首長國際企業有限公司

SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 697)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL HIGHLIGHTS

– Profit attributable to shareholders was HK$500 million, up 6 times.

– Consolidated turnover was HK$15.85 billion, up 40% from that of last year.

– EPS at HK6.1 cents.

– The Board has proposed payment of a final dividend of HK1 cent per share.

The board of directors (the "Board") of Shougang Concord International Enterprises Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 with comparative figures for the year ended 31 December 2009. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTES	**2010** **HK$'000**	2009 HK$'000
Revenue	4	**15,850,276**	11,357,623
Cost of sales		**(14,998,290)**	(12,089,157)
Gross profit (loss)		**851,986**	(731,534)
Other income	5	**61,796**	68,103
Other gains and losses	6	**(27,214)**	1,007,153
Change in fair value of derivative financial instruments		**147,074**	95,136
Distribution and selling expenses		**(191,742)**	(64,723)
Administrative expenses		**(474,436)**	(461,684)
Finance costs	7	**(444,527)**	(392,863)
Share of result of associates		**476,629**	402,022
Profit (loss) before taxation		**399,566**	(78,390)
Income tax credit (expense)	8	**33,617**	(142,546)
Profit (loss) for the year	9	**433,183**	(220,936)
Other comprehensive income (expense)			
Exchange differences arising on translation		**187,208**	7,189
Available-for-sale financial assets			
Gains arising during the year		**24,609**	3,476,917
Reclassification adjustments of cumulative gain upon disposal		**–**	(1,610,136)
Reversal of cumulative gain of an available-for-sale investee upon becoming an associate		**–**	(1,963,500)
Share of result of an available-for-sale investee upon becoming an associate		**–**	95,726
Deferred tax charge arising on fair value gains on available-for-sale investments		**–**	(170,816)
Reclassification adjustment for deferred tax charge upon disposal		**–**	170,816
Release on deemed disposal of partial interest in associates		**(108)**	–
Share of other comprehensive income of associates			
Exchange differences arising on translation		**125,442**	6,503
Fair value gain on available-for-sale financial assets		**157,528**	16,419
Gains on revaluation of properties		**–**	800
Other comprehensive income for the year (net of tax)		**494,679**	29,918
Total comprehensive income (expense) for the year		**927,862**	(191,018)

	NOTES	2010 HK$'000	2009 HK$'000
Profit (loss) for the year attributable to:			
Owners of the Company		**499,576**	71,667
Non-controlling interests		**(66,393)**	(292,603)
		433,183	(220,936)
Total comprehensive income and expense attributable to:			
Owners of the Company		**950,476**	99,588
Non-controlling interests		**(22,614)**	(290,606)
		927,862	(191,018)
Earnings per share	11		
– Basic		**6.11 HK cents**	0.92 HK cent
– Diluted		**6.05 HK cents**	0.83 HK cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2010

	NOTES	**2010** **HK$'000**	2009 HK$'000
NON-CURRENT ASSETS			
Investment properties		**34,234**	31,477
Property, plant and equipment		**12,096,114**	10,251,792
Prepaid lease rentals		**357,078**	326,316
Intangible asset		**–**	–
Mining assets		**179,593**	174,212
Goodwill		**168,015**	168,015
Interests in associates		**6,742,974**	6,211,843
Available-for-sale investments		**261,931**	231,688
Deferred tax assets		**46,827**	38,639
Other financial assets		**367,942**	275,140
Deposits for acquisition of property, plant and equipment		**178,396**	773,040
		20,433,104	18,482,162
CURRENT ASSETS			
Inventories		**3,491,190**	1,619,661
Trade and bill receivables	12	**1,622,373**	783,869
Trade receivables from related companies	13	**749,972**	722,395
Prepayments, deposits and other receivables		**1,006,681**	338,184
Prepaid lease rentals		**7,680**	7,459
Amounts due from related companies	13	**108,044**	301,007
Amount due from an associate		**17,756**	–
Amount due from a non-controlling shareholder of a subsidiary		**3,526**	3,407
Amount due from ultimate holding company of a shareholder	14	**1,887**	185,784
Other financial assets		**202,195**	149,706
Restricted bank deposits		**281,486**	280,838
Bank balances and cash		**1,702,696**	1,372,258
		9,195,486	5,764,568

	NOTES	2010 HK$'000	2009 HK$'000
CURRENT LIABILITIES			
Trade and bill payables	15	**2,966,135**	1,165,507
Other payables and accrued liabilities		**1,802,613**	1,414,060
Tax payable		**218,457**	184,741
Amount due to a shareholder		**–**	350,000
Amounts due to related companies	13	**1,056,185**	541,708
Amount due to ultimate holding company of a shareholder	14	**1,172,981**	99,041
Bank borrowings – due within one year		**8,845,339**	6,010,188
Loans from ultimate holding company of a shareholder		**968,868**	793,479
		17,030,578	10,558,724
NET CURRENT LIABILITIES		**(7,835,092)**	(4,794,156)
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,598,012**	13,688,006
NON-CURRENT LIABILITIES			
Bank borrowings – due after one year		**1,888,612**	3,898,921
Deferred tax liabilities		**12,139**	48,267
		1,900,751	3,947,188
		10,697,261	9,740,818
CAPITAL AND RESERVES			
Share capital		**1,635,076**	1,635,076
Share premium and reserves		**7,932,018**	6,946,160
Equity attributable to owners of the Company		**9,567,094**	8,581,236
Non-controlling interests		**1,130,167**	1,159,582
		10,697,261	9,740,818

