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 2007

HIGHLIGHTS

Revenue increased by 3.8% to HK$704,716,000 (2006: HK$678,923,000)

Net profit increased by 39.1% to HK$105,762,000 (2006: HK$76,031,000)

Earnings per share (basic) increased by 12.1% to HK8.22 cents (2006: HK7.33 cents)

Net asset value increased by 56.7% to HK$1,499,929,000 (31 December 2006: HK$957,354,000)

Net asset value per share increased by 44% to HK$1.08 (31 December 2006: HK$0.75)

The board of directors (the "Board") of Shougang Concord Century Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 and that final results was reviewed by the Audit Committee of the Company and agreed with the auditors:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTES	**2007**	2006
		HK$'000	*HK$'000*
Revenue	*2 & 3*	**704,716**	678,923
Cost of sales		**(612,479)**	(553,269)
Gross profit		**92,237**	125,654
Bank interest income		**4,416**	2,018
Other income, gains and losses	*4*	**82,120**	5,683
Distribution and selling expenses		**(8,903)**	(6,133)
Administrative expenses		**(49,650)**	(38,374)
Dilution loss on share reform of an associate	*5*	**–**	(6,858)
Finance costs	*6*	**(11,786)**	(18,904)
Share of result of a jointly controlled entity		**3,015**	10,245
Share of result of an associate		**7,423**	9,952
Profit before taxation		**118,872**	83,283
Income tax expenses	*7*	**(13,110)**	(7,252)
Profit for the year	*8*	**105,762**	76,031
Dividends	*9*	**12,761**	–
Earnings per share	*10*		
Basic		**HK8.22 cents**	HK7.33 cents
Diluted		**HK7.68 cents**	HK6.93 cents

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current assets			
Investment properties		**16,340**	12,220
Property, plant and equipment		**507,637**	447,294
Prepaid lease payments		**8,616**	7,489
Interests in a jointly controlled entity		**39,467**	54,452
Interests in an associate		**–**	49,148
Goodwill		**41,672**	41,672
Club memberships		**675**	675
Available-for-sale investments		**357,657**	–
		972,064	612,950
Current assets			
Inventories		**110,701**	87,831
Trade receivables	*11*	**175,414**	177,996
Bills receivable	*11*	**203,661**	186,272
Prepayments, deposits and other receivables		**7,196**	14,438
Prepaid lease payments		**539**	441
Amounts due from related companies		**5,875**	4,295
Tax recoverable		**3,068**	1,698
Derivative financial instruments		**4**	294
Pledged bank deposits		**3,000**	3,000
Bank balances and cash		**393,624**	297,566
Dividend receivable		**4,792**	–
		907,874	773,831
Current liabilities			
Trade payables	*12*	**39,728**	9,920
Other payables and accruals		**25,102**	16,791
Tax payable		**7,816**	1,784
Amount due to a related company		**–**	34,837
Bank borrowings – due within one year		**186,542**	238,499
		259,188	301,831
Net current assets		**648,686**	472,000
Total assets less current liabilities		**1,620,750**	1,084,950
Non-current liabilities			
Bank borrowings – due after one year		**86,604**	124,476
Other payable		**1,830**	1,528
Deferred tax liabilities		**32,387**	1,592
		120,821	127,596
		1,499,929	957,354
Capital and reserves			
Share capital	*13*	**138,435**	127,607
Reserves		**1,360,654**	829,747
Equity attributable to equity holders of the Company		**1,499,089**	957,354
Share option reserve of a subsidiary		**840**	–
		1,499,929	957,354

Notes:

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

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The adoption of the new HKFRSs had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] *Effective for annual periods beginning on or after 1 January 2009*

[2] *Effective for annual periods beginning on or after 1 July 2009*

[3] *Effective for annual periods beginning on or after 1 March 2007*

[4] *Effective for annual periods beginning on or after 1 January 2008*

[5] *Effective for annual periods beginning on or after 1 July 2008*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

2. REVENUE

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

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

	2007	2006
	HK$'000	*HK$'000*
Sales of goods		
Manufacturing of steel cords	**436,767**	393,726
Processing and trading of copper and brass products	**266,554**	283,695
Others	**481**	679
	703,802	678,100
Rental income	**914**	823
	704,716	678,923

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

The Group's primary format for reporting segment information is business segments.

