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SHOUGANG CONCORD CENTURY HOLDINGS LIMITED
首 長 寶 佳 集 團 有 限 公 司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 103)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

HIGHLIGHTS

	For the year ended 31 December		
	2011	2010	
	HK$'000	*HK$'000*	**% Change**
Operations			
Revenue	**1,775,665**	1,663,484	**+6.7**
Gross profit	**164,700**	287,550	**–42.7**
Earnings before interest, tax, depreciation and amortization	**195,463**	415,376	**–52.9**
Profit for the year	**3,527**	200,441	**–98.2**
Earnings per Share (basic) *(HK cents)*	**0.18**	10.43	**–98.3**

	At 31 December		
	2011	2010	
	HK$'000	*HK$'000*	**% Change**
Financial position			
Total assets	**4,120,012**	3,767,274	**+9.4**
Shareholders' equity	**2,340,106**	2,251,968	**+3.9**
Net asset value per Share *(HK$)*	**1.22**	1.17	**+4.3**

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2011 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 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
Revenue	2	**1,775,665**	1,663,484
Cost of sales		**(1,610,965)**	(1,375,934)
Gross profit		**164,700**	287,550
Investment and other income	4	**23,793**	90,763
Other gains and losses	5	**28,030**	58,184
Distribution and selling expenses		**(49,955)**	(28,326)
Administrative expenses		**(84,393)**	(100,736)
Research and development expenses		**(20,591)**	(15,954)
Finance costs	6	**(47,899)**	(32,559)
Profit before tax		**13,685**	258,922
Income tax expenses	7	**(10,158)**	(58,481)
Profit for the year	8	**3,527**	200,441
Earnings per share	10		
Basic		**HK0.18 cents**	HK10.43 cents
Diluted		**HK0.18 cents**	HK10.06 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**3,527**	200,441
Other comprehensive income (expense)		
Exchange differences arising on translation of group entities	**106,546**	70,560
Loss on fair value change of listed available-for-sale investments	**–**	(13,379)
Reclassified from other comprehensive income upon disposal of listed available-for-sale investments	**–**	(29,873)
Surplus on revaluation of properties	**8,370**	3,903
Recognition of deferred tax liability on revaluation of properties	**(1,908)**	(718)
Other comprehensive income for the year (net of tax)	**113,008**	30,493
Total comprehensive income for the year	**116,535**	230,934

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Investment properties		**31,491**	27,744
Property, plant and equipment		**2,117,478**	1,745,586
Prepaid lease payments		**198,599**	184,464
Goodwill		**41,672**	41,672
Club memberships		**751**	732
Deposit paid for the acquisition of property, plant and equipment		**4,662**	108,269
		2,394,653	2,108,467
Current assets			
Inventories		**425,618**	354,562
Trade receivables	11	**595,578**	495,156
Bills receivable	11	**353,719**	388,048
Prepayments, deposits and other receivables		**186,104**	136,907
Prepaid lease payments		**8,464**	7,587
Tax recoverable		**920**	99
Bank balances and cash		**154,956**	276,448
		1,725,359	1,658,807
Current liabilities			
Trade payables	12	**77,626**	42,514
Other payables and accruals	12	**308,160**	175,944
Tax payable		**29,849**	55,469
Bank borrowings		**838,002**	811,829
		1,253,637	1,085,756
Net current assets		**471,722**	573,051
Total assets less current liabilities		**2,866,375**	2,681,518
Non-current liabilities			
Bank borrowings		**500,445**	403,426
Other payable		**982**	1,058
Deferred tax liabilities		**24,002**	24,226
		525,429	428,710
		2,340,946	2,252,808

	Note	**2011**	2010
		HK$'000	*HK$'000*
Capital and reserves			
Share capital	13	**192,290**	192,230
Reserves		**2,147,816**	2,059,738
Equity attributable to equity holders of the Company		**2,340,106**	2,251,968
Share option reserve of a subsidiary		**840**	840
		2,340,946	2,252,808

Notes:

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

   In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretation issued by the Hong Kong Institute of Certified Public Accountants that are mandatorily effective for the 2011 financial year.

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

   HKAS 24 Related Party Disclosures (as revised in 2009)

   HKAS 24 (as revised in 2009) has been revised on the following two aspects:

   a) HKAS 24 (as revised in 2009) has changed the definition of a related party. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has not resulted in the identification of related parties that were not identified as related parties under the previous standard.

   b) In addition, HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities whilst the previous version of HKAS 24 did not contain specific exemption for government-related entities. The Company and its subsidiaries are PRC government-related entities as defined in HKAS 24 (as revised in 2009). Under HKAS 24 (as revised in 2009), the Group has been exempted from making the disclosures required by paragraph 18 of HKAS 24 (as revised in 2009) in relation to related party transactions and outstanding balances (including commitments) with (a) the PRC government that ultimately has significant influence over the Group and (b) other entities that are controlled, jointly controlled, or significantly influenced by the PRC government. Rather, in respect of these transactions and balances, HKAS 24 (as revised in 2009) requires the Group to disclose (a) the nature and amount of each individually significant transaction, and (b) a qualitative or quantitative indication of the extent of transactions that are collectively, but not individually, significant.