NOTES:

1. GENERAL

The Company is incorporated in Hong Kong with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's major shareholder is Shougang Holding (Hong Kong) Limited ("Shougang HK"), which together with its subsidiaries, held approximately 42% equity interest of the Company as at 31 December 2010, and the ultimate holding company of Shougang HK is Shougang Corporation, a company established in the People's Republic of China (the "PRC"). Shougang Corporation, together with its associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange) other than the Company and its subsidiaries (collectively referred to as the "Group"), will hereinafter be referred to as the "Shougang Group". The addresses of the registered office and principal place of business of the Company are disclosed in Corporate Information of the annual report.

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries and associates are set out in note 48 to the consolidated financial statements of the annual report.

The functional currency of the Company is Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate. As the Company was incorporated in Hong Kong, the financial statements are presented in Hong Kong dollars.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group had net current liabilities of approximately HK$7,835,092,000 as at 31 December 2010 of which current liabilities of approximately HK$8,845,339,000 was attributable to bank borrowings due within one year as disclosed in note 33 to the consolidated financial statements of the annual report. Taking into account the financial resources of the Group, including the Group's unutilised banking facilities, the Group's ability to renew the banking facilities upon maturity, financial support from the ultimate holding company of the major shareholder of the Company, Shougang Corporation, and the marketable securities held by the Group that can be disposed of, if necessary, the Directors of the Company are of the opinion that the Group has sufficient working capital to meet in full its financial obligation as they fall due for at least the next twelve months from the end of the reporting period and accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

New and revised Standards and Interpretations applied in the current year

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

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
Hong Kong Accounting Standard ("HKAS") 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009, except for amendment to HKFRS5
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRIC – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised Standards and Interpretations in the current year has had no material effect on the consolidated financial statements of the Group and the statement of financial position of the Company.

Amendments to HKAS 17 Leases

As part of Improvements to *HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease rentals in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The application of the amendment has had no material effect on the consolidated financial statements of the Group.

HKFRS 3 (Revised 2008) Business Combinations and HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The Group applies HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

HKFRS 3 (as revised in 2008) allows a choice on a transaction-by-transaction basis for the measurement of non-controlling interests at the date of acquisition (previously referred to as 'minority' interests) either at fair value or at the non-controlling interests' share of recognised identifiable net assets of the acquiree.

As there was no transaction during the current period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The application of the other new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the consolidated financial statements of the Group.

New and revised Standards and Interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKAS 1 and HKAS 28[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures, except for partial exemption of paragraph 25-27[6]
HKAS 32 (Amendments)	Classification of Rights Issues[7]
HKFRIC – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[6]
HKFRIC – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2010.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2012.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 February 2010.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either 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 accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. 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 presentation 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. Currently, 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 is presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2011. Based on the Group's and the Company's financial assets and financial liabilities as at 31 December 2010, the application of the new Standard may affect the classification and measurement of the Group's financial assets but not on the Group's financial liabilities, and will have no significant impact on the Company's financial statements.

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors are still in the process of assessing the impact of the amendments to the Group.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations issued but not yet effective will have no material effect on consolidated financial statements of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue arising from sales of steel products, leasing and charter hire income, sales of iron ore and management services income during the year is as follows:

	2010	2009
	HK$'000	*HK$'000*
Sale of steel products	**11,143,193**	9,129,186
Vessel chartering and floating cranes leasing income	**207,142**	197,127
Sale of iron ore	**4,494,866**	2,026,013
Management services income	**5,075**	5,297
	15,850,276	11,357,623

Segment information

Information reported to the Board of Directors of the Company, being the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

Steel manufacturing	– manufacture and sale of steel products;
Shipping operations	– vessel chartering and the leasing of floating cranes;
Steel and iron ore trading	– trading of steel products and iron ore;
Mineral exploration	– mining, processing and sale of iron ore; and
Others	– management services business.

During the year ended 31 December 2009, the Group has started the mineral exploration operation, which is reported as a separate operating segment to the Directors for the purposes of resource allocation and performance assessment.

(a) Segment revenues and results

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

For the year ended 31 December 2010

	Steel manufacturing *HK$'000*	Shipping operations *HK$'000*	Steel and iron ore trading *HK$'000*	Mineral exploration *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue						
External sales	10,512,275	207,142	3,591,992	1,533,792	5,075	15,850,276
Inter-segment sales	113,335	–	–	822,843	–	936,178
Segment revenue	10,625,610	207,142	3,591,992	2,356,635	5,075	16,786,454
Eliminations						(936,178)
Group revenue						15,850,276

Inter-segment sales are charged at prevailing market rates.