(a) Business segments

For the year ended 31 December 2007

	Steel cord	**Copper and brass products**	**Others**	**Consolidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segment revenue				
External sales	**436,767**	**266,554**	**1,395**	**704,716**
Result				
Segment result	**52,804**	**10,958**	**5,262**	**69,024**
Unallocated income				**12,862**
Unallocated expenses				**(28,402)**
Gain on disposal of available-for-sale investments				**66,736**
Finance costs				**(11,786)**
Share of result of a jointly controlled entity				**3,015**
Share of result of an associate				**7,423**
Profit before taxation				**118,872**
Income tax expenses				**(13,110)**
Profit for the year				**105,762**

For the year ended 31 December 2006

	Steel cord *HK$'000*	Copper and brass products *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue				
External sales	393,726	283,695	1,502	678,923
Result				
Segment result	65,668	39,823	3,306	108,797
Unallocated income				3,368
Unallocated expenses				(23,317)
Dilution loss on share reform of an associate				(6,858)
Finance costs				(18,904)
Share of result of a jointly controlled entity				10,245
Share of result of an associate				9,952
Profit before taxation				83,283
Income tax expenses				(7,252)
Profit for the year				76,031

(b) Geographical segments

	Hong Kong		Other regions in the People's Republic of China (the "PRC")		Others		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:								
Sales to external customers	**234,823**	261,924	**422,989**	400,489	**45,990**	15,687	**703,802**	678,100
Gross rental income	**472**	455	**442**	368	**–**	–	**914**	823
	235,295	262,379	**423,431**	400,857	**45,990**	15,687	**704,716**	678,923

4. OTHER INCOME, GAINS AND LOSSES

	2007	2006
	HK$'000	*HK$'000*
Gain on disposal of available-for-sale investments	**66,736**	–
Foreign exchange gains, net	**8,011**	3,710
Increase in fair value of investment properties	**4,120**	2,810
Recovery of (allowance for) bad and doubtful debts	**1,841**	(1,824)
Surplus on revaluation of leasehold land and buildings, net	**1,652**	140
(Loss) gain on disposal of property, plant and equipment	**(513)**	172
Changes in fair value of derivative financial instruments	**(290)**	340
Others	**563**	335
	82,120	5,683

5. DILUTION LOSS ON SHARE REFORM OF AN ASSOCIATE

The completion of the share reform plan for the conversion of the non-freely transferable shares of Xinyu Iron & Steel Co., Ltd. ("Xinyu Iron", formerly known as Xinhua Metal Products Co., Ltd.), an associate of the Group, into shares freely transferable on the Shanghai Stock Exchange (the "Share Reform Plan") took place during 2006. Under the Share Reform Plan, the non-freely transferable shareholders of Xinyu Iron, including an indirect wholly owned subsidiary of the Company, would offer holders of freely transferable shares of Xinyu Iron 3.3 non-freely transferable shares for every 10 freely transferable shares held by such holders, in exchange for the consent by the holders of freely transferable shares of Xinyu Iron to the conversion of all non-freely transferable shares into freely transferable shares of Xinyu Iron. Followed by the completion of the Share Reform Plan, the Group's equity interest in Xinyu Iron was diluted from 16.75% to 14.49%. Under the Share Reform Plan, the shares of Xinyu Iron held by the Group would be subject to a lock-up period of 12 months ("Lock-up Period") upon such shares become freely transferable shares. The Group undertook not to sell the number of shares in Xinyu Iron not more than (i) 5% of the entire issued share capital of Xinyu Iron at the time of the Share Reform Plan for 12 months; and (ii) 10% of the entire issued share capital of Xinyu Iron at the time of the Share Reform Plan for 24 months, after the Lock-up Period. Following the 24 months after the Lock-up Period, the Group would be able to dispose of its shareholding in Xinyu Iron free from any restriction. A dilution loss on share reform of approximately HK$6,858,000 was recognised for the year ended 31 December 2006.

6. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**13,267**	17,849
Amortisation of borrowing costs	**1,170**	1,055
Total borrowing costs	**14,437**	18,904
Less: amount capitalised	**(2,651)**	–
	11,786	18,904

7. INCOME TAX EXPENSES

	2007	2006
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**1,400**	1,773
PRC Enterprise Income Tax	**11,900**	5,216
	13,300	6,989
Underprovision in prior years:		
Hong Kong	**–**	1
PRC Enterprise Income Tax	**1,505**	29
	1,505	30
Deferred taxation:		
Current year	**(1,029)**	233
Attributable to change in tax rate	**(666)**	–
	(1,695)	233
Taxation attributable to the Company and its subsidiaries	**13,110**	7,252

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

Pursuant to the previous relevant laws and regulations in the PRC, operations of the Group in Zhejiang in the PRC have qualified for tax concessions in the form of reduced tax rate to 15%. Accordingly, the PRC Enterprise Income Tax has been provided taking into account of these tax concessions.

On 16 March 2007, the PRC Government 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 Regulations of the New Law (the "Implementation Ragulations"). The New Law and the Implementation Regulations would change the tax rate of the subsidiary in Zhejiang from 15% to 25% gradually from 1 January 2008. The deferred tax balances have been adjusted to reflect the tax rates that are expected to apply to the respective periods when the assets are realised or the liability is settled.

