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 2009

HIGHLIGHTS	**For the year ended 31 December**		
	2009	2008	**%**
	HK$'000	*HK$'000*	**Change**
Operations			
Revenue	**1,099,272**	831,640	**+32.2**
Gross profit	**180,495**	70,882	**+154.6**
Earnings before interest, tax, depreciation and amortization	**282,979**	110,666	**+155.7**
Profit for the year	**171,314**	34,762	**+392.8**
Earnings per Share (basic) (HK cents)	**9.03**	1.87	**+382.9**
Financial position			
Total assets	**3,038,112**	2,095,651	**+45.0**
Shareholders' equity	**2,065,826**	1,835,845	**+12.5**
Net book value per Share (HK$)	**1.08**	0.98	**+10.2**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2009 and that final results were reviewed by the Audit Committee of the Company and agreed with the auditors.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	**2009** **HK$'000**	2008 *HK$'000*
Revenue	2	**1,099,272**	831,640
Cost of sales		**(918,777)**	(760,758)
Gross profit		**180,495**	70,882
Investment and other income	4	**99,841**	23,272
Other gains and losses	5	**49,230**	69,306
Distribution and selling expenses		**(21,266)**	(15,382)
Administrative expenses		**(92,193)**	(88,583)
Finance costs	6	**(6,624)**	(4,361)
Share of result of a jointly controlled entity		**(1,461)**	(1,820)
Profit before tax		**208,022**	53,314
Income tax expenses	7	**(36,708)**	(18,552)
Profit for the year	8	**171,314**	34,762
Earnings per share	10		
Basic		**HK9.03 cents**	HK1.87 cents
Diluted		**HK8.84 cents**	HK1.82 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	HK$'000	*HK$'000*
Profit for the year	**171,314**	34,762
Other comprehensive income		
Exchange differences arising on translation		
– group entities	**6,532**	77,054
– a jointly controlled entity	**(1)**	2,432
Gain (loss) on fair value change of listed available-for-sale investments	**57,591**	(210,460)
Reversal of deferred tax liability of listed available-for-sale investments	**–**	25,487
Released from other comprehensive income upon partial disposal of listed available-for-sale investments	**(30,827)**	(95,624)
Reversal of deferred tax liability upon partial disposal of listed available-for-sale investments	**–**	5,604
Surplus on revaluation of properties	**4,952**	1,707
Recognition of deferred tax liability on revaluation of properties	**(1,016)**	(200)
Other comprehensive income for the year (net of tax)	**37,231**	(194,000)
Total comprehensive income for the year	**208,545**	(159,238)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investment properties		**22,401**	18,396
Property, plant and equipment		**1,320,715**	843,007
Prepaid lease payments		**106,459**	31,974
Interests in a jointly controlled entity		**–**	26,186
Goodwill		**41,672**	41,672
Club memberships		**719**	719
Available-for-sale investments		**50,538**	29,218
Deposit paid for the acquisition of property, plant and equipment		**79,000**	–
Deposit paid for the acquisition of prepaid lease		**–**	13,040
		1,621,504	1,004,212
Current assets			
Inventories		**211,802**	233,095
Trade receivables	11	**322,700**	197,929
Bills receivable	11	**386,039**	172,865
Entrusted loan receivable		**–**	17,009
Prepayments, deposits and other receivables		**98,862**	64,549
Prepaid lease payments		**4,489**	1,333
Amounts due from related companies		**277**	949
Tax recoverable		**96**	1,388
Restricted bank deposits		**49,448**	3,000
Bank balances and cash		**342,895**	399,322
		1,416,608	1,091,439
Current liabilities			
Trade payables	12	**46,448**	75,545
Other payables and accruals		**87,440**	53,742
Tax payable		**29,710**	5,622
Amount due to a jointly controlled entity		**–**	4,189
Bank borrowings – due within one year		**350,108**	55,877
Derivative financial instrument		**–**	1,396
		513,706	196,371
Net current assets		**902,902**	895,068
Total assets less current liabilities		**2,524,406**	1,899,280

	Note	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Bank borrowings – due after one year		**446,556**	59,854
Other payable		**1,007**	1,425
Deferred tax liabilities		**10,177**	1,316
		457,740	62,595
		2,066,666	1,836,685
Capital and reserves			
Share capital	13	**192,180**	186,774
Reserves		**1,873,646**	1,649,071
Equity attributable to equity holders of the Company		**2,065,826**	1,835,845
Share option reserve of a subsidiary		**840**	840
		2,066,666	1,836,685

Notes:

1. **APPLICATION OF NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")/CHANGES IN ACCOUNTING POLICIES**

Inventories

Effective from 1 January 2009, the Group adopted the weighted average method to determine the cost for copper and brass products in preparing the consolidated financial statements. Previously, cost was determined on the first-in, first-out basis. The weighted average costing method has been used as the Directors consider that it will more appropriately reflect the fluctuations of purchase prices of the Group's copper and brass products in recent years. The Directors estimate that the change in accounting policy has an immaterial impact on the Group's copper and brass products as at 31 December 2009 and the amounts reported in prior accounting periods. As such, a prior year adjustment as required by HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has not been incorporated in the consolidated financial statements.