	Steel manufacturing *HK$'000*	Shipping operations *HK$'000*	Steel and iron ore trading *HK$'000*	Mineral exploration *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment (loss) profit	(227,444)	45,365	484,396	152,523	792	455,632
Interest income						26,966
Central administration costs						(113,528)
Finance costs						(444,527)
Gain from change in fair value of derivative financial instrument						74
Loss on dilution of interests in associates						(1,680)
Share of result of associates						476,629
Profit before taxation						399,566

For the year ended 31 December 2009

	Steel manufacturing *HK$'000*	Shipping operations *HK$'000*	Steel and iron ore trading *HK$'000*	Mineral exploration *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue						
External sales	8,600,112	197,127	2,419,265	135,822	5,297	11,357,623
Inter-segment sales	377,260	–	–	188,931	–	566,191
Segment revenue	8,977,372	197,127	2,419,265	324,753	5,297	11,923,814
Eliminations						(566,191)
Group revenue						11,357,623

Inter-segment sales are charged at prevailing market rates.

Segment (loss) profit	(1,183,722)	28,808	114,355	(61,394)	6,010	(1,095,943)
Interest income						47,472
Central administration costs						(121,523)
Finance costs						(392,863)
Gain from change in fair value of derivative financial instrument						26,199
Loss on dilution of interest in associates						(19,177)
Loss arising from fair value adjustments on consideration paid and the available-for-sale investments acquired						(170,500)
Gain on disposal of available-for-sale investment						1,245,923
Share of result of associates *(Note)*						402,022
Loss before taxation						(78,390)

Note: Share of result of associates including discount on acquisition of an associate of HK$307,358,000.

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit (loss) represents the profit (loss) generated by each segment without allocation of interest income, central administration costs, finance costs, gain from change in fair value of foreign currency forward contracts and option to subscribe for shares of a listed company in Australia, loss arising from fair value adjustments on consideration paid and the available-for-sale investments acquired, gain on disposal of available-for-sale investment, loss on dilution of interest in associates and share of result of associates. This is the measure reported to the Directors for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2010	2009
	HK$'000	*HK$'000*
Segment assets		
Steel manufacturing	**17,051,386**	13,686,624
Shipping operations	**25,630**	17,762
Steel and iron ore trading	**1,311,422**	535,508
Mineral exploration	**2,180,773**	1,561,955
Others	**5,709**	6,899
Total segment assets	**20,574,920**	15,808,748
Interests in associates	**6,742,974**	6,211,843
Available-for-sale investments	**261,931**	231,688
Deferred tax assets	**46,827**	38,639
Amount due from an associate – non-trade	**17,756**	–
Amounts due from related companies – non-trade	**–**	301,007
Foreign currency forward contracts	**–**	1,592
Option to subscribe for shares of a listed company in Australia	**–**	117
Restricted bank deposits	**281,486**	280,838
Bank balances and cash	**1,702,696**	1,372,258
Consolidated assets	**29,628,590**	24,246,730
Segment liabilities		
Steel manufacturing	**5,406,163**	2,542,688
Shipping operations	**44,456**	45,683
Steel and iron ore trading	**698,587**	58,883
Mineral exploration	**447,663**	193,463
Others	**6,032**	10,891
Total segment liabilities	**6,602,901**	2,851,608
Amount due to a shareholder	**–**	350,000
Amounts due to related companies – non-trade	**296,140**	269,796
Amount due to ultimate holding company of a shareholder – non-trade	**98,873**	98,912
Bank borrowings	**10,733,951**	9,909,109
Tax payable	**218,457**	184,741
Deferred tax liabilities	**12,139**	48,267
Loans from ultimate holding company of a shareholder	**968,868**	793,479
Consolidated liabilities	**18,931,329**	14,505,912

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments other than the items disclosed above.

- all liabilities are allocated to reportable segments other than the items disclosed above.

Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services:

	2010	2009
	HK$'000	*HK$'000*
Steel plates	**10,324,234**	8,421,651
Iron ore	**4,494,866**	2,026,013
Steel slabs	**818,959**	707,535
Vessel chartering and floating cranes leasing	**207,142**	197,127
Management services	**5,075**	5,297
	15,850,276	11,357,623

(b) Geographical information

The Group operates in two principal geographical areas - the PRC, excluding Hong Kong (country of domicile) and Hong Kong.

The Group's revenue from external customers by geographical location at which the goods were delivered is detailed below:

	Revenue from external customers	
	2010	2009
	HK$'000	*HK$'000*
PRC, excluding Hong Kong (country of domicile)	**12,744,884**	7,660,738
Hong Kong	**200,564**	1,632,333
Australia	**2,837,647**	1,890,191
Korea	**67,074**	146,425
Others	**107**	27,936
	15,850,276	11,357,623

Information about major customers

During the years ended 31 December 2010 and 2009, the customer which accounted for 10% or more of the Group's sales is Shougang Group. Sales to Shougang Group under the segments of steel manufacturing, steel and iron ore trading and mineral exploration contributed HK$3,642,508,000 (2009: HK$2,443,582,000) to the Group's revenue.