8. PROFIT FOR THE YEAR

	2007 *HK$'000*	2006 *HK$'000*
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense	**612,479**	553,269
Depreciation for property, plant and equipment	**43,103**	40,092
Amortisation of prepaid lease payments (included in "Cost of sales")	**698**	432
Share of tax of a jointly controlled entity (included in "Share of result of a jointly controlled entity")	**665**	1,913
Share of tax of an associate (included in "Share of result of an associate")	**143**	1,901

9. DIVIDENDS

On 29 June 2007, a dividend of HK1 cent (2006: Nil) per share was paid to shareholders of the Company as the final dividend for the year ended 31 December 2006.

The final dividend of HK1 cent (2006: HK1 cent) per share for the year ended 31 December 2007 has been proposed by the directors and is subject to approval by the shareholders of the Company at the forthcoming general meeting.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	2007 *HK$'000*	2006 *HK$'000*
Earnings		
Profit for the year for the purposes of calculation of basic and diluted earnings per share	**105,762**	76,031

	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purposes of calculation of basic earnings per share	**1,286,288,035**	1,037,710,392
Effect of dilutive potential ordinary shares: Share options	**90,779,817**	58,949,314
Weighted average number of ordinary shares for the purposes of calculation of diluted earnings per share	**1,377,067,852**	1,096,659,706

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 those options is higher than the average market price for shares for the outstanding periods during both 2007 and 2006 and (ii) the share option granted by the Company's subsidiary as it is anti-dilutive.

11. TRADE RECEIVABLES/BILLS RECEIVABLE

	2007	2006
	HK$'000	*HK$'000*
Trade receivables	**179,096**	183,302
Less: allowance for bad and doubtful debts	**(3,682)**	(5,306)
	175,414	177,996
Bills receivable	**203,661**	186,272
	379,075	364,268

Included in bills receivable as at 31 December 2006, HK$44,272,000 have been discounted to banks (2007: Nil).

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

An aged analysis of trade and bills receivables net of allowance for bad and doubtful debts as at the balance sheet date, based on sales invoice date and bills receipt date respectively, is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 90 days	**271,466**	249,344
91 – 180 days	**107,609**	106,378
Over 180 days	**–**	8,546
	379,075	364,268

12. TRADE PAYABLES

An aged analysis of trade payables as at the balance sheet date, based on purchase invoice date, is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 – 90 days	**37,529**	8,861
91 – 180 days	**2,060**	555
Over 180 days	**139**	504
	39,728	9,920

The average credit period on purchases of good is 30 days. The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

13. SHARE CAPITAL

	2007		2006	
	Number of shares ’000	***Nominal value HK$’000***	*Number of shares ’000*	*Nominal value HK$’000*
Ordinary shares of HK$0.1 each				
Authorised:				
At 1 January and at 31 December *(Note 1)*	**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid:				
At 1 January	**1,276,067**	**127,607**	1,026,067	102,607
Issued on subscription of new shares *(Note 2)*	**–**	**–**	250,000	25,000
Issued on placing of new shares *(Note 3)*	**100,000**	**10,000**	–	–
Exercise of share options	**8,280**	**828**	–	–
At 31 December	**1,384,347**	**138,435**	1,276,067	127,607

Notes:

1. The authorised share capital of the Company was increased from HK$200,000,000 comprising 2,000,000,000 shares of HK$0.1 each to HK$500,000,000 comprising 5,000,000,000 shares of HK$0.1 each by creation of an additional 3,000,000,000 shares of HK$0.1 each on 10 January 2008 and that each of the new shares, upon issue, ranked pari passu in all respects with the existing shares of the Company.

2. In order to finance the expansion plan of its subsidiary, Jiaxing Eastern Steel Cord Co., Ltd. (“JESC”), the Company entered into a subscription agreement and a supplementary agreement on 22 and 27 September 2006 respectively, pursuant to which the Company issued and allotted 250,000,000 ordinary shares of HK$0.1 each in the Company at a cash price of HK$0.65 per share to NV Bekaert SA. The new shares ranked pari passu with existing shares in all aspects.

3. In order to finance the expansion plan of JESC, the Company entered into a placing agreement on 29 November 2007, pursuant to which the Company issued and allotted 100,000,000 ordinary shares of HK$0.1 each in the Company at a cash price of HK$1.03 per share to independent placees. The new shares ranked pari passu with existing shares in all aspects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The steel cord industry in the People's Republic of China (the "PRC") continued to maintain sustainable growth in 2007. However, price competition amongst market participants remained intense, which affected the profitability of our business in the manufacturing of steel cord for the year under review.

Regarding the Group's copper and brass products segment, its performance was not comparable to the previous year. This segment achieved exceptional profit in the previous year that largely consisted of holding gain on inventory from sharp rise in copper price. However, for the year under review, such sharp rise in copper price did not recur, therefore this segment recorded a substantially lower profit as compared to that of the previous year.