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants.

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see Note 3).

Improving Disclosures about Financial Instruments

(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments. The amendments also expand and amend the disclosures required in relation to liquidity risk.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[5]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The Directors anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

2. REVENUE

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

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

	2009	2008
	HK$'000	*HK$'000*
Sales of goods		
Manufacturing of steel cords	**914,031**	573,840
Processing and trading of copper and brass products	**171,061**	192,974
Trading of pre-stressed concrete strands and wires	**13,292**	64,054
	1,098,384	830,868
Rental income	**888**	772
	1,099,272	831,640

3. SEGMENT INFORMATION

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

In the past, the Group's primary reporting format for business segments was: (i) steel cord; (ii) copper and brass products; (iii) investment; and (iv) others (mainly comprising trading of pre-stressed concrete strands and wires and property investment). However, for the purpose of resources allocation and assessment of performance, the Company's managing director, CODM of the Group, is more specifically focused on the steel cord segment and the copper and brass products segment. Investment and others segment information is not reported internally to the Company's managing director. The Group's reportable segments under HKFRS 8 are therefore 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.

Information regarding the above segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8.

(a) Segment revenue and results

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

For the year ended 31 December 2009

	Steel cord *HK$'000*	**Copper and brass products** *HK$'000*	**Consolidated** *HK$'000*
Segment revenue			
External sales	**914,031**	**171,061**	**1,085,092**
Inter-segment sales *(Note)*	**–**	**10,155**	**10,155**
Total	**914,031**	**181,216**	**1,095,247**
Segment result	**206,289**	**4,200**	**210,489**

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

Reconciliation of revenue

	HK$'000
Total revenue for reportable segments	**1,095,247**
Rental income and revenue for trading of pre-stressed concrete strands and wires	**14,180**
Elimination of inter-segment sales	**(10,155)**
Group's revenue	**1,099,272**

Reconciliation of reporting segment profit before tax

	HK$'000
Total profit for reportable segments	**210,489**
Profit arising from trading of pre-stressed concrete strands and wires, and property investment	**3,983**
Unallocated amounts	
Unallocated income	**3,869**
Unallocated expenses	**(53,698)**
Unallocated finance costs	**(6,624)**
Gain on disposal of listed available-for-sale investments	**30,999**
Gain on disposal of a jointly controlled entity	**20,465**
Share of result of a jointly controlled entity	**(1,461)**
Profit before tax	**208,022**

For the year ended 31 December 2008

	Steel cord *HK$'000*	Copper and brass products *HK$'000*	Consolidated *HK$'000*
Segment revenue			
External sales	573,840	192,974	766,814
Inter-segment sales *(Note)*	–	241	241
Total	573,840	193,215	767,055
Segment result	61,346	(11,990)	49,356

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

Reconciliation of revenue

	HK$'000
Total revenue for reportable segments	767,055
Rental income and revenue for trading of pre-stressed concrete strands and wires	64,826
Elimination of inter-segment sales	(241)
Group's revenue	831,640

Reconciliation of reporting segment profit before tax

	HK$'000
Total profit for reportable segments	49,356
Loss arising from trading of pre-stressed concrete strands and wires, and property investment	(6,036)
Unallocated amounts	
Unallocated income	11,781
Unallocated expenses	(91,230)
Unallocated finance costs	(4,361)
Gain on disposal of listed available-for-sale investments	95,624
Share of result of a jointly controlled entity	(1,820)
Profit before tax	53,314

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1.

Segment profit represents the profit earned by each segment without allocation of central administration costs and the emoluments of Directors, share of result of a jointly controlled entity, gain on disposal of listed available-for-sale investments, gain on disposal of a jointly controlled entity, interest income on bank deposits, dividend income from listed available-for-sale investments, gain (loss) on fair value change of leveraged foreign exchange contract, commission income and finance costs. This is the measure reported to the Company's managing director for the purposes of resource allocation and performance assessment.

4. INVESTMENT AND OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Investment income		
Interest income on bank deposits	**1,653**	9,884
Dividend income from listed available-for-sale investments	**591**	1,852
	2,244	11,736
Other income		
Government grants	**96,101**	11,536
Commission income	**1,496**	–
	97,597	11,536
	99,841	23,272

5. OTHER GAINS AND LOSSES

	2009	2008
	HK$'000	*HK$'000*
Gain on disposal of listed available-for-sale investments	**30,999**	95,624
Gain on disposal of a jointly controlled entity	**20,465**	–
Increase in fair value of investment properties	**3,997**	343
Change in fair value of leveraged foreign exchange contract		
– realised gain (loss)	**1,397**	(9,397)
– unrealised loss	**–**	(1,396)
Surplus (deficit) on revaluation of leasehold land and buildings	**442**	(154)
Foreign exchange losses, net	**(4,574)**	(18,763)
(Allowance for) reversal of allowance for bad and doubtful debts	**(4,060)**	2,520
(Loss) gain on disposal of property, plant and equipment	**(152)**	19
Changes in fair value of interest rate swaps	**–**	(4)
Others	**716**	514
	49,230	69,306

6. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**7,193**	6,005
Amortisation of borrowing costs	**702**	864
Total borrowing costs	**7,895**	6,869
Less: amounts capitalised	**(1,271)**	(2,508)
	6,624	4,361

Borrowing costs capitalised during the year arose on general borrowing pool and are calculated by applying a capitalisation rate of 3.20% (2008: 4.08%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSES

	2009	2008
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**–**	–
PRC Enterprise Income Tax	**34,551**	18,724
	34,551	18,724
(Over) underprovision in prior years:		
Hong Kong	**(26)**	70
PRC Enterprise Income Tax	**(5,665)**	(9)
	(5,691)	61
Deferred taxation:		
Current year	**7,839**	(183)
Attributable to change in tax rate	**9**	(50)
	7,848	(233)
Taxation attributable to the Company and its subsidiaries	**36,708**	18,552

No provision for Hong Kong profits tax has been made in the financial statements as the Group has no assessable profit arising in Hong Kong for both years.

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

In addition, according to the New Law, starting from 1 January 2008, withholding income tax will be imposed on dividends relating to profits earned in year 2008 onwards to foreign investors for the companies established in the PRC. Deferred tax has been provided in the consolidated income statement in respect of the temporary differences attributable to such incomes based on the applicable tax rate of 5% as the subsidiaries receiving the dividends are located in a region where Avoidance of Double Taxation Arrangement with the PRC exists.

8. PROFIT FOR THE YEAR

	2009	2008
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense (including reversal of allowance for inventories of HK$6,734,000 (2008: allowance for inventories of HK$27,427,000))	**918,777**	760,758
Depreciation of property, plant and equipment	**64,899**	51,734
Amortisation of prepaid lease payments (included in "Cost of sales")	**3,434**	1,257
Share of tax of a jointly controlled entity (included in "Share of result of a jointly controlled entity")	**204**	50

9. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
2008 Interim dividend of HK1 cent per share (2009: Nil)	**–**	18,793
2007 Final dividend of HK1 cent per share (2008: Nil)	**–**	18,849
	–	37,642

The final dividend of HK1.5 cents (2008: Nil) per share for the year ended 31 December 2009 has been proposed by the Directors and is subject to approval by the Shareholders 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:

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Profit for the year for the purposes of calculation of basic and diluted earnings per share	**171,314**	34,762

	2009	2008
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	**1,896,267,908**	1,856,769,462
Effect of dilutive potential ordinary shares:		
Share options	**41,212,937**	58,339,480
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	**1,937,480,845**	1,915,108,942

The computation of diluted earnings per share did not assume the exercise of (i) certain of the Company's outstanding share options as the exercise price of these options is higher than the average market price of the Shares for the outstanding periods during 2009 and 2008 and (ii) the share option granted by the Company's subsidiary as it is anti-dilutive.

11. TRADE RECEIVABLES/BILLS RECEIVABLE

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**327,251**	199,143
Less: allowance for bad and doubtful debts	**(4,551)**	(1,214)
	322,700	197,929
Bills receivable	**386,039**	172,865
	708,739	370,794

Included in bills receivable as at 31 December 2009 is an amount of HK$37,707,000 (2008: HK$15,466,000) that has been discounted to banks.

The Group normally allows credit periods of 30 – 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 based on sales invoice date is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**302,070**	94,629
91 – 180 days	**20,529**	101,191
Over 180 days	**101**	2,109
	322,700	197,929

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

	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**12,016**	17,543
91 – 180 days	**293,187**	85,566
Over 180 days	**80,836**	69,756
	386,039	172,865

12. TRADE PAYABLES

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

	2009	2008
	HK$'000	*HK$'000*
0 – 90 days	**45,239**	72,466
91 – 180 days	**754**	2,033
Over 180 days	**455**	1,046
	46,448	75,545

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

13. SHARE CAPITAL

	2009		2008	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Ordinary shares of HK$0.1 each				
Authorised:				
At 1 January	**5,000,000**	**500,000**	2,000,000	200,000
Increase on 10 January *(Note i)*	**–**	**–**	3,000,000	300,000
At 31 December	**5,000,000**	**500,000**	5,000,000	500,000
Issued and fully paid:				
At 1 January	**1,867,737**	**186,774**	1,384,347	138,435
Issued on placing of new shares *(Note ii)*	**–**	**–**	500,000	50,000
Exercise of share options *(Note iii)*	**54,064**	**5,406**	500	50
Shares repurchased and cancelled *(Note iv)*	**–**	**–**	(17,110)	(1,711)
At 31 December	**1,921,801**	**192,180**	1,867,737	186,774

Notes:

i. 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 each of the new shares, upon issue, ranked pari passu in all respects with the existing shares of the Company.

ii. On 29 November 2007, the Company entered into subscription agreements with Shougang Concord International Enterprises Company Limited ("Shougang International"), a substantial shareholder of the Company, and Li Ka Shing Foundation Limited ("LKSF") respectively, pursuant to which, Shougang International and LKSF would subscribe for 400,000,000 and 100,000,000 new shares of the Company at a price of HK$1.03 each (the "Subscription"). The Subscription was completed on 18 January 2008 and raised net proceeds of approximately HK$515,000,000 for the Group, which was used for expediting the progress of expansion of production capacity of the steel cord business including but not limited to the establishment of new steel cords production plant in Tengzhou City, Shandong, and reducing finance costs.