5. OTHER INCOME

	2010	2009
	HK$'000	*HK$'000*
Interest income on bank deposits	**26,966**	47,472
Scrap sales income	**3,288**	7,353
Compensation income	**679**	1,647
Refund of value added tax	**18,028**	–
Sundry income	**12,835**	11,631
	61,796	68,103

6. OTHER GAINS AND LOSSES

	2010	2009
	HK$'000	*HK$'000*
Gain on disposal of available-for-sale investment *(note)*	**–**	1,245,923
Reversal of provision for impairment of trade receivables	**5,641**	3,547
Gain from changes in fair value of investment property	**1,910**	3,558
Gain on disposal of property, plant and equipment	**131**	298
Net foreign exchange loss	**(33,216)**	(6,496)
Loss on dilution of interest in associates	**(1,680)**	(19,177)
Impairment loss on goodwill	**–**	(50,000)
Loss arising from fair value adjustments on consideration paid and the available-for-sale investments acquired	**–**	(170,500)
	(27,214)	1,007,153

Note: During the year ended 31 December 2009, cumulative gain of an available-for-sale investment amounted to HK$1,610,136,000 has been reclassified from security investment reserve upon disposal to an associate, of which HK$364,213,000 represents unrealised gain on disposal and has been eliminated against interest in associates, resulting a net gain of HK$1,245,923,000 recognised as gain on disposal in the profit or loss.

7. FINANCE COSTS

	2010	2009
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings wholly repayable within five years	**487,516**	395,161
Other borrowings wholly repayable within five years	**43,540**	44,734
Total borrowing costs	**531,056**	439,895
Less: Amounts capitalised	**(86,529)**	(47,032)
	444,527	392,863

Borrowing costs capitalised during the year arose from the general borrowing pool and are calculated by applying a capitalisation rate of 4.57% (2009: 4.73%) per annum to expenditure on qualifying assets.

8. INCOME TAX (CREDIT) EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax:		
– PRC Enterprise Income Tax	**3,883**	11,387
– Other jurisdictions	**–**	170,816
	3,883	182,203
Underprovision in prior year – Hong Kong	**–**	870
Deferred tax :		
Current year	**(37,500)**	(40,527)
Income tax (credit) expense	**(33,617)**	142,546

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. Current tax in other jurisdictions represents an one-off tax provision in connection with gain on disposal of equity securities.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The EIT Law provides a five-year transition period from 1 January 2008 for those subsidiaries which were established before the promulgation date of the EIT Law and which are entitled to a preferential lower tax rate under the effective tax laws or regulations and hence the 25% tax rate is only applicable to certain subsidiaries after the expiry of tax holidays and concessions.

9. PROFIT (LOSS) FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Staff costs, including Directors' emoluments		
– basic salaries and allowances	**359,886**	361,390
– retirement benefits scheme contributions	**44,229**	39,256
– share-based payments	**35,382**	59,372
	439,497	460,018
Amortisation of mining assets, included in cost of sales	**1,888**	2,963
Depreciation of property, plant and equipment	**684,567**	659,197
Total depreciation and amortisation	**686,455**	662,160
Change in fair value of derivative financial instruments		
– change in fair value of foreign currency forward contracts	**(191)**	(29,382)
– change in fair value of option to subscribe for shares of a listed company in Australia	**117**	3,183
– change in fair value of commodity forward contracts	**(147,000)**	(68,937)
	(147,074)	(95,136)
Auditor's remuneration	**2,652**	3,449
Cost of inventories recognised as expenses (including reversal of allowance for inventories of HK$201,751,000 (2009: including allowances for inventories of HK$210,395,000))	**14,843,440**	11,927,416
Minimum lease payments under operating leases in respect of land and buildings	**3,267**	4,484
Amortisation of prepaid lease rentals	**7,871**	6,982
Rental income from investment properties under operating leases, less outgoings of HK$209,000 (2009: HK$258,000)	**(1,147)**	(1,374)
Impairment loss on goodwill (included in other gains and losses)	**–**	50,000

10. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final – nil (2009: HK3 cents) per ordinary share	**–**	231,762

The final dividend of HK1 cent in respect of the year ended 31 December 2010 (2009: nil) per ordinary share has been proposed by the directors and is subject to approval by shareholders in the forthcoming annual general meeting of the Company.

The proposed dividends for 2010 are payable to all shareholders whose names appear on the register of members on 19 May 2011.

11. 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:

	2010	2009
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**499,576**	71,667
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of associates based on dilution of their earnings per share	**(4,250)**	(6,909)
Earnings for the purpose of diluted earnings per share	**495,326**	64,758

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,175,381,214**	7,782,093,543
Effect of dilutive potential ordinary shares on share options	**10,029,480**	9,726,492
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**8,185,410,694**	7,791,820,035

The computation of diluted earnings per share does not assume the exercise of certain options as the relevant exercise price was higher than the average market price for shares for both 2010 and 2009.

12. TRADE AND BILL RECEIVABLES

For most customers, in particular in the business of steel manufacturing, the Group requires a certain level of deposits to be paid or settlement by bank bills before delivery. The Group allows a range of credit period to its customers normally not more than 30 days, except for certain well established customers, where the terms are extended to 60 days. The following is an aged analysis of trade and bill receivables net of provision for impairment presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Within 60 days	**1,514,457**	769,756
61 – 90 days	**10,127**	4,838
91 – 180 days	**64,368**	9,255
181 – 365 days	**33,421**	20
	1,622,373	783,869

13. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The amounts due from (to) related companies represent amounts due from (to) the members of the Shougang Group. The trade receivables/payables from (to) related companies are unsecured, interest-free and repayable within 60 days. As at 31 December 2009, the non-trade receivables included a consideration receivable arising from the disposal of the entire interest in Ultra Result Limited during the year ended 31 December 2008 and such amount was fully settled in March 2010. The remaining non-trade receivables/payables from (to) related companies are unsecured, interest-free and are repayable on demand.