Manufacturing of steel cord for radial tyres ("Steel cord")

Jiaxing Eastern Steel Cord Co., Ltd. ("JESC") achieved an increase in sales volume of 10.9% to 33,068 tonnes (2006: 29,818 tonnes) for the year under review. The analysis of sales volume for the year is as follows:

	2007		2006		
	Sales volume (Tonne)	***% of total sales volume***	*Sales volume (Tonne)*	*% of total sales volume*	***% change***
Steel cord for:					
– passenger car tyres	**7,289**	**22.0**	6,733	22.6	**+8.3**
– truck tyres	**25,086**	**75.9**	22,780	76.4	**+10.1**
Others and steel wires	**693**	**2.1**	305	1.0	**+127.2**
Total	**33,068**	**100.0**	29,818	100.0	**+10.9**

During the year, the production capacity of JESC remained at approximately 30,000 tonnes per annum. In April 2007, the Company substituted the supply contract entered into between JESC and our strategic investor, NV Bekaert SA ("Bekaert") in 2006, with a new sale and purchase contract to extend the scope of materials and products supply between the two parties from raw materials to finished products of steel cord. This sale and purchase contract enabled JESC to increase supply to satisfy demand of its existing and new customers even under its production limitations.

Export sales volume increased by approximately 209.3% over the previous year's and accounted for approximately 11.1% (2006: 4%) of total sales volume for the year under review. Since the commercial agency contract was entered into between JESC and Bekaert in April and approved by the shareholders of the Company in June 2007, Bekaert could only commence soliciting overseas customers on behalf of JESC for sales of steel cord in the second half of the year. Samples of steel cord have been delivered and are currently being tested by these new overseas customers.

Revenue of this segment increased by 10.9% over the previous year to HK$436,767,000 (2006: HK$393,726,000). However, gross profit declined by 7.8% to HK$73,468,000 (2006: HK$79,669,000). JESC had implemented various measures during the year to contain its production and operating costs, amongst others, increase in usage of domestic raw materials. The costs of domestic raw materials were relatively lower than that of their import counterparts by 15.7% on average. These measures helped JESC to achieve a lower production cost; however, these cost savings were not able to fully offset the negative effect on its profit as a result of reduced average selling price. As such, gross profit margin dropped from 20.2% in the previous year to 16.8% for the year under review.

Furthermore, other operating and administrative expenses were also higher as compared to that of the previous year, as expenditures such as those on research and development of new products; and sales expanding network and customer base development, increased which were necessary in light of the increase in JESC's production capacity in the coming year. Although these increased expenses affected the profitability in the short run, we believe the results of research and development will bring positive contributions to JESC in the future.

As a result of a decline in gross profit and increase in expenditures, operating profit of this segment decreased by 19.6% to HK$52,804,000 (2006: HK$65,668,000) for the year under review.

Processing and trading of copper and brass products ("Copper and brass products")

Revenue of our copper and brass products segment amounted to HK$266,554,000 for the year under review, lowered by 6% as compared to HK$283,695,000 for the previous year. The average 3-month copper price traded in the London Metals Exchange ("LME") was approximately US$6,455 per tonne for 2007, increased by 20.3% as compared to an average of approximately US$5,365 per tonne for 2006. However, our average selling price increased by 10% only over the previous year's to approximately HK$60,702 per tonne (2006: HK$55,205 per tonne), such variation in the degree of increase was associated with factors principally the market competition, the volatility of copper price movements and the seasonal factors of this industry. On the other hand, the sustained high copper price hindered the demand from customers who might not be able to pass the cost burden to their downstream customers in overseas, in particular those in the United States that suffered from an economic slowdown following the subprime incident and credit crisis. Besides, in view of anticipation of the negative impact on the worsening western economy on the operations and financial conditions of our customers, we therefore had adopted a more cautious sales strategy to mitigate any losses on recoverability of receivables. Owing to the aforesaid factors, sales volume dropped by 14.2% over the previous year, and hence revenue of this segment dropped albeit increase in average selling price.

Gross profit of this segment dropped significantly by 60.4% to HK$17,857,000 (2006: HK$45,113,000) for the year under review. The significant decrease was because the market did not exhibit similar rise in copper price which rendered an exceptional holding gain on inventory during the previous year. This was reflected on the comparison of rise in copper price on a year-to-year basis. The 3-month LME copper price increased by approximately 43.9% in 2006, while its increase in 2007 was much smaller at approximately 8%. As such, the gross profit margin narrowed from 15.9% in the previous year to 6.7%, which is a lower but is generally viewed to be a relatively reasonable gross profit margin in such industry when movement of copper price is steadier.

Following the decrease in gross profit, operating profit of this segment dropped by 72.5% to HK$10,958,000 (2006: HK$39,823,000) for the year under review.