iii. The Directors exercised 31,108,000 (2008: 500,000) share options and other eligible participants exercised 22,956,000 (2008: Nil) share options, and therefore 54,064,000 (2008: 500,000) new shares were issued during the year ended 31 December 2009.

iv. During the year ended 31 December 2008, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchase	**Number of ordinary shares of HK$0.1 each**	**Price per share Highest**	**Price per share Lowest**	**Aggregate consideration paid (including expenses)**
		HK$	*HK$*	*HK$'000*
September	15,300,000	0.490	0.420	7,121
October	1,810,000	0.435	0.230	710

The above shares were cancelled and destroyed upon repurchase.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Year 2009 was a very exceptional year for the Group. The global financial tsunami originated from the fourth quarter of 2008 continued to have adverse impact on worldwide economy in the first quarter of 2009, market demand remained sluggish in general. The Group was inevitably suffered from the weak demand and plunging raw material prices and incurred loss during the first quarter of 2009. However, with the implementation of quantitative easing monetary policy by the major countries in the world, including China, and the RMB4,000 billions economic stimulation program by The Central People's Government of the PRC (the "Central Government"), the overall world economy had shown signs of gradual stabilization since March. The demand for our products, steel cords rebounded significantly during the second quarter, and remained very strong throughout the second half year. On the other hand, despite the occurrence of the financial turmoil and difficult operating environment, we believed we had captured a prime opportunity ahead. We continued to invest in the capacity expansion plan of the Steel cord segment, including the enhancement of production capabilities of the plant at JESC and the construction of the new production plant, TESC in Tengzhou City, Shandong. Benefited from the rising demand and increased production capacity of our steel cord manufacturing plants, the Group's sales of steel cords achieved a remarkable growth during the year.

With respect to the Copper and brass products segment, although economy in the western countries showed signs of stabilization since March, the progress of recovery was not apparent during the year. The demand for export sales remained weak; notwithstanding, the management had endeavoured to develop domestic sales in mainland where the economy recovered at a much faster pace as compared to that of the western countries. This contributed to the significant increase in sales during the second half year and this segment achieved a turnaround with profit for the year.

In all, with the strong performance of the Steel cord segment, coupled with the unconditional government grants received from the respective local governments in Mainland China for JESC and TESC and investment gains from the disposal of equity interests in Xinyu Iron, the Group achieved profit for the year of HK$171,314,000, significantly increased by 392.8% over HK$34,762,000 of the previous year.

Steel cord

Overall performance

During the first quarter of 2009, the Steel cord segment was affected by the global weak economy since the fourth quarter of 2008, and hence, it incurred an operating loss in the first quarter. As mentioned above, driven by the economic stimulation program implemented by the Central Government at different levels that gave impetus to the automobile and tyre industries, production and sales of steel cords progressively increased and the operating result of this segment showed great improvement and resumed profitability in the second half year. Furthermore, demand for steel cords in Mainland China remained very strong during the second half year. Production costs were further reduced over the second half year as effective and efficient measures had been taken on the cost control and the strengthening and innovating of production techniques and capabilities, this segment achieved a leaped improvement in profit in the second half year. An overview of the operating performance of this segment during the year is as follows:

	1st quarter	**2nd quarter**	**3rd quarter**	**4th quarter**	**Total for the year**
	Tonne	*Tonne*	*Tonne*	*Tonne*	*Tonne*
Sales volume	9,073	14,933	17,769	18,632	60,407
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	139,499	227,815	268,601	278,116	914,031
Gross profit	6,735	38,123	59,197	65,852	169,907
Gross profit margin	4.8%	16.7%	22.0%	23.7%	18.6%
Operating profit (loss), excluding government grants	(1,762)	27,030	42,008	42,912	110,188

The construction of the superstructure of the new steel cord production plant with production capacity of 100,000 tonnes per annum by TESC completed in the second half year, and the first phase development with 30,000 tonnes of annual production capacity was also completed at the end of 2009. TESC had already made sales during the fourth quarter; however, owing to the considerable initial set-up and operating costs and, low production and sales, an operating loss was incurred by TESC during the year. Indeed TESC is the principal future growth driver of the Group but as at the end of 2009, it remained a fledging factory going through a construction phase, we believe it is more reflective on the operating performance of our Steel cord segment when the inception costs, expenses and operation of TESC were excluded during the year under review. For comparison purpose, the operating performance of the Steel cord segment (after excluding the results of TESC) for the year will be as follows:

	1st quarter	**2nd quarter**	**3rd quarter**	**4th quarter**	**Total for the year**
	Tonne	*Tonne*	*Tonne*	*Tonne*	*Tonne*
Sales volume	9,073	14,933	17,597	17,596	59,199
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	139,498	226,297	252,565	257,386	875,746
Gross profit	6,784	40,524	64,465	77,129	188,902
Gross profit margin	4.9%	17.9%	25.5%	30.0%	21.6%
Operating profit, excluding government grants	72	18,195	55,722	66,089	140,078