The trade receivables from related companies and an aged analysis of such balances net of allowance of doubtful debts presented based on the invoice date at the end of the reporting period are as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 60 days	**734,527**	73,065
61 – 90 days	**1,198**	627,432
91 – 180 days	**1,104**	133
181 – 365 days	**7,601**	–
1 – 2 years	**5,542**	21,765
	749,972	722,395

The trade payables to related companies and an aged analysis of such balances are presented based on the invoice date at the end of the reporting period as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**694,076**	107,160
91 – 180 days	**8,276**	59,890
181 – 365 days	**836**	37,232
1 – 2 years	**18,541**	30,920
Over 2 years	**38,316**	36,710
	760,045	271,912

14. AMOUNT DUE FROM (TO) ULTIMATE HOLDING COMPANY OF A SHAREHOLDER

As at 31 December 2010 and 2009, the amount due from the ultimate holding company of a shareholder are non-trade in nature, unsecured, interest free and are repayable on demand.

The trade payables to the ultimate holding company of a shareholder are unsecured, interest-free and repayable within 60 days. The non-trade payables to the ultimate holding company of a shareholder are unsecured, interest-free and are repayable on demand.

The trade payables to the ultimate holding company of a shareholder and an aged analysis of such balance are presented based on the invoice date at the end of the reporting period as follows:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**1,074,108**	–
91 – 180 days	**–**	129
	1,074,108	129

15. TRADE AND BILL PAYABLES

The following is an aged analysis of trade and bill payables presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**2,456,267**	844,018
91 – 180 days	**447,981**	317,010
181 – 365 days	**57,217**	702
1 – 2 years	**1,551**	2,858
Over 2 years	**3,119**	919
	2,966,135	1,165,507

FINAL DIVIDEND

The Board recommends a final dividend of HK1 cent per share for the year ended 31 December 2010 (2009: Nil) payable to shareholders whose names appear on the register of members of the Company on Thursday, 19 May 2011. Subject to shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Thursday, 19 May 2011, the final dividend is expected to be paid on or about Monday, 13 June 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 18 May 2011 to Thursday, 19 May 2011 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Tuesday, 17 May 2011 for registration.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPANY OVERVIEW

Shougang Concord International Enterprises Company Limited ("Shougang Concord International") is a heavy plate manufacturing enterprise in the PRC with strategic interests in upstream and downstream assets. Currently, our operations are grouped under four segments: steel manufacturing, mineral exploration, steel and iron ore trading and shipping. In addition to our 24.4% shareholding in Hong Kong-listed Chinese hard coking coal producer Fushan International Energy Group Limited ("Fushan International"), we have strengthened our upstream interests by long term iron ore offtake agreements signed with Australia listed iron ore producer Mount Gibson Iron Limited ("Mt. Gibson") and by exploring local iron ore resources in Qinhuangdao City, Hebei, PRC, via our Qinhuangdao Shouqin Longhui Mining Co. Ltd ("Shouqin Longhui"). Together with our downstream steel processing centre, such vertical integration strategy enables us staying firm in such a macro environment.

PERFORMANCE OVERVIEW

In 2010, steel market has continued its recovery starting from the third quarter of previous year. Production and prices of steel have been gradually improving. On the other hand, raw material cost remained very strong due to healthy demand, these pressured margins of steel manufacturers throughout the year. Yielding from our across-the-value chain earning profiles, net profit attributable to shareholders of the Group amounted to HK$500 million, comparing to HK$72 million recorded in the previous year, up 6 times; our mineral exploration segment contributed HK$483 million in profit, comparing to profit of HK$122 million in previous year. The Group recorded a consolidated turnover of HK$15,850 million in 2010, representing an increase of 40% comparing with that of last year. Basic earnings per share was HK6.1 cents.

FINANCIAL REVIEW

Year ended 31 December 2010 compared to year ended 31 December 2009

Turnover and Cost of Sales

For the year under review, the Group recorded a consolidated turnover of HK$15,850 million, representing an increase of HK$4,493 million, or 40% over that of last year. Sales were higher via progressive commencement of our Shouqin Longhui from September 2009, reporting sales of HK$2,357 million, while our steel manufacturing segment also reported higher sales through improved demand and pricing.

Cost of sales for the current year was HK$14,998 million. It resulted in gross profit of HK$852 million in the current year, comparing to gross loss of HK$732 million in last year. All major segments have reported improved results, details of which are discussed in the ensuing sections below.

EBITDA and Core Operating Profit

In the current year, earnings before interest, tax, depreciation and amortization ("EBITDA") of the Group reached HK$1,597 million, while it was HK$1,269 million in the last year.