FINANCIAL REVIEW

For the year under review, the Group recorded profit for the year of HK$105,762,000, an increase of 39.1% as compared to HK$76,031,000 for the previous year's. The Group disposed of its partial equity interest in Xinyu Iron & Steel Co., Ltd. ("Xinyu Iron", formerly known as Xinhua Metal Products Co., Ltd.), the Group's then associate during the year and recorded profit after taxation of HK$59,635,000 on the disposal. Further details are set out in the **"Dilution loss on share reform of an associate/Gain on disposal of available-for-sale investments"** section below. When excluding this exceptional gain, profit from the Group's operating activities was HK$46,127,000 for the year under review, declined by 39.3% as compared to that of the previous year.

Revenue

The Group's revenue moderately increased by 3.8% over that of the previous year to HK$704,716,000. The breakdown of revenue by business segments is as follows:

	2007		2006		
		% of total		*% of total*	
	HK$'000	***revenue***	*HK$'000*	*revenue*	***% change***
Steel cord	**436,767**	**62.0**	393,726	58.0	**+10.9**
Copper and brass products	**266,554**	**37.8**	283,695	41.8	**–6.0**
Others	**1,395**	**0.2**	1,502	0.2	**–7.1**
Total	**704,716**	**100.0**	678,923	100.0	**+3.8**

Gross profit

Gross profit of the Group declined by 26.6% to HK$92,237,000. Gross profit margin dropped by 5.4 percentage points from 18.5% in the previous year's to 13.1% for the year under review. This was principally attributable to the significant decrease in gross profit margin of copper and brass products segment, which accounted for approximately 4.1 percentage points, or 76% of the drop in gross profit margin of the Group. The breakdown of gross profit by business segments is as follows:

	2007		2006		
	HK$'000	***Gross profit margin***	*HK$'000*	*Gross profit margin*	***% change***
Steel cord	**73,468**	**16.8%**	79,669	20.2%	**–7.8**
Copper and brass products	**17,857**	**6.7%**	45,113	15.9%	**–60.4**
Others	**912**	**65.4%**	872	58.1%	**+4.6**
Total	**92,237**	**13.1%**	125,654	18.5%	**–26.6**

Bank interest income and other income, gains and losses

Bank interest income increased by 118.8% over the previous year to HK$4,416,000 (2006: HK$2,018,000); while other income, gains and losses increased by approximately 13.5 times over the previous year to HK$82,120,000 (2006: HK$5,683,000), as:

- The Group's net cashflow from its operating activities improved over that of the previous year and hence, increased its overall bank deposits. Interest income from bank deposits increased by 118.8% over the previous year's to HK$4,416,000.

- The Group disposed of certain shares in Xinyu Iron during the year and achieved a gain on disposal of HK$66,736,000 (2006: Nil), details of which were set out in the **"Dilution loss on share reform of an associate/Gain on disposal of available-for-sale investments"** section below.

- Net foreign exchange gain increased by 115.9% to HK$8,011,000 for the year under review, as the rate of appreciation of Renminbi ("RMB") against Hong Kong Dollar ("HKD") and United States Dollar ("USD") was higher than that of the previous year.

- Property prices in general had kept rising during the year under review, the Group's properties located in Hong Kong and the Mainland recorded a surplus of HK$5,772,000 (2006: HK$2,950,000) on their year-end revaluations.

Distribution and selling expenses
These expenses increased by 45.2% over the previous year's to HK$8,903,000 (2006: HK$6,133,000). In addition to the increased sales volume and rising energy costs that pushed up overall transportation costs, increased sales to new customers in the northeastern part of the PRC and export sales also caused the increase in transportation costs and commission expenses.

Administrative expenses
Administrative expenses of the Group increased by 29.4% over that of the previous year to HK$49,650,000 (2006: HK$38,374,000). During the year under review, share options were granted to certain directors and an employee of the Group as incentives/rewards for their past and/or future contributions to the Group. The related costs of HK$1,291,000, being the fair value of the share options granted, were charged to the consolidated income statement. On the other hand, further costs were incurred for the ongoing business expansion plan of the Group, such as the increase in headcount and increased research and development expenditures for the development of new product specifications. Other ancillary administrative expenses including professional fees also increased as a result of the business expansion plan, these brought a higher increase in administrative expenses for the year under review.

Dilution loss on share reform of an associate/Gain on disposal of available-for-sale investments
As detailed in our 2006 Annual Report and the announcements of the Company dated 28 March, 28 and 30 August, and 19 October 2006, the Group's then associate, Xinyu Iron, with its shares listed on the Shanghai Stock Exchange, proposed a share reform plan under the requirements of the relevant Government authorities of the PRC, in which the non-freely transferable shareholders of Xinyu Iron would transfer 3.3 shares for every 10 freely transferable shares held by such holders (the "Share Reform Plan"). The Share Reform Plan was approved by the Ministry of Commerce of the PRC and completed on 24 October 2006. As a result of the implementation of the Share Reform Plan, the Group's interest in Xinyu Iron was diluted from approximately 16.75% to approximately 14.49%, and the dilution resulted to a loss of approximately HK$6,858,000 to the Group for the previous year.