Revenue

The Steel cord segment achieved a remarkable increase in sales volume of 70.6% over the previous year to 60,407 tonnes (2008: 35,416 tonnes) for the year. The analysis of sales volume during the year is as follows:

	2009		2008		
	Sales volume (tonne)	**% of total sales volume**	Sales volume (tonne)	% of total sales volume	**% change**
Steel cord for:					
– truck tyres	**45,294**	**75.0**	25,129	71.0	**+80.2**
– passenger car tyres	**13,529**	**22.4**	9,952	28.1	**+35.9**
– off the road truck tyres	**1,436**	**2.4**	326	0.9	**+340.5**
Steel wires	**148**	**0.2**	9	–	**+1544.4**
Total	**60,407**	**100.0**	35,416	100.0	**+70.6**

The average selling price of steel cord was RMB13,341 per tonne for the year, lowered by 7.5% as compared to RMB14,429 per tonne for the previous year, as raw material prices declined after the financial turmoil in general. The growth in sales volume contributed to the increase in revenue of this segment by 59.3% over the previous year to HK$914,031,000 (2008: HK$573,840,000) for the year.

Gross profit

Gross profit of this segment increased significantly by 118.8% over that of the previous year to HK$169,907,000 (2008: HK$77,640,000) for the year. In addition to revenue growth, the increased gross profit was also contributed by the lower production costs, especially during the second half year, which was brought by the greater economies of scale from enlarged production capacity principally by JESC and improvement in production techniques and efficiency. These effective measures partially offset the inception costs and operating loss of TESC and caused the gross profit margin rising from 13.5% for the previous year to 18.6% for the year.

Investment and other income

Investment and other income of this segment increased by 561.6% over the previous year to HK$97,241,000 (2008: HK$14,697,000) for the year. During the year, JESC and TESC received unconditional grants totalling HK$96,101,000 (2008: HK$11,536,000) from the local government of Jiaxing City, Zhejiang and Tengzhou City, Shandong.

Distribution and selling expenses and administrative expenses

Distribution and selling expenses increased by 115.9% over the previous year to HK$20,553,000 (2008: HK$9,518,000) for the year, which was primarily attributable to the increase in revenue and our added effort in sales marketing partly countered the adverse effect of the financial crisis but more importantly, drew up market awareness on the new capacity of TESC.

Administrative expenses amounted to HK$36,220,000 for the year, an increase of 75.5% over the previous year. The substantial increase was primarily attributable to the initial set-up and operating costs incurred by TESC.

Operating profit

In summary, the strong performance since the second quarter and the receipt of government grants contributed to the significant increase in operating profit of this segment by 236.3% over the previous year to HK$206,289,000 (2008: HK$61,346,000) for the year.

Copper and brass products

Overall performance

The operating performance of the Copper and brass products segment was severely affected by the aftermath of the global financial turmoil and recorded an operating loss during the first half year. However, the increased effort in developing domestic sales in mainland started to provide positive contribution and this segment was able to achieve a turnaround during the second half year. This segment recorded an operating profit of HK$4,200,000 for the year, a palpable improvement as compared to an operating loss of HK$11,990,000 for the previous year. An overview of the operating performance of this segment for the year is as follows:

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total for the year
	Tonne	*Tonne*	*Tonne*	*Tonne*	*Tonne*
Sales volume	437	773	1,246	1,696	4,152
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	14,704	30,241	53,946	82,325	181,216
Gross profit (loss)	(2,366)	5,454	3,076	5,032	11,196
Gross profit (loss) margin	–16.1%	18.0%	5.7%	6.1%	6.2%
Operating profit (loss)	(4,056)	3,623	1,109	3,524	4,200

Revenue

Demand from export customers remained weak as the economy of the western countries remained stagnant throughout the year. In contrast, the economy in mainland showed a much faster recovery after the financial turmoil. This gave us the opportunity to expedite domestic sales in mainland. This measure started to generate positive contribution in the second half year and this segment recorded an increase in sales volume of 30.9% over the previous year to 4,152 tonnes (2008: 3,173 tonnes) for the year. Domestic sales in mainland sharply increased by 516.8% over the previous year to 1,505 tonnes (2008: 244 tonnes), and its percentage to total sales increased from 7.7% for the previous year to 36.2% for the year. The breakdown of the sales volume of this segment for the year is as follows:

	1st quarter	2nd quarter	3rd quarter	4th quarter	Total for the year
	Tonne	*Tonne*	*Tonne*	*Tonne*	*Tonne*
Mainland	19	146	568	772	1,505
Other regions	418	627	678	924	2,647
Total	437	773	1,246	1,696	4,152

Attributable to the downward plunge in copper price since the financial turmoil, average selling price was HK$43,644 per tonne for the year, lowered by 28.3% as compared to HK$60,885 per tonne for the previous year. Because of the decline in average selling price, revenue of this segment decreased by 6.2% over that of the previous year to HK$181,216,000 (2008: HK$193,215,000) for the year.

Gross profit

Gross profit of this segment amounted to HK$11,196,000 for the year, a significant improvement as compared to a gross loss of HK$4,298,000 for the previous year. The management adopted a more cautious approach in inventory management during the year, and the rebound of copper price from the bottom level at the beginning of the year also provided positive contribution to the gross profit. Gross profit margin was 6.2% for the year, as compared to gross loss margin of 2.2% for the previous year.