      HKAS 24 (as revised in 2009) requires retrospective application. The application of HKAS 24 (as revised in 2009) has had no impact on the Group's financial performance and positions for the current and prior years.

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

HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

HKFRS 9 Financial Instruments

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

Key requirements of HKFRS 9 are described as follows:

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

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Based on the Group's financial assets and financial liabilities as at 31 December 2011, the Directors anticipate that the adoption of HKFRS 9 is not expected to have material impact on amounts reported in respect of the Group's financial assets and financial liabilities.

New and revised Standards on consolidation and disclosures

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

Key requirements of these standards are described below:

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

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

These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these standards are applied early at the same time.

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

HKFRS 13 Fair Value Measurement

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

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for annual period beginning 1 January 2013 and that the application of the new standard will have no material impact to the amounts reported in the consolidated financial statements but may result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised regarding the Group's investment properties of which the measurement of deferred tax currently reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover the carrying amount. Upon the application of the amendments to HKAS 12, the carrying amounts of investment properties are presumed to be recovered through sale unless the presumption is rebutted. The Directors are still in the process of assessing the impact of the amendments to the Group.

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

2. REVENUE

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

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

	2011	2010
	HK$'000	*HK$'000*
Sales of goods		
Manufacturing of steel cords	**1,359,044**	1,255,043
Processing and trading of copper and brass products	**415,885**	404,365
Trading of other metal products	**–**	3,478
	1,774,929	1,662,886
Rental income	**736**	598
	1,775,665	1,663,484

3. SEGMENT INFORMATION

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

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

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

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

Segment revenues and results

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

For the year ended 31 December 2011

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

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

Reconciliation of revenue

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

Reconciliation of profit before tax

	HK$'000
Total profit for operating segments	**61,028**
Profit arising from property investment	**3,523**
Unallocated amounts	
Unallocated income	**28,179**
Unallocated expenses	**(31,146)**
Unallocated finance costs	**(47,899)**
Profit before tax	**13,685**

For the year ended 31 December 2010

	Steel cord *HK$'000*	Copper and brass products *HK$'000*	Segment total *HK$'000*
Segment revenue			
External sales	1,255,043	404,365	1,659,408
Inter-segment sales *(Note)*	–	17,041	17,041
Total	1,255,043	421,406	1,676,449
Segment results	276,069	8,786	284,855

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

Reconciliation of revenue

	HK$'000
Total revenue for operating segments	1,676,449
Rental income and revenue for trading of other metal products	4,076
Elimination of inter-segment sales	(17,041)
Group revenue	1,663,484

Reconciliation of profit before tax

	HK$'000
Total profit for operating segments	284,855
Profit arising from trading of other metal products and property investment	4,969
Unallocated amounts	
Unallocated income	16,595
Unallocated expenses	(45,022)
Unallocated finance costs	(32,559)
Gain on disposal of listed available-for-sale investments	30,084
Profit before tax	258,922

Segment profit represents the profit earned by each segment without allocation of profit arising from trading of other metal products and property investment, central administration costs, the emoluments of Directors, gain on disposal of listed available-for-sale investments, interest income on bank deposits, dividend income from listed available-for-sale investments and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

4. INVESTMENT AND OTHER INCOME

	2011	2010
	HK$'000	*HK$'000*
Investment income		
Interest income on bank deposits	**1,472**	2,253
Dividend income from listed available-for-sale investments	**–**	263
	1,472	2,516
Other income		
Government grants	**16,806**	81,472
Sales of scrap and other materials	**5,515**	6,342
Subcontracting income	**–**	433
	22,321	88,247
	23,793	90,763

5. OTHER GAINS AND LOSSES

	2011	2010
	HK$'000	*HK$'000*
Gain on disposal of listed available-for-sale investments	**–**	30,084
Foreign exchange gains, net	**33,983**	19,904
Increase in fair value of investment properties	**3,281**	5,097
Allowance for bad and doubtful debts (recognised) reversed	**(10,276)**	1,870
Reversal of revaluation deficit of leasehold land and buildings	**630**	655
Loss on disposal of property, plant and equipment, net	**(227)**	(346)
Others	**639**	920
	28,030	58,184

6. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest expenses on bank borrowings wholly repayable within five years	**46,680**	34,261
Amortisation of borrowing costs	**5,499**	1,860
Total borrowing costs	**52,179**	36,121
Less: amounts capitalised	**(4,280)**	(3,562)
	47,899	32,559

Borrowing costs capitalised during the year arose on general borrowing pool and were calculated by applying a capitalisation rate of 4.47% (2010: 3.11%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSES

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**75**	95
PRC Enterprise Income Tax	**12,851**	45,321
	12,926	45,416
Under (over) provision in prior years:		
Hong Kong	**(1)**	–
PRC Enterprise Income Tax	**28**	(78)
	27	(78)
Deferred taxation:		
Current year	**(2,795)**	13,143
	10,158	58,481

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for current year.