Profit after tax included certain significant non-cash and non-recurring charges and are shown below:

In HK$ million	**For the year ended 31 December**	
	2010	2009
	(audited)	(audited)
Profit attributable to shareholders	**500**	72
Fair value (gain) on iron ore offtake contract with Mt. Gibson	**(147)**	(69)
Employee share option expenses	**35**	59
Asset realization – Disposal of Mt. Gibson shares, net	**–**	(1,114)
Negative goodwill on acquisition of Fushan International shares, net of fair value movement of HK$171 million	**–**	(137)
Impairment loss of goodwill – Qinhuangdao Shougang Plate Mill Co., Ltd. ("Qinhuangdao Plate")	**–**	50
Fair value loss on share options	**–**	3
Core operating profit/(loss)	**388**	(1,136)

Finance costs

For the current year, finance costs amounted to HK$445 million, higher by about 13% from last year. The Group took advantage of the low interest environment by levering up for value-adding growth, net debt has grown to HK$9,719 million from HK$9,049 million in the last year.

Share of results of associates

This item includes the share of results of 24.4%-held Fushan International and 35.7%-held Shougang Concord Century Holdings Limited ("Shougang Century") whilst we have started to equity account for the results of Fushan International from 1 September 2009.

For this year, we have recognized profit contribution of HK$414 million and HK$62 million from Fushan International and Shougang Century respectively.

Taxation

For this year, we have provided HK$38 million in deferred tax assets for Qinhuangdao Shouqin Metal Materials Co., Ltd. ("Shouqin") and Qinhuangdao Plate, resulting in net tax credit as HK$34 million, while it was HK$143 million in expenses last year.

REVIEW OF OPERATIONS

Summary net profit contribution to the group by operation/entity

HK$'000

Operation/Entity	Attributable interest	For the year ended 31 December 2010 (audited)	2009 (audited)
1. Steel manufacturing			
Shouqin	76%	**(322,697)**	(904,821)
Qinhuangdao Plate	100%	**(125,646)**	(328,349)
Sub-total		**(448,343)**	(1,233,170)
2. Mineral exploration			
Fushan International	24.4%	**412,119**	169,451
Shouqin Longhui	67.8%	**70,943**	(47,851)
Sub-total		**483,062**	121,600
3. Steel and iron ore trading			
Shougang Steel Group	100%	**340,027**	45,515
4. Shipping operations			
Shougang Shipping Group	100%	**47,569**	31,228
5. Others			
Shougang Century	35.7%	**62,466**	42,838
Fair value gain on Mt. Gibson offtake contract	100%	**147,000**	69,056
Corporate	100%	**(132,205)**	(119,147)
Net profit on disposal of Mt. Gibson shares		**–**	1,113,747
Sub-total		**77,261**	1,106,494
Total		**499,576**	71,667

Steel manufacturing

The Group operates in this business segment through Shouqin and Qinhuangdao Plate, both of which are situated in Qinhuangdao city, Hebei, PRC. During the reporting year, although steel prices were generally higher than that of the preceding year, increases in raw material prices not only exceeded that of steel prices, the timing of such increases were sometimes quicker and sharper, affecting profitability of this segment. In the second half of the year, power cut initiation by the government also put significant pressure to productivity. This core segment recorded net loss of HK$448 million during the current year, while that of last year was net loss of HK$1,233 million. Summary of production and sales quantities of the two manufacturing plants in the current and last year under this segment is as follows:

In '000 mt.	**Slabs**		**Heavy Plates**	
For the year ended 31 December	**2010**	2009	**2010**	2009
(i) Production				
Shouqin	**2,394**	2,379	**1,313**	1,290
Qinhuangdao Plate	**–**	–	**639**	701
Total	**2,394**	2,379	**1,952**	1,991
Change		+1%		–2%
(ii) Sales				
Shouqin[#]	**927**	936	**1,283**	1,277
Qinhuangdao Plate	**–**	–	**576**	651
Total	**927**	936	**1,859**	1,928
Change		–1%		–4%

[#] substantially all the slabs sold by Shouqin are towards Qinhuangdao Plate and are eliminated on consolidation

Shouqin

The Group holds an effective interest of 76% in Shouqin (52% held by the Group directly and 24% through Qinhuangdao Plate), the remaining 20% and 4% are held by Hyundai Heavy Industries Company Limited and Shougang Corporation respectively.

With its state-of-the-art integrated production facilities, Shouqin seizes the industrialization and urbanization trend of China, now catering to booming industries, such as infrastructure, petrochemical, shipping and heavy machinery. Its 4300mm heavy plate production line, newly installed ultra thick slab caster and roughing mill give Shouqin an edge over other players in the industry. Currently, annual production capacities of slab and heavy plate have reached 3.6 million tonnes and 1.8 million tonnes respectively. For the current year, Shouqin reported a turnover of HK$9,932 million before elimination, recording a 15% rise on the comparative year. Reasons for such change are three-fold:

(i) Average realized selling price (net of VAT) of heavy plate was HK$5,048 (RmB 4,380), about 19% higher than that of last year; and

(ii) Average realized selling price (net of VAT) of steel slab was HK$4,030 (RmB 3,497), about 20% higher than that of the last year; partly offset by

(iii) The decrease in production of heavy plates in first half 2010, due to the installation of a new roughing mill (600,000mt. capacity) and an ultra-thick slab caster.