Operating profit

Contributed by the increased sales and improvement in gross profit margin, this segment achieved an operating profit of HK$4,200,000, as compared to an operating loss of HK$11,990,000 for the previous year.

Equity investments

In July 2009, the Group disposed of the entire 25% equity interests in its jointly controlled entity, Shanghai Shenjia, to a substantial shareholder of Shanghai Shenjia at a consideration of RMB40,000,000. As Shanghai municipal government had implemented structural adjustment programme in accordance with relevant statutory requirements for energy conservation and emissions reduction policy, Shanghai Shenjia therefore was required to cease operating its production line and relocate its plant. The relocation would incur a considerable amount of expenses to Shanghai Shenjia and the Board anticipated that Shanghai Shenjia would not be able to continue to make contribution to the Group in the next few years. In view of the uncertain and billowy future of Shanghai Shenjia, the Board believed that it was in the interest of the Group to dispose of the entire equity interests in Shanghai Shenjia. The disposal was completed in November 2009 and the Group recorded a net gain after tax of HK$17,863,000 on this disposal.

Regarding the Group's investment in "A" share of Xinyu Iron, 3,712,500 shares (2008: 15,239,320 shares) were disposed of during the year at an average selling price of approximately RMB8.68 per share on the Shanghai Stock Exchange, and a gain of HK$30,999,000 was recorded on this disposal. As the gain on disposal of "A" share of Xinyu Iron was exempted from income tax since the previous year, therefore there was no income tax charge (2008: income tax of HK$5,130,000) in respect of the disposals during the year. The net gain after tax on the disposal of shares in Xinyu Iron for the year ended 31 December 2008 amounted to HK$90,494,000.

FINANCIAL REVIEW

The Group recorded profit of HK$171,314,000 for the year, significantly increased by 392.8% as compared to HK$34,762,000 for the previous year.

Revenue

Revenue of the Group amounted to HK$1,099,272,000 for the year, increased by 32.2% as compared to HK$831,640,000 for the previous year. The breakdown of revenue by business segments is as follows:

	2009		2008		
	HK$'000	**% of total revenue**	*HK$'000*	% of total revenue	**% change**
Steel cord	**914,031**	**83.1**	573,840	69.0	**+59.3**
Copper and brass products	**181,216**	**16.5**	193,215	23.2	**–6.2**
Sub-total	**1,095,247**	**99.6**	767,055	92.2	**+42.8**
Elimination of inter-segment sales	**(10,155)**	**(0.9)**	(241)	–	**+4113.7**
Other operations *(Note)*	**14,180**	**1.3**	64,826	7.8	**–78.1**
Total	**1,099,272**	**100.0**	831,640	100.0	**+32.2**

Note: Mainly comprises trading of pre-stressed concrete strands and wires and property investments.

Gross profit

Gross profit of the Group significantly increased by 154.6% over that of the previous year to HK$180,495,000 (2008: HK$70,882,000) for the year. Gross profit margin was 16.4%, remarkably increased by 7.9 percentage points as compared to 8.5% for that of the previous year. The breakdown of gross profit by business segments is as follows:

	2009		2008		
	HK$'000	**Gross profit margin (%)**	*HK$'000*	Gross profit margin (%)	**% change**
Steel cord	**169,907**	**18.6**	77,640	13.5	**+118.8**
Copper and brass products	**11,196**	**6.2**	(4,298)	–2.2	**N/A**
Sub-total	**181,103**	**N/A**	73,342	N/A	**+146.9**
Other operations	**(608)**	**–4.3**	(2,460)	–3.8	**–75.3**
Total	**180,495**	**16.4**	70,882	8.5	**+154.6**

Investment and other income

Investment and other income amounted to HK$99,841,000 for the year, significantly increased by 329.0% as compared to HK$23,272,000 for the previous year. Investment income decreased as both interest income from bank deposits and dividend income from listed available-for-sale investments reduced as the Group's surplus funds had been utilized for the capacity expansion plan of Steel cord segment since the fourth quarter of 2008 and the holding of equity interest in Xinyu Iron gradually decreased after the disposals for the previous years, while other income significantly increased by 746.0% over the previous year to HK$97,597,000 (2008: HK$11,536,000), primarily contributed by the receipt of government grants by JESC and TESC during the year.

Other gains and losses

The net amount of other gains and losses of the Group was HK$49,230,000 for the year, decreased by 29.0% as compared to HK$69,306,000 for the previous year. The breakdown is as follows:

	2009 ***HK$'000***	2008 *HK$'000*	**% change**
Gain on disposal of listed available-for-sale investments, as mentioned in "Equity investments" section above	**30,999**	95,624	**–67.6**
Gain on disposal of a jointly controlled entity, as mentioned in "Equity investments" section above	**20,465**	–	**N/A**
Surplus on revaluation of properties	**4,439**	189	**+2248.7**
Change in fair value of derivative financial instruments	**1,397**	(10,793)	**N/A**
Foreign exchange losses, net	**(4,574)**	(18,763)	**–75.6**
(Allowance for) reversal of allowance for bad and doubtful debts, net	**(4,060)**	2,520	**N/A**
Others	**564**	529	**+6.6**
Total	**49,230**	69,306	**–29.0**

Distribution and selling expenses

Distribution and selling expenses increased by 38.3% over the previous year to HK$21,266,000 (2008: HK$15,382,000) for the year, primarily as transportation expenses increased following the increase in revenue of 32.2% over the previous year.