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 24% for the year ended 31 December 2011 (2010: 22%).

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

8. PROFIT FOR THE YEAR

	2011	2010
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Cost of inventories recognised as an expense (including allowance for inventories recognised of approximately HK$6,049,000 (2010: HK$6,869,000) and inventories written off of approximately HK$3,816,000 (2010: Nil))	**1,590,595**	1,375,934
Depreciation of property, plant and equipment	**126,031**	118,739
Amortisation of prepaid lease payments (included in "Cost of sales")	**7,848**	5,156

9. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2010 final dividend of HK1.5 cents per Share		
(2010: 2009 final dividend of HK1.5 cents per Share)	**28,844**	28,827
2010 interim dividend of HK1 cent per Share	**–**	19,218
	28,844	48,045

No interim or final dividend was paid or proposed for the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS PER SHARE

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

	2011	2010
	HK$'000	*HK$'000*
Earnings		
Earnings for the purposes of calculation of basic and diluted earnings per Share	**3,527**	200,441

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per Share	**1,922,879,186**	1,921,896,995
Effect of dilutive potential ordinary shares:		
Share options	**30,142,047**	71,392,636
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per Share	**1,953,021,233**	1,993,289,631

The computation of diluted earnings per Share does not assume the exercise of (i) certain of the Company's outstanding share options as the exercise price of these options is higher than the average market price of the Shares for the outstanding periods during 2011 and 2010 and (ii) the share option granted by the Company's subsidiary as it is anti-dilutive.

11. TRADE RECEIVABLES/BILLS RECEIVABLE

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**608,282**	497,444
Less: allowance for bad and doubtful debts	**(12,704)**	(2,288)
	595,578	495,156
Bills receivable	**353,719**	388,048
	949,297	883,204

Included in bills receivable as at 31 December 2011 was an amount of approximately HK$12,818,000 (2010: HK$176,000) that had been discounted to banks.

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

An aged analysis of trade receivables net of allowance for bad and doubtful debts at the end of the reporting period based on sales invoice date is as follows:

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**400,552**	379,145
91 – 180 days	**153,494**	100,169
Over 180 days	**41,532**	15,842
	595,578	495,156

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

	2011	2010
	HK$'000	*HK$'000*
0 – 90 days	**21,537**	24,994
91 – 180 days	**171,633**	160,220
Over 180 days	**160,549**	202,834
	353,719	388,048

12. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

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

	2011	2010
	HK$'000	*HK$'000*
0 – 30 days	**61,351**	24,408
31 – 90 days	**10,501**	16,369
91 – 180 days	**4,467**	305
181 – 365 days	**655**	55
Over 1 year	**652**	1,377
	77,626	42,514

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

Included in other payables and accruals are payables for purchase of property, plant and equipment of approximately HK$260,686,000 (2010: HK$117,509,000).

13. SHARE CAPITAL

	2011		2010	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Ordinary shares of HK$0.10 each				
Authorised:				
At 1 January and 31 December	**5,000,000**	**500,000**	5,000,000	500,000
Issued and fully paid:				
At 1 January	**1,922,301**	**192,230**	1,921,801	192,180
Exercise of share options *(Note)*	**600**	**60**	500	50
At 31 December	**1,922,901**	**192,290**	1,922,301	192,230

Note: During the year ended 31 December 2011, employees other than Directors exercised 600,000 (2010: 500,000) share options. Therefore, 600,000 and 500,000 new Shares were issued during the years ended 31 December 2011 and 2010 respectively. The new Shares rank pari passu with the existing Shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group experienced a difficult period in the year of 2011. As affected by the prolonged sovereign debt crisis in Europe, global economic performance remained weak during the year. In the PRC, economic growth slowed down as the Central Government implemented tight financial and monetary policies to curb soaring inflation throughout the year. Overall economic activities curtailed by these measures as the supply of credit and financial resources was limited. Furthermore, the tyre industry in the PRC also suffered from undulating raw material costs and lower demand from the automobile and transportation sectors. These factors translated to a softened demand of steel cords whilst intensified competition pushed down the selling price of steel cords. Due to these negative factors, the Steel cord segment recorded a significant decline in profit for the year.