Pursuant to the Share Reform Plan, the lock-up period of 12 months for shares of Xinyu Iron ended on 24 October 2007 and for the 12 months thereof, the Group is entitled to dispose of not more than 9,661,019 shares of Xinyu Iron on the "A" share market of the Shanghai Stock Exchange.

During the year, Xinyu Iron announced the plan (the "Xinyu Plan") to acquire the assets and businesses of its major shareholder, Xinyu Iron & Steel Co., Ltd. (新余鋼鐵有限責任公司). All necessary approvals were obtained on 22 October 2007 and the Xinyu Plan became unconditional. Since then, the representative of the Group could not participate in major financial and operating policy decision of Xinyu Iron, and accordingly, the Group considers that its significant influence in Xinyu Iron was lost. The Group has since reclassified the investment in Xinyu Iron as available-for-sale investments.

In consideration of the change in shareholder status and as the market prices of Xinyu Iron over the fourth quarter of 2007 represented a significant premium over the carrying value of the Group's investment in Xinyu Iron, the Board considered that it was a good opportunity for the Group to realize the investment in Xinyu Iron. As such, the Group disposed of approximately 4,083,000 shares at the average prevailing market price of RMB17.13 (equivalent to HK$17.91) per share in Xinyu Iron and realized a profit before taxation of HK$66,736,000 for the year under review.

Segment results

Profit from the Group's business segments amounted to HK$69,024,000 for the year under review, decreased by 36.6% as compared to the previous year. The breakdown by business segments is as follows:

	2007	2006	
	HK$'000	*HK$'000*	**% change**
Steel cord	**52,804**	65,668	**–19.6**
Copper and brass products	**10,958**	39,823	**–72.5**
Others	**5,262**	3,306	**+59.2**
	69,024	108,797	**-36.6**

Finance costs

The Group's finance costs amounted to HK$11,786,000 (2006: HK$18,904,000) for the year under review, a decrease of 37.7% as compared to that of the previous year. The Group raised net proceeds of approximately HK$161,411,000 from the issue of 250,000,000 new shares to Bekaert in December 2006 and the Group achieved a better net cash inflow from its operating activities, these reduced the need for bank borrowings and hence less interest costs were incurred for the year under review.

Share of result of a jointly controlled entity and an associate

The revenue of Shanghai Shenjia Metal Products Co., Ltd. ("Shanghai Shenjia") moderately increased by 3.9% over that of the previous year to HK$469,303,000 (2006: HK$451,609,000). However, its gross profit dropped by 30.3% to HK$78,630,000 (2006: HK$112,780,000) as compared to the previous year as its raw material costs increased significantly during the year under review, therefore its gross profit margin declined from 25% in the previous year's to 16.8% for the year under review. As such, its profit for the year decreased significantly by 70.6% to HK$12,060,000 (2006: HK$40,979,000). The Group's share of the profit of Shanghai Shenjia also dropped proportionally to HK$3,015,000 (2006: HK$10,245,000).

With regard to Xinyu Iron, the Group's share of its profit for the year under review was HK$7,423,000, decreased by 25.4% as compared to HK$9,952,000 for the full year of 2006.

Income tax expenses

Income tax expenses of the Group increased by 80.8% over that of the previous year to HK$13,110,000 (2006: HK$7,252,000). Out of which, HK$7,101,000 of income tax expense was originated from the gain on the disposal of shares in Xinyu Iron. When this is excluded, income tax expenses would be HK$6,009,000, representing a decrease of 17.1% over the previous year's.

Investment in Xinyu Iron

As mentioned in the **"Dilution loss on share reform of an associate/Gain on disposal of available-for-sale investments"** section above, the Group's investment in Xinyu Iron had been re-classified as an available-for-sale investment during the year. This investment was revalued at fair value and a surplus of HK$376,058,000 was recorded and credited to the equity of the Group. The Group had disposed of part of its shareholdings in Xinyu Iron during the year; the Group will keep monitoring the share price of Xinyu Iron and the overall sentiment in the Shanghai stock market and have a further disposal of the shares of Xinyu Iron when appropriate.

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.

On 29 November 2007, the Company entered into a placing agreement with a placing agent for the placing of 100,000,000 new shares of the Company at a price of HK$1.03 each (the "Placing"). On the same date, the Company also entered into subscription agreements with Shougang Concord International Enterprises Company Limited ("Shougang International"), the substantial shareholder of the Company and Li Ka Shing Foundation Limited ("LKSFL") respectively, pursuant to which, Shougang International and LKSFL would subscribe for 400,000,000 and 100,000,000 new shares of the Company at a price of HK$1.03 each (the "Subscriptions").