Administrative expenses

Administrative expenses of the Group amounted to HK$92,193,000 for the year, increased by 4.1% as compared to HK$88,583,000 for the previous year. If the share-based payment expenses in relation to the grant of share options of HK$4,725,000 (2008: HK$23,311,000) were excluded, administrative expenses would be HK$87,468,000, an increase of 34.0% as compared to HK$65,272,000 for the previous year, as initial set-up and operating costs were incurred by TESC in respect of its development plan during the year.

Segment results

Profit from the Group's business segments amounted to HK$210,489,000 for the year, representing an increase of 326.5% as compared to HK$49,356,000 for the previous year. The breakdown of the results by business segments is as follows:

	2009	2008	
	HK$'000	*HK$'000*	**% change**
Steel cord	**206,289**	61,346	**+236.3**
Copper and brass products	**4,200**	(11,990)	**N/A**
Total	**210,489**	49,356	**+326.5**

Finance costs

Finance costs increased by 51.9% over the previous year to HK$6,624,000 (2008: HK$4,361,000) for the year, as additional bank loans raised during the second half year to finance the capacity expansion plan of the Steel cord segment.

Share of result of a jointly controlled entity

The Group's share of loss of Shanghai Shenjia amounted to HK$1,461,000 for the year (2008: share of loss of HK$1,820,000). As mentioned in "Equity investments" section above, the Group had already disposed of its entire equity interests in Shanghai Shenjia in July 2009.

Income tax expenses

Income tax expenses amounted to HK$36,708,000 for the year, significantly increased by 97.9% as compared to HK$18,552,000 for the previous year. The increase was primarily attributable to the increase in profit of the Steel cord segment.

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.

During the year, 54,064,000 share options were exercised and therefore the same number of new Shares was issued accordingly. The issued share capital of the Company then increased from 1,867,736,556 Shares at 31 December 2008 to 1,921,800,556 Shares at 31 December 2009. The net asset value of the Group was HK$2,066,666,000 at 31 December 2009, increased by 12.5% as compared to HK$1,836,685,000 at 31 December 2008. Net asset value was HK$1.08 per Share at 31 December 2009, increased by 10.2% as compared to HK$0.98 at 31 December 2008.

The Group's bank balances and cash (including restricted bank deposits) amounted to HK$392,343,000 at 31 December 2009, slightly decreased by 2.5% as compared to HK$402,322,000 at 31 December 2008. Bank borrowings of the Group increased from HK$115,731,000 at 31 December 2008 to HK$796,664,000 at 31 December 2009, as additional bank loans were raised during the second half year to finance the capacity expansion plan of the Steel cord segment.

As at 31 December 2009, HK$528,526,000 of bank borrowings were variable-rate borrowings, while HK$268,138,000 of bank borrowings were collared at rate ranging from 1.0% to 7.2% per annum. The nature and maturity profile of the Group's bank borrowings as at 31 December 2009 were as follows:

	HK$'000
Due within one year or on demand:	
– Trust receipt loans	29,740
– Bank advances for discounted bills	37,707
– Short term bank loan and current portion of medium term loan	283,895
	351,342
Medium term loan	
– Due in the second year	194,492
– Due in the third year	128,984
– Due in the fourth year	73,214
– Due in the fifth year	51,108
	799,140
Unamortised loan arrangement fees	(2,476)
Total	796,664

Owing to the increased bank borrowings, the Group changed from a net cash position at 31 December 2008 to a gearing ratio (bank borrowings less bank balances and cash/ shareholders' equity) of 19.6% at 31 December 2009. The current ratio of the Group was 2.8 times at 31 December 2009, as compared to 5.6 times at 31 December 2008.

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. Besides, the Group also made payments in EUR and GBP during the year to acquire machineries for the brass coated wire (half-product of steel cord) capacity expansion plan at JESC. Bank borrowings on these currencies were raised to finance such payments, taking advantage of their lower interest rates as compared to borrowings in RMB. The currency mix of the bank borrowings of the Group at 31 December 2009 was as follows:

	31 December 2009	31 December 2008
	%	%
HKD	**38.7**	84.7
RMB	**42.2**	15.3
USD	**13.8**	–
EUR	**4.2**	–
GBP	**1.1**	–
Total	**100.0**	100.0

The management adopted a balanced approach in managing the currency mix of bank borrowings to minimize the risk of significant mismatch of sources of revenue with those of the bank borrowings, while also endeavoured to take advantage of the lower borrowing rates of HKD and USD as compared to those of RMB. For the borrowings in EUR and GBP, the exchange rate at the loan repayment date had already been fixed with the lending bank, so the exchange rate exposure in respect of these foreign currency borrowings had been minimized.