In respect of the Copper and brass products segment, demand from overseas countries, especially those of the Euro Zone and the United States, weakened as their economies continued to be tethered by the debt crisis and the aftermath of the financial tsunami in 2008 respectively. As such, this segment recorded lower export sales for the year under review. On the other hand, the significant drop in copper price after the downgrade of credit rating of the United States government had a severe impact to the gross profit of this segment in the second half year. Attributed to lower sales and decreased gross profit margin, this segment recorded a substantial decrease in profit as compared to that of the previous year.

In view of the foregoing, the Group recorded net profit of HK$3,527,000 for the year, significantly decreased by 98.2% from HK$200,441,000 for the previous year. Further details are discussed on '**FINANCIAL REVIEW**' section below.

Steel cord

Overall performance

The performance of this segment was negatively affected by decreased selling price of steel cord, which was attributable to weakened demand in the PRC and intense market competition in the industry, and higher material and operating costs. On the other hand, the decline in profit of this segment for the year was also attributable to the increased sales and marketing expenses, the establishment of our management company in Shanghai to consolidate our various operating functions (including sales and marketing, finance, human resources, and procurement) of JESC and TESC with a view to streamline our business operations in the PRC and enhance operating efficiency; and increased expenditure on research and development which we view them as an investment for our long term sustainability but nonetheless affected our bottom line in the near term.

Although the overall performance of steel cord sales was below our expectation, this segment achieved significant progress in two aspects: (1) Export sales of steel cords significantly increased by 92.2% over that of the previous year, reflecting the increased recognition of our steel cords by multinational tyre companies; and (2) In respect of the development of sawing wire (which is used in the solar energy sector) business, it achieved significant progress during the year. Sales of half products (brass wire for the manufacture of sawing wire) of sawing wire were increased significantly by 261.7% as compared to that of the previous year whereas sales of final products of sawing wire commenced in the second quarter of the year.

Owing to the lackluster performance of steel cords, the operating profit of this segment declined by 79.3% over that of the previous year to HK$57,088,000 (2010: HK$276,069,000) for the year.

Revenue

This segment achieved an increase in sales volume of steel cords by 10.2% over that of the previous year to 93,409 tonnes (2010: 84,778 tonnes) for the year. Regarding our new business of manufacturing of sawing wire, with increased investments in developing and perfecting the technology, this segment achieved a remarkable growth in sales of half product and final product for the year under review. Sales of 1,078 (2010: 298) tonnes of half products and 30 (2010: Nil) tonnes of final products of sawing wire were achieved during the year under review. The analysis of sales volume of this segment is as follows:

	2011		2010		
	Sales volume *(Tonne)*	**% of total sales volume of steel cord**	Sales volume *(Tonne)*	% of total sales volume of steel cord	**% change**
Steel cord for:					
– truck tyres	**66,996**	**71.7**	65,750	77.6	**+1.9**
– off the road truck tyres	**3,363**	**3.6**	2,133	2.5	**+57.7**
– passenger car tyres	**23,050**	**24.7**	16,895	19.9	**+36.4**
Total for steel cord	**93,409**	**100.0**	84,778	100.0	**+10.2**
Sawing wire:					
– half product	**1,078**		298		**+261.7**
– final product	**30**		–		**N/A**
Total for sawing wire	**1,108**		298		**+271.8**
Other steel wires	**279**		119		**+134.5**
Total	**94,796**		85,195		**+11.3**

Export sales volume of steel cords amounted to 12,055 tonnes for the year, significantly increased by 92.2% over that of the previous year; and its percentage of total sales volume of steel cords increased from 7.4% in the previous year to 12.9%. Please see the breakdown as follows:

	2011		2010		
	Sales volume *(Tonne)*	**% of total sales volume of steel cords**	Sales volume *(Tonne)*	% of total sales volume of steel cords	**% change**
Domestic	**81,354**	**87.1**	78,506	92.6	**+3.6**
Export	**12,055**	**12.9**	6,272	7.4	**+92.2**
Total	**93,409**	**100.0**	84,778	100.0	**+10.2**

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

	JESC *(Tonne)*	**TESC** *(Tonne)*	**Total for 2011** *(Tonne)*	**2010** *(Tonne)*	**% change**
Steel cord for:					
– truck tyres	**45,740**	**21,256**	**66,996**	65,750	**+1.9**
– off the road truck tyres	**3,363**	**–**	**3,363**	2,133	**+57.7**
– passenger car tyres	**18,161**	**4,889**	**23,050**	16,895	**+36.4**
Total for steel cord	**67,264**	**26,145**	**93,409**	84,778	**+10.2**
Sawing wire:					
– half product	**743**	**335**	**1,078**	298	**+261.7**
– final product	**30**	**–**	**30**	–	**N/A**
Total for sawing wire	**773**	**335**	**1,108**	298	**+271.8**
Other steel wires	**42**	**237**	**279**	119	**+134.5**
Total	**68,079**	**26,717**	**94,796**	85,195	**+11.3**
Sales volume for 2010	70,069	15,126	85,195		
% change	**–2.8%**	**+76.6%**	**+11.3%**		

In respect of the average selling price of steel cords, it dropped by 8.3% as compared to that of the previous year to RMB11,754 (2010: RMB12,815) per tonne for the year principally due to (1) sales volume of steel cords for passenger car tyres (whose selling price is the lowest amongst the three types of steel cords) increased from 19.9% of total sales volume in the previous year to 24.7%, reflecting higher demand for passenger car tyres as compared to that of truck tyres; and (2) intensified market competition throughout the year.