In order to meet customers' demand, a downstream processing centre, Qinhuangdao Shouqin Steels Machining and Delivery Co., Ltd. ("QSSM"), commenced operation in the first quarter of 2009. QSSM is mainly engaged in processing and pre-treatment of ship plates, heavy machinery engineering and structural steel. It is part of Shouqin's development towards a one-stop supplier for steel products. The current capacity in pre-treatment of plates is 150,000 tonnes per annum and it is still on ramping up stage. This entity recorded HK$493 million in turnover and an attributable loss of HK$2 million in current year.

For the year ended 31 December 2010, Shouqin recorded a gross profit of HK$130 million, comparing to gross loss of HK$611 million in last year, and thus contributed a net loss of HK$323 million to the Group.

Qinhuangdao Plate

As a well developed steel manufacturer, Qinhuangdao Plate recorded a turnover of HK$3,370 million before elimination for the year ended 31 December 2010, a rise of 12% comparing with that of last year. Lower sales volume was compensated by higher average selling price and improved profitability. Average realized selling price (net of VAT) was HK$4,714 (RmB 4,093), about 23% higher than that of last year. As a result, the Group's share of loss of Qinhuangdao Plate was HK$126 million, comparing to loss of HK$328 million last year.

In the near term, the profitability of both plants are squeezed under the high cost and overcapacity environment. However, for the medium term, upon gradual improvement of raw material pricing mechanism and steel plate supply-demand dynamics, the outlook remains positive.

Mineral exploration

Production and sale of coking coal

Fushan International is a 24.4% held associate of the Group and we have started to equity account for its financial results from 1 September 2009. It is the second largest hard coking coal producer in China, currently operating three premium coking coal mines in Shanxi, PRC with an annual production capacity of over 6 million tonnes. During the year, it produced 6.2 million tonnes of raw coal and 1.6 million tonnes of clean coal. Its consolidated turnover for the current year was HK$5,543 million, net profit attributable to shareholders was HK$1,803 million, a rise of 24% and 60% respectively over that of last year. Profit attributable to the Group was HK$414 million in this year.

The hike in coking coal price has helped drive profitability of Fushan International. For the longer term, solid margins are expected to be sustainable, given the demand from steel industry and rarity of quality coking coal. We expect this upstream business to provide a stable profit base for the Group in the foreseeable years.

Production of iron ore products

The Group holds an effective 68% interest in Shouqin Longhui which is situated in Qinhuangdao City, Hebei, PRC. Shouqin Longhui currently holds two magnetite iron ore mines together with its concentrating and pelletizing facilities. Iron ore fines concentrated from raw ores from the mines are used as feeds (shortfalls are currently satisfied by purchasing feeds from the market) for the pellet plant to produce the final product – iron ore pellets. The designed output of iron ore concentrate and pellet plant are 1 million tonnes and 2 million tonnes per annum respectively.

In the current year, Shouqin Longhui sold approximately 1.7 million tonnes of pellets. It recorded a turnover HK$2,357 million for the year with a net profit of HK$105 million, and the profit attributable to the group was about HK$71 million. Shouqin Longhui commenced operation progressively from September 2009, loss attributable to the group in the last year was HK$48 million.

Due to strong demand and bottleneck of supply, iron ore price has remained much stronger since middle of 2010. We believe this situation shall persist for the foreseeable future and profitability of Shouqin Longhui would improve further through production ramp up and the increase of self-produced iron ore concentrates.

Steel and iron ore trading

Shougang Concord Steel Holdings Limited and its subsidiaries ("Shougang Steel Group") reported a turnover of HK$3,593 million for the year ended 31 December 2010. Shougang Steel Group sold approximately 3.0 million tonnes of iron ore through long term offtake arrangements with Mt. Gibson starting from 1 July 2009. Trading of other steel products recorded a small gain. The resulting net gain was HK$340 million in the current year, comparing to HK$46 million in last year. With the strong raw material prices and growth in production of Mt. Gibson, we expect good profitability and iron ore trading volume will remain substantial.

Shipping operations

Shougang Concord Shipping Holdings Limited and its subsidiaries ("Shougang Shipping Group") mainly engage in time charter business of two capsized vessel, used as a hedge to our transportation cost. In the current year, it reported a net profit of HK$48 million, compared to a net profit of HK$31 million last year. Shipping market has improved in the first half of 2010, but dropped sharply in the second half, due to the excessive supply growth. While there is a short term imbalance of supply-demand, downside risk of shipping rate is limited in the longer term, due to higher scrapping, potential port congestion and growing China's seaborne market. Our operational strategy is to lease out the vessels on longer terms when rates are high and vice versa, serving as a hedge on shipping rates for imported raw materials.

Other business

Manufacture of steel cord for radial tyres; processing and trading of copper and brass products

Shougang Century, a 35.7% associate of the Group, recorded net profit of HK$200 million in current year, an increase of 17% as compared to that of last year. The Group's share of its net results was a profit of HK$62 million, comparing to share of profit of HK$55 million in the last year.