In all, we would keep monitoring the currency composition of our 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

Steel cord

The construction of the new steel cord production plant with production capacity of 100,000 tonnes per annum by TESC had proceeded according to schedule. The first phase with 30,000 tonnes of production capacity per annum was completed at the end of 2009. Another 70,000 tonnes of annual production capacity will be added in 2010, so by end of 2010, the Steel cord segment will have total production capacity of approximately 180,000 tonnes per annum, striving to becoming 200,000 tonne class steel cord producer with market share within the top three in China. Capital expenditures incurred by the Steel cord segment during the year amounted to approximately HK$533,821,000. The capital expenditures to be incurred in 2010 is estimated to be approximately HK$422,461,000, which will be financed by the Group's internal resources and bank borrowings.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

At 31 December 2009, the Group had a total of 2,010 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 approximately HK$6,589,000. The Group had also provided training programme or course for the mainland staff at all levels from different departments so as to further enhance their technical skills in production operation.

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

In addition, the Company had adopted a share option scheme (the "Scheme"). Under the Scheme, the Board shall, subject to and in accordance with the provisions of the 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 Scheme will remain in force for a period of ten years from the date of its adoption. During the year, 25,000,000 share options were granted, while a total of 54,064,000 share options to subscribe for Shares and 9,152,000 share options were exercised and cancelled respectively.

PLEDGE OF ASSETS

As at 31 December 2009, 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$6,900,000;

2. Prepaid lease payments amounted to HK$90,939,000;

3. Bank deposits amounted to HK$49,448,000; and

4. Equity interests in certain subsidiaries of the Company.

BUSINESS OUTLOOK

It showed that our relentless effort over the years have started to bear fruits. Our Steel cord segment witnessed the most impressive growth for the year under review since its inception. Our production capacity is being substantially expanded and technologies of production and research and development have been progressively enhanced. The Copper and brass product segment also achieved a turnaround with profit despite difficult operating environment.

The Group will continue at a relatively fast pace in expanding its annual production capacity of the Steel cord segment in order to meet buoyant demand. Although the Group has achieved wider market coverage and a strong, stable and loyal customer base, responsiveness and readiness to adapt will still be important in the drive for expanding sales and keeping "Eastern", the Group's brand in steel cord, in its already leading market position. Hence, our central effort in the near term is to exert stronger marketing and sales effort to our existing customers, develop new potential customers and broaden customer base in different territories so as to increase our market share in the industry. Our challenge is to be the fastest growing steel cord producer and maintain our market share within the top three in China. In addition, in view of the unprecedented increase in the production of automobiles in China, the Group is minded to increase its steel cord production capacity for passenger car radial tyres subject to further due diligence on the market environment and our financial and technical wherewithal. Nonetheless, we will continue to put more resources on research and development and rapt attention to the change in needs of our customers to further improve our technologies on production with a long term goal to reduce our as well as our customers' cost of production.

For Copper and brass products segment, the Group will continue to focus on domestic sales in light of the anticipated strong demand in the PRC market. However, we will keep monitoring market sentiment and the credit risk profile of our customers in Mainland China and fine tone our strategy cautiously.

Moreover, the Group has continued to set its eyes on expanding other potential metal product businesses in the PRC with the objective to develop new revenue driver for the Group.

Going forward, we are embarking on a journey to become a world class steel cord manufacturer based in China and focused on the world. With our determination, we believe that we will deliver more encouraging results than that of 2009 to our Shareholders in the forthcoming years.

FINAL DIVIDEND

The Board is pleased to recommend to the Shareholders the payment of a final dividend of HK1.5 cents per Share for the year ended 31 December 2009 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 5 July 2010 to the Shareholders whose names appear at the Register of Members of the Company at the close of business on 8 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 4 June 2010 to 8 June 2010, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers documents 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 for registration not later than 4:00 p.m. on 3 June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

In the opinion of the Board, the Company has complied with the principles and code provisions of the Code and the SCCHL Corporate Governance Code throughout the year ended 31 December 2009.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of this preliminary announcement of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes for the year ended 31 December 2009 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 purchased, sold or redeemed any of the Company's listed securities during the year.

ACKNOWLEDGEMENTS

Last but not least, I would like to express my sincere gratitude to the Board, management and all the employees of the Group for their dedication and contribution. Our Board members and management shall continue to demonstrate skill, experience, passion and vision, in the global pursuit of prime opportunities. With our determination and your continued support, we believe we can accomplish our missions and will create greater value and returns to the Shareholders.

DEFINITIONS

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

"Board"	the board of Directors
"Code"	the code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules
"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
"Copper and brass products"	processing and trading of copper and brass products
"Director(s)"	the director(s) of the Company
"EUR"	Euro, the lawful currency of the Eurozone

"GBP"	pound sterling, the lawful currency of the United Kingdom
"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
"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 HK$0.10 each in the share capital of the Company
"Shanghai Shenjia"	Shanghai Shenjia Metal Products Co., Ltd., a company incorporated under the laws of the PRC and an indirect joint controlled entity 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
"Xinyu Iron"	Xinyu Iron & Steel Co., Ltd.新余鋼鐵股份有限公司 (formerly known as Xinhua Metal Products Co., Ltd.), a joint stock limited company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange
"%"	per cent.

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

Hong Kong, 15 April 2010

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).