The sales of half product and final product of sawing wire generated HK$33,000,000 of revenue to this segment. This, together with the increase in sales volume of steel cords, contributed to the growth in revenue of this segment by 8.3% over that of the previous year to HK$1,359,044,000 (2010: HK$1,255,043,000) for the year.

Gross profit

Gross profit of this segment declined by 43.8% over that of the previous year to HK$151,403,000 (2010: HK$269,272,000) for the year. Gross profit margin substantially dropped from 21.5% in the previous year to 11.1% for the year. The breakdown is as follows:

	2011		2010		
	HK$'000	**Gross profit margin *(%)***	*HK$'000*	Gross profit margin *(%)*	**% change**
JESC	**134,806**	**13.5**	293,349	28.1	**–54.0**
TESC	**13,811**	**3.6**	(26,447)	–12.0	**N/A**
Others and elimination of intercompany sales	**2,786**	**N/A**	2,370	N/A	**+17.6**
Total	**151,403**	**11.1**	269,272	21.5	**–43.8**

The decrease in gross profit was primarily attributable to the following factors:

1. The drop in average selling price of steel cords by 8.3% as mentioned above; and

2. The increase in production costs of steel cords, in particular, the cost of wire rods (the core material for manufacturing of steel cords) increased by approximately 9.3% over that of the previous year.

We are encouraged to see that TESC recorded gross profit of HK$13,811,000 for the year, as compared to gross loss of HK$26,447,000 for that of the previous year.

Investment and other income

Investment and other income decreased by 74.8% as compared to that of the previous year to HK$22,612,000 (2010: HK$89,809,000) for the year, as the amount of government grants received during the year significantly decreased by 80.1% as compared to that of the previous year to HK$16,188,000 (2010: HK$81,254,000).

Distribution and selling expenses

Distribution and selling expenses increased by 68.0% over that of the previous year to HK$46,555,000 (2010: HK$27,717,000) for the year, as increased costs were incurred on (1) the strengthening of marketing and sales of new steel cord products; and (2) development of new market (including export market) for steel cords as well as the new products of sawing wire.

Administrative expenses and research and development expenses

Administrative expenses amounted to HK$45,601,000 for the year, slightly increased by 0.2% as compared to HK$45,509,000 for that of the previous year.

Research and development expenses amounted to HK$20,591,000 (2010: HK$15,954,000), increased by 29.1% over that of the previous year, as additional expenses were incurred on the development of high-end steel cords and sawing wires during the year.

Copper and brass products

Overall performance

The operating performance of this segment was negatively impacted by the stagnant economic performance in the developed countries and the increased volatility in the movement of copper price since the downgrade of credit rating of the government of the United States and the Euro sovereign debt crisis in the third quarter. As such, this segment recorded a significant drop in operating profit of 55.2% over that of the previous year to HK$3,940,000 (2010: HK$8,786,000) for the year.

Revenue

The sales volume of this segment was 7,176 tonnes for the year, dropped by 8.3% as compared to 7,822 tonnes for the previous year. The lower sales were attributable to the decline in sales outside mainland China of 26.1% as compared to that of the previous year. Nonetheless, we are delighted to see sales to mainland China, being the largest user of copper, increased by 14.5% over that of the previous year. The breakdown of sales volume by geographical location is as follows:

	2011		2010		
	Sales volume *(Tonne)*	**% of total sales volume**	Sales volume *(Tonne)*	% of total sales volume	**% change**
Mainland China	**3,939**	**54.9**	3,441	44.0	**+14.5**
Other regions	**3,237**	**45.1**	4,381	56.0	**–26.1**
Total	**7,176**	**100.0**	7,822	100.0	**–8.3**

Average selling price was HK$61,360 per tonne for the year, increased by 13.9% as compared to HK$53,875 per tonne in 2010. The increase in average selling price counteracted the drop in sales volume and therefore the segment achieved an increase in revenue of 4.5% over that of the previous year to HK$440,302,000 (2010: HK$421,406,000) for the year.