The Placing was completed on 11 December 2007 and raised net proceeds of approximately HK$101,455,000 for the Group, which would be used as our general working capital. Furthermore, 8,280,000 share options were exercised by the Group's employees during the year and the same number of new shares was issued accordingly. Following such issuance of new shares during the year, the total issued share capital of the Company increased from 1,276,066,556 shares at 31 December 2006 to 1,384,346,556 shares at 31 December 2007. The net assets of the Group increased from HK$957,354,000 at 31 December 2006 to HK$1,499,929,000 at 31 December 2007. In addition to the proceeds from placing of new shares, the increase in fair value of the Group's interest in Xinyu Iron also made contribution to such increase. As a result, the Company's net asset value per share increased from HK$0.75 at 31 December 2006 to HK$1.08 at 31 December 2007.

Subsequent to the balance sheet date, the Subscriptions were also completed on 18 January 2008 and 500,000 share options were exercised by a director of the Company, the total issued share capital of the Company was then increased to 1,884,846,556 shares.

As at 31 December 2007, the Group's bank balances and cash (including pledged bank deposits) amounted to HK$396,624,000, representing an increase of 32% as compared to HK$300,566,000 at the end of 2006. The Group's total bank borrowings amounted to HK$273,146,000, decreased by HK$89,829,000 as compared to HK$362,975,000 as at 31 December 2006. The better cash position reflected the outcome of the net proceeds from the Placing and the improvement in net operating cashflow. The Group generated a net cash inflow of HK$85,815,000 from its operating activities for the year under review, as compared to a net cash outflow of HK$55,364,000 for the previous year.

As at 31 December 2007, all the bank loans of the Group were variable-rate borrowings and their nature and maturity profile were as follows:

	HK$'000
Due within one year or on demand	
– Trust receipt loans	49,316
– Current portion of medium term loan	137,226
Subtotal	186,542
Portion of medium term loan that is due in the second year	26,750
Portion of medium term loan that is due in the third year	59,854
Total	273,146

Because of the strengthening of capital base from the issue of new shares and the improvement in net cash inflow from operating activities, the Group had net cash at 31 December 2007, as compared to a gearing ratio (total interest bearing borrowings less cash and bank balances/shareholders' equity) of 6.5% at 31 December 2006. The current ratio of the Group also strengthened from 2.6 times at 31 December 2006 to 3.5 times at 31 December 2007.

FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

The Group's sources of revenue are principally denominated in RMB and HKD, while purchases and payments are in RMB, HKD and USD. The currency mix of bank borrowings of the Group at 31 December 2007 were as follows:

	31 December 2007 %	31 December 2006 %
RMB	**–**	31.4
HKD	**97.2**	61.2
USD	**2.8**	7.4
Total	**100.0**	100.0

The major source of the Group's revenue is in RMB. However, the majority of the Group's bank borrowings at 31 December 2007 were denominated in HKD as its borrowing rate was relatively lower than its RMB counterpart. We believe these adjustments could reduce our interest costs and minimize our exposure to currency risks.

Regarding interest rate risks, out of the HK$273,146,000 variable-rate bank borrowings at 31 December 2007, HK$100,000,000 had been hedged by two structured interest rate swap contracts, covering 36.6% of variable-rate bank borrowings at 31 December 2007.

We would keep monitoring the currency composition of our bank borrowings under the guidance of the Group's internal management and control manual and take appropriate action to minimize our exchange and interest rate risks when needed.

BUSINESS DEVELOPMENT PLAN AND CAPITAL COMMITMENTS

Steel cord

The establishment of the new plant to expand the production capacity from 30,000 tonnes to 60,000 tonnes per annum is expected to complete and start operation at the end of the second quarter of 2008. Total capital expenditure (excluding working capital requirements) is estimated to be HK$400,000,000. Approximately HK$74,349,000 had been incurred up to 31 December 2007, and the whole capital expenditure would be financed by the Group's internal resources.

Copper and brass products

The construction of an additional production plant in the PRC for domestic sales of copper and brass products in the Mainland was completed and commenced operation in the first quarter of 2008. In the coming year, more efforts will be diverted towards the development of customer base for domestic sales in the PRC.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

At 31 December 2007, the Group had a total of 958 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 subsidies, 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 the consolidated income statement for the year amounted to HK$2,626,000. The Group had also provided training programmes or courses for the Mainland staff at all levels from different departments so as to further enhance their technical skills in production operation. On the other hand, the emoluments of the directors of the Company are decided by the remuneration committee of the Company, having regard to individual performance, the Company's performance and profitability, as well as remuneration benchmark in the industry and prevailing market condition.

