	the People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SCCHL Corporate Governance Code"	Shougang Concord Century Holdings Limited Code on Corporate Governance
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Steel cord"	manufacturing of steel cord 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.

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

Hong Kong, 27 March 2014

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 2013 Annual Report will be despatched to Shareholders and made available on the above websites in due course.