Gross profit

Although revenue of this segment increased by 4.5% over that of the previous year, gross profit decreased by 27.1% over the previous year to HK$12,708,000 (2010: HK$17,435,000) for the year, which was primarily attributable to the prolonged drop in copper price since the third quarter of the year. Gross profit margin dropped from 4.1% in the previous year to 2.9% for the year.

Listed available-for-sale investments

The Group completed the disposal of the entire interests in ‘A’ shares of Xinyu Iron in 2010 and therefore it did not record any gain on disposal of listed available-for-sale investments for the year under review. In the previous year, the Group disposed of the remaining 4,966,141 ‘A’ shares of Xinyu Iron and recorded a gain of approximately HK$30,084,000 on those disposals.

FINANCIAL REVIEW

The Group recorded net profit of HK$3,527,000 for the year, sharply decreased by 98.2% as compared to HK$200,441,000 for that of the previous year. In addition to the drop in gross profit of Steel cord segment as discussed in '*Gross profit*' section on '**Steel cord**' above, the lower profit was also attributable to the increase in distribution and selling expenses; research and development expenses and interest expenses of Steel cord segment. The increase in such expenses was to expedite the business development of Steel cord segment, including the sales and marketing development for new products and markets of steel cords and for establishment of new business for sawing wire. We believe the expenses incurred would enable the Steel cord segment to establish a solid foundation for its future business growth and translate into higher profitability in the future.

Revenue

Revenue of the Group increased by 6.7% over that of the previous year to HK$1,775,665,000 (2010: HK$1,663,484,000) for the year. The breakdown of revenue by business segments is as follows:

	2011		2010		
	HK$'000	**% of total revenue**	*HK$'000*	% of total revenue	**% change**
Steel cord	**1,359,044**	**76.5**	1,255,043	75.4	**+8.3**
Copper and brass products	**440,302**	**24.8**	421,406	25.3	**+4.5**
Sub-total	**1,799,346**	**101.3**	1,676,449	100.7	**+7.3**
Elimination of inter-segment sales	**(24,417)**	**(1.4)**	(17,041)	(1.0)	**+43.3**
Other operations *(Note)*	**736**	**0.1**	4,076	0.3	**–81.9**
Total	**1,775,665**	**100.0**	1,663,484	100.0	**+6.7**

Note: Mainly comprises trading of other metal products and property investment.

Gross profit

Gross profit of the Group decreased by 42.7% over that of the previous year to HK$164,700,000 (2010: HK$287,550,000). Gross profit margin was 9.3%, significantly declined by 8 percentage points as compared to 17.3% for the previous year, primarily attributable to the drop in gross profit margin of Steel cord segment. The breakdown of gross profit by business segments is as follows:

	2011		2010		
		Gross profit		Gross profit	
	HK$'000	**margin *(%)***	*HK$'000*	margin *(%)*	**% change**
Steel cord	**151,403**	**11.1**	269,272	21.5	**–43.8**
Copper and brass products	**12,708**	**2.9**	17,435	4.1	**–27.1**
Other operations	**589**	**80.0**	843	20.7	**–30.1**
Total	**164,700**	**9.3**	287,550	17.3	**–42.7**

Investment and other income

Investment and other income significantly decreased by 73.8% as compared to that of the previous year to HK$23,793,000 (2010: HK$90,763,000) for the year, primarily because of the amount of government grants received lowered by 79.4% over that of the previous year.

Other gains and losses

The Group recorded net gain of HK$28,030,000 for the year, decreased by 51.8% as compared to HK$58,184,000 for that of the previous year, which was mainly because the Group did not have any gain on disposal of listed available-for-sale investments for the year albeit the Group recorded exchange gain of HK$33,983,000 for the year, significantly increased by 70.7% over that of the previous year. Such exchange gain arose was primarily due to the effect of appreciation of RMB exchange rate by approximately 4.6% against HKD over the year on the Group's HKD and USD denominated bank borrowings. The breakdown of other gains and losses is as follows:

	2011	2010	
	HK$'000	*HK$'000*	**% change**
Foreign exchange gains, net	**33,983**	19,904	**+70.7**
Increase in fair value of investment properties	**3,281**	5,097	**–35.6**
Reversal of revaluation deficit of leasehold land and buildings	**630**	655	**–3.8**
Allowance for bad and doubtful debts (recognised) reversed	**(10,276)**	1,870	**N/A**
Gain on disposal of listed available-for-sale investments	**–**	30,084	**–100.0**
Others	**412**	574	**–28.2**
Total	**28,030**	58,184	**–51.8**

Distribution and selling expenses

Distribution and selling expenses increased by 76.4% over that of the previous year to HK$49,955,000 (2010: HK$28,326,000) for the year, as additional expenses were incurred by Steel cord segment during the year.