In addition, the Group had adopted a share option scheme (the "Scheme"). Under the Scheme, the Board shall, subject to and in accordance with the provisions of the Scheme and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), grant share options to any eligible participant to subscribe for shares in the capital of the Company for the purpose of providing incentives or rewards to him/her for contribution to the Group. The Scheme will remain in force for a period of ten years from the date of its adoption. During the year under review, 1,268,000 and 8,280,000 share options were granted to certain directors of the Company and exercised by certain employees of the Group respectively to subscribe for shares in the capital of the Company.

PLEDGE OF ASSETS

As at 31 December 2007, the following assets had been pledged to the Group's bankers for banking facilities granted to the Group:

1. Leasehold land and buildings and investment properties with an aggregate net book value of HK$16,153,000;

2. 100% equity interests in Everwinner Investments Limited, Online Investments Limited and JESC. These securities will be released following the repayment of the related loan subsequent to the balance sheet date; and

3. Bank deposits amounting to HK$3,000,000.

BUSINESS OUTLOOK

The economy of the PRC recorded a growth of approximately 11.4% in 2007, while the PRC Government targeted to achieve an economic growth of approximately 8% in 2008. Despite a slowdown in economic growth is anticipated, we believe the performance of transportation industry in the PRC will remain strong as many new toll roads and bridges are added or still under constructions all over China. Such increases will further stimulate road transportations and thus the demand for automobiles and hence its components, including radial tyres and steel cords. We are confident to achieve a higher growth in sales volume once the capacity expansion of JESC is to be completed in mid 2008, by that time we can substantially increase supply to our existing and potential customers in the domestic market, and develop new markets overseas. Notwithstanding, there are positive signals that the downward trend of selling prices of steel cords has commenced reversing since the beginning of 2008, however, we still have to pay attention to the rising inflation and raw material prices. Whatever challenges we will face, we are committed to endeavor to achieve a better gross profit margin in 2008.

Regarding our copper segment, the external economic environment has deteriorated somewhat, in particular for the United States which apparently is going to recession in the short run. Demand for either consumables or industrial products from the western countries will slowdown, which in turn will also affect the demand for materials including copper. In view of this, we will adopt a more cautious approach in 2008 and divert more effort to develop the domestic market in the PRC.

We raised total net proceeds of approximately HK$610,000,000 from the issue of 600,000,000 new shares in December 2007 and January 2008 respectively. The capital base of the Company has been strengthened, and it provides the Group with a stronger financial foothold and adequate fund to operate in nowadays challenging environment and our ongoing business developments. Moreover, we will co-operate with our substantial shareholders, Shougang group and Bekaert group to identify new opportunities to further expand our businesses, with the long-term objectives of increasing value and return to our shareholders.

FINAL DIVIDEND

The directors are pleased to recommend to the shareholders the payment of a final dividend of HK1 cent per share for the year ended 31 December 2007 and the balance of the profit will be retained. Subject to the approval of the shareholders at the forthcoming annual general meeting, the final dividend will be payable on or about 20 June 2008 to the shareholders whose names appear at the Register of Members of the Company at the close of business on 6 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 4 June 2008 to 6 June 2008, both days inclusive, during which period no share transfer will be registered. In order to qualify for the proposed final dividend, all transfer accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on 3 June 2008.

CODE ON CORPORATE GOVERNANCE PRACTICES

Compliance with the Code on Corporate Governance Practices of the Listing Rules

The Company is committed to the establishment of good corporate governance practices and procedures. The Company has applied the principles and compiled with all code provisions and, where applicable, the recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2007, except the following deviation:

Code Provision A.4.1

All non-executive directors are not appointed for a specific term as required under code provision A.4.1 during the year under review, but are subject to retirement by rotation at least every three years at annual general meetings in accordance with the articles of association of the Company. Therefore, we believe that the requirement of retirement by rotation and re-election of non-executive directors have given the Company's shareholders the right to approve continuation of their offices. As committed, the Company shall take relevant measures towards compliance with this code provision, the Company has entered into a service contract with each of the non-executive directors for a term of three years commencing from 1 January 2008.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of this preliminary announcement of the Group's consolidated balance sheet, consolidated income statement and the related notes for the year ended 31 December 2007 have been agreed by the Group's auditors, 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, REDEMPTION OR SALE OF LISTED SECURITIES

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

ACKNOWLEDGEMENTS

On behalf of all my fellow directors, I would like to express our greatest appreciation to the entire staff of the Group for their hard work and efforts. We would also like to extend our gratitude to investors, business partners, and shareholders for their support and confidence in the Group for the past years.

I am highly confident that the Group will continue to grow and create significant value to our shareholders. I look forward to sharing with you more positive developments in years to come.

By Order of the Board
Shougang Concord Century Holdings Limited
Cao Zhong
Chairman

Hong Kong, 16 April 2008

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

Mr. Cao Zhong (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Tong Yihui (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Geert Johan Roelens (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).