The sustained economic growth of China has helped automobile demand and hence the demand for quality steel cords for radial tires. Together with enhanced operational efficiency and enlarged production capacity, Shougang Century has seen growth in its revenue and profit, which should remain favorable in the coming years.

LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

We aim to diversify our funding sources through utilization of both banking and capital markets. To the extent possible, financing is arranged to match business characteristics and cash flows.

1. **Leverage**

The financial leverage of the Group as at 31 December 2010 as compared to 31 December 2009 is summarized below:

HK$ million	**31 December 2010**	31 December 2009
Total Debt		
– from banks	**10,734**	9,909
– from parent company	**969**	793
sub-total	**11,703**	10,702
Cash and bank deposits	**1,984**	1,653
Net debt	**9,719**	9,049
Total capital (Equity and debt)	**21,270**	19,283
Financial leverage		
– Net debt to total capital	**45.7%**	46.9%
– Net debt to total assets	**32.8%**	37.3%

2. **Currency and Interest Rate Risk**

The Company manages its financial risks in accordance with guidelines laid down by its Board of Directors. The treasury policy aims to manage the Group currency, interest rate and counterparty risks. Derivatives are only used primarily for managing such risks but not for speculative purposes. We also target to ensure that adequate financial resources are available for business growth.

The Group conducts its businesses mainly in Hong Kong and Mainland China, therefore it is subject to the foreign exchange fluctuations of HK Dollars, US Dollars and Renminbi. To minimize currency exposure, non Hong Kong Dollar assets are usually financed in the same currency as the asset or cash flow from it via borrowings. For the year ended 31 December 2010, approximately 78% of the Group's turnover was denominated in Renminbi. A mixture of fixed and floating rate borrowings are used in order to stabilize interest costs despite rate movements.

3. **Financing activities**

In April 2010, the Company entered into a loan arrangement for 3-year facilities at HK$350 million. The loan was drawn down in May 2010. In January 2011, the Company entered into a loan agreement for 3.5-year facilities at US$50 million. US$37.5 million of the loan has been drawn down to date.

MATERIAL ACQUISITIONS & DISPOSALS

There were no material acquisitions and disposals during 2010.

CAPITAL STRUCTURE

The Company did not issue any new shares during current year.

The issued share capital of the Company was HK$1,635 million (represented by 8,175 million ordinary shares).

EMPLOYEES AND REMUNERATION POLICIES

The Group has a total of approximately 4,200 employees as at 31 December 2010.

The remuneration policies of the Group are to ensure fairness and competitiveness of total remuneration in order to motivate and retain current employees as well as to attract potential ones. Remuneration packages are carefully structured to take into account local practices under various geographical locations in which the Group operates.

The remuneration packages of employees in Hong Kong include salary, discretionary bonuses, medical subsidies and a hospitalization scheme. All of the subsidiaries of the Group in Hong Kong provide pension schemes to the employees. The remuneration packages of employees in the PRC include salary, discretionary bonuses, medical subsidies and a welfare fund contribution as part of their staff benefits.

PROSPECTS

It has been another volatile year for the steel industry. High raw material cost, change in iron ore pricing mechanism, power cut initiation and the elimination of inefficient facilities, made 2010 a challenging yet important year for the industry.

High raw material cost and steel supply-demand gap have squeezed profitability of steel manufacturers. Steel prices have range-bounded since second half of 2010 and production growth has begun to slow down. This scenario is consistent with the fact that the transition from policy-driven explosive growth to steady growth of China, it is believed that the age of explosive expansion of the steel industry is over and the fragmented industry finds a good chance to speed up consolidation and eliminating inefficient capacities.

In the medium to long term, China's economic growth, strong fixed asset investment, together with the improvement of supply-demand dynamics are the engines driving the steel industry out of the current trough. It is expected that the demand for steel would steadily go up for years while profitability of steel manufacturers should bounce back subsequently. Our Group's vertical integration strategy has proved to be an advantageous one, enabling us staying firm in time of turbulence. We believe the worst is behind us and our comprehensive earning profile shall bear fruit with more attractive returns to our shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the year.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the financial year ended 31 December 2010, except for the following deviation:

– Under the first part of code provision E.1.2 of the Code, the chairman of the board should attend the annual general meeting and arrange for the chairmen of the audit, remuneration and nomination committees (as appropriate) or in the absence of the chairman of such committees, another member of the committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting.

  The Chairman of the Board did not attend the annual general meeting of the Company held on 8 June 2010 (the "Meeting") as he had another business engagement. The Managing Director of the Company, who took the chair of the Meeting, and other members of the Board together with majority of members of the Audit, Remuneration and Nomination Committees attended the Meeting. The Company considers that the members of the Board and the Audit, Remuneration and Nomination Committees who attended the Meeting were already of sufficient calibre and number for answering questions at the Meeting.

Details of the Company's compliance with the provisions of the Code during the year will be set out in the Corporate Governance Report in the Company's 2010 annual report.

APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the year.

By order of the Board
Li Shaofeng
Managing Director

Hong Kong, 29 March 2011

As at the date of this announcement, the Board comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Vice Chairman), Mr. Li Shaofeng (Managing Director), Mr. Zhang Wenhui (Deputy Managing Director), Mr. Chen Zhouping (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).