Administrative expenses and research and development expenses

Administrative expenses of the Group amounted to HK$84,393,000 (2010: HK$100,736,000) for the year, decreased by 16.2% as compared to that of the previous year. As revenue of the Group increased by 6.7% over that of the previous year, the ratio of administrative expenses to revenue lowered from 6.1% in the previous year to 4.8% for the year.

Research and development expenses of the Group amounted to HK$20,591,000 for the year, higher by 29.1% as compared to HK$15,954,000 for the previous year, as additional expenses were incurred by the Steel cord segment during the year.

Segment results

Profit from the Group's business segments amounted to HK$61,028,000 for the year, declined by 78.6% as compared to HK$284,855,000 for the previous year. The breakdown of the operating results of the Group's business segments is as follows:

	2011	2010	
	HK$'000	*HK$'000*	**% change**
Steel cord			
– Core operating profit	**40,900**	194,815	**–79.0**
– Government grants	**16,188**	81,254	**–80.1**
Sub-total for Steel cord	**57,088**	276,069	**–79.3**
Copper and brass products	**3,940**	8,786	**–55.2**
Total	**61,028**	284,855	**–78.6**

Finance costs

Finance costs amounted to HK$47,899,000 for the year, increased by 47.1% as compared to HK$32,559,000 for the previous year. Such increase in finance costs arose attributable to (i) the raising of additional bank borrowings to finance the capacity expansion plan of the Steel cord segment, in particular the expansion of the production capacity of TESC to 100,000 tonnes per annum since the second half of 2009; and (ii) the increase in borrowing rates in the PRC during the year.

Income tax expenses

Income tax expenses of the Group decreased by 82.6% as compared to that of the previous year to HK$10,158,000 (2010: HK$58,481,000) for the year, primarily as the profit of the Steel cord segment dropped as compared to that of the previous year.

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 Shareholders. It is imperative to maintain the debt and equity ratio of the Group at a secure and manageable level.

During the year, 600,000 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 1,922,300,556 shares at 31 December 2010 to 1,922,900,556 shares at 31 December 2011. The net asset value of the Group was HK$2,340,946,000 at 31 December 2011, increased by 3.9% as compared to HK$2,252,808,000 at the end of 2010; and net asset value per Share increased by 4.3% over the end of 2010 to HK$1.22 per Share at 31 December 2011.

The Group's bank balances and cash amounted to HK$154,956,000 at 31 December 2011, lowered by 43.9% as compared to HK$276,448,000 at the end of 2010. Total bank borrowings of the Group were HK$1,338,447,000 at 31 December 2011, increased by 10.1% as compared to HK$1,215,255,000 at the end of 2010.

At 31 December 2011, HK$1,102,951,000 of bank borrowings were floating-rate borrowings, while HK$235,496,000 of bank borrowings were collared at rate ranging from 1.31% to 9.84% per annum. The nature and maturing profile of the Group's bank borrowings at 31 December 2011 based on contracted repayment schedules were as follows:

	HK$'000	*% of total bank borrowings*
Due within one year or on demand:		
– Trust receipt loans	59,443	4.4
– Bank advances for discounted bills	12,818	1.0
– Working capital loans	203,940	15.2
– Current portion of medium term loans	418,019	31.2
	694,220	51.8
Medium term loan		
– Due in the second year	359,520	26.9
– Due in the third year	125,808	9.4
– Due in the fourth year	166,523	12.4
	1,346,071	100.5
Unamortized loan arrangement and management fees	(7,624)	(0.5)
Total	1,338,447	100.0

As a result of the increased bank borrowings during the year to finance the capacity expansion plan of the Steel cord segment and working capital requirements, the gearing ratio (bank borrowings less bank balances and cash/shareholders' equity) of the Group increased from 41.7% at the end of 2010 to 50.6% at 31 December 2011.

Regarding liquidity position of the Group, current ratio of the Group at 31 December 2011 was 1.4 times, as compared to 1.5 times at the end of 2010. When the classification of bank borrowings in the consolidated statement of financial position was based on contracted repayment schedules, current ratio of the Group at 31 December 2011 would be 1.6 times, though lower than 2.2 times at 31 December 2010, we considered them still at a healthy and manageable level.

FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

The Group's sources of revenue are principally denominated in RMB and HKD, while purchases and payments are concentrated on RMB, HKD and USD. Under this circumstance, the Group shall mainly raise borrowings in these currencies to minimize the risk of significant mismatch between the sources of revenue with bank borrowings, while endeavored to take advantage of the lower borrowing rates of HKD and USD as compared to those of the RMB. As at 31 December 2011, the currency breakdown of the Group's bank borrowings was as follows:

	At 31 December	
	2011	2010
	%	%
HKD	**41.4**	55.5
RMB	**40.7**	27.9
USD	**17.9**	16.6
Total	**100.0**	100.0

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

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

BUSINESS DEVELOPMENT PLAN AND CAPITAL COMMITMENTS

The installation and commissioning of the plant and machineries for the remaining 30,000 tonnes of annual production capacity of TESC were completed during the year under review. With the continual effort in research and development in 2010 coupled with stabilization of quality of half products in the first half year, this segment also completed the installation of machineries with annual production capacity of 1,600 tonnes of sawing wire by the end of the year.

Capital expenditures incurred by the Steel cord segment during the year amounted to HK$406,307,000. The capital expenditures to be incurred in 2012 are estimated to be approximately HK$21,429,000, which will be primarily financed by the Group's internal resources.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

At 31 December 2011, the Group had a total of 2,359 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 consolidated income statement for the year amounted to approximately HK$16,778,000. 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 and will expire on 6 June 2012. Hence, the Board has decided to propose to terminate the Scheme and adopt a new share option scheme of the Company subject to the approval of Shareholders at the forthcoming annual general meeting. During the year, 600,000 share options to subscribe for Shares and 3,000,000 share options were exercised and cancelled respectively.

PLEDGE OF ASSETS

At 31 December 2011, 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$7,750,000;

2. Prepaid lease payments amounted to HK$91,916,000; and

3. Equity interests in certain subsidiaries of the Company.

BUSINESS OUTLOOK

2012 will continue to be an uncompromising year for the Group albeit the United States has shown gradual reprieve on its key economic indicators, the European Union has appeared to moderate the impact of the sovereign debt crisis and that the Central Government of the PRC, our principal market, has promulgated a relaxation on its monetary policy. However, at 2012 NPC and CPPCC Sessions, Premier Wen Jiabao has cut this year's economic growth target to an eight-year low of 7.5 per cent, which a move will enable the Government to focus on economic rebalancing and defusing price pressures amid global uncertainty. Hence, competition is expected to persist and costs of production will continue to be challenging despite they might not be as acute as in 2011. In order to contain the impact on our margin by the abovementioned factors, the Group has implemented a host of measures including but not limited to energy and product packaging savings. To redress the net operating cash outflow situation in 2011, the Group will also strengthen its receivable collection effort and work with its suppliers and bankers to further enhance its cash and working capital position. While we are using our best endeavors to minimize costs and hoard cash, we will continue to invest in our research and development as well as marketing activities to ascend our market positioning and penetration particularly in the export markets.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 23 May 2012 to 25 May 2012, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 22 May 2012.

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 addition, the Company has also adopted the Continuous Disclosure Obligation Policy on 28 March 2011 which is to help and provide guidance to the Directors and employees of the Group to fulfill their obligations under the Listing Rules while allowing them to actively inform the market of Company developments as well as how to make their judgment as to what is price-sensitive information and when disclosure is required.

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 2011, except for deviation from code provisions A.1.1 and A.2.1 of the Code.

The Company deviated from the code provision A.1.1 as only three regular board meetings had been held during the year of 2011 instead of at least four regular board meetings a year as required under the Code. However, the three regular Board meetings have achieved active participation of the Directors and all Directors had shown their high attendance rate of the three Board meetings held during the year. Nevertheless, the Board will try its best to hold four regular board meetings during the year of 2012.

The Company also deviated from the code provision A.2.1 from January to March 2011. The posts of chairman and managing director of the Company are not separate. However, the roles of the chairman and managing director are segregated and performed by Mr. Li Shaofeng and Mr. Yang Kaiyu respectively with effect from 1 April 2011.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in this Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte on this Preliminary Announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

ACKNOWLEDGEMENTS

Taking this opportunity, my gratitude goes to all the management members and staffs, whose dedication and commitment have helped us to sail through this difficult period.

2012 is 20th anniversary of Shougang Century since it was listed on the Stock Exchange in 1992. My heartfelt thanks go to many of whom have been my co-workers for the past and together, we have built Shougang Century.

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 Century"	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the main board of the Stock Exchange
"Continuous Disclosure Obligation Policy"	Shougang Concord Century Holdings Limited Continuous Disclosure Obligation Policy
"Copper and brass products"	processing and trading of copper and brass products
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HKD/HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Internal Control Manual"	an internal management and control manual of the Company adopted in 1999 and revised from time to time thereafter
"JESC"	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"PRC"	the People's Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"SCCHL Corporate Governance Code"	Shougang Concord Century Holdings Limited Code on Corporate Governance
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Steel cord"	manufacturing of steel cord for radial tyres
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TESC"	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company
"USD/US$"	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, 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
Li Shaofeng
Chairman

Hong Kong, 22 March 2012

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

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

This final results announcement is published on the websites of the Company at http://www.irasia.com/listco/hk/sccentury/ and the Stock Exchange at http://www.hkexnews.hk. The Annual Report 2011 will be despatched to Shareholders and made available on the above websites in due course.