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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)

**INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

<b>HIGHLIGHTS</b>			
	<b>For the six months ended 30 June</b>		
	<b>2009</b>	<b>2008</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Operations</b>			
Revenue	<b>422,712</b>	426,809	<b>-0.96</b>
Gross profit	<b>48,352</b>	58,343	<b>-17.12</b>
Earnings before interest, tax, depreciation and amortization	<b>131,084</b>	72,252	<b>+81.43</b>
Profit for the period	<b>85,678</b>	30,658	<b>+179.46</b>
Earnings per share (basic) (cents)	<b>4.56</b>	1.67	<b>+173.05</b>
	<b>30 June</b>	<b>31 December</b>	
	<b>2009</b>	<b>2008</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	<b>change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Financial position</b>			
Total assets	<b>2,355,266</b>	2,095,651	<b>+12.39</b>
Shareholders' equity	<b>1,963,284</b>	1,835,845	<b>+6.94</b>
Net asset value per share	<b>HK\$1.03</b>	HK\$0.98	<b>+5.10</b>

The board of directors (the “Board”) of Shougang Concord Century Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2009. The interim results have been reviewed by the Company’s Audit Committee and its Auditors.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		<b>Six months ended</b>	
		<b>30 June</b>	
		<b>2009</b>	2008
		<b>(Unaudited)</b>	(Unaudited)
	<i>Notes</i>	<b>HK\$’000</b>	<i>HK\$’000</i>
Revenue	3	<b>422,712</b>	426,809
Cost of sales		<b>(374,360)</b>	(368,466)
		<hr/>	<hr/>
Gross profit		<b>48,352</b>	58,343
Investment income	4	<b>1,811</b>	6,125
Other income and gains	5	<b>92,324</b>	55,992
Other expense and losses	6	<b>(2,672)</b>	(16,539)
Distribution and selling expenses		<b>(7,327)</b>	(6,433)
Administrative expenses		<b>(30,459)</b>	(50,358)
Finance costs	7	<b>(1,240)</b>	(1,940)
Share of (loss) profit of a jointly controlled entity		<b>(1,461)</b>	1,021
		<hr/>	<hr/>
Profit before tax		<b>99,328</b>	46,211
Income tax expenses	8	<b>(13,650)</b>	(15,553)
		<hr/>	<hr/>
Profit for the period	9	<b>85,678</b>	30,658
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	10		
Basic		<b>HK4.56 cents</b>	HK1.67 cents
		<hr/> <hr/>	<hr/> <hr/>
Diluted		<b>HK4.53 cents</b>	HK1.63 cents
		<hr/> <hr/>	<hr/> <hr/>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*For the six months ended 30 June 2009*

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<b>85,678</b>	30,658
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<b>1,267</b>	79,553
Gain (loss) on fair value change of listed available-for-sale investments	<b>30,037</b>	(146,898)
Reversal of deferred tax liability of listed available-for-sale investments	–	25,487
Released from other comprehensive income in relation to disposal of listed available-for-sale investments	–	(56,657)
Reversal of deferred tax liability upon disposal of listed available-for-sale investments	–	5,604
Other comprehensive income for the period (net of tax)	<b>31,304</b>	(92,911)
Total comprehensive income for the period	<b>116,982</b>	(62,253)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

		30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties	12	18,398	18,396
Property, plant and equipment	12	1,121,864	843,007
Prepaid lease payments		108,574	31,974
Goodwill		41,672	41,672
Interests in a jointly controlled entity		–	26,186
Club memberships		719	719
Available-for-sale investments	13	59,255	29,218
Deposit paid for the acquisition of prepaid lease		–	13,040
		<b>1,350,482</b>	<b>1,004,212</b>
<b>Current assets</b>			
Inventories		133,717	233,095
Trade receivables	14	264,030	197,929
Bills receivable	14	260,901	172,865
Entrusted loan receivable		–	17,009
Prepayments, deposits and other receivables		37,529	64,549
Prepaid lease payments		4,483	1,333
Amounts due from related companies	15	492	949
Tax recoverable		1,388	1,388
Restricted bank deposits		49,009	3,000
Bank balances and cash		228,511	399,322
		<b>980,060</b>	<b>1,091,439</b>
Non-current assets classified as held for sale	16	24,724	–
		<b>1,004,784</b>	<b>1,091,439</b>
<b>Current liabilities</b>			
Trade payables	17	90,718	75,545
Other payables and accruals		94,244	53,742
Tax payable		16,828	5,622
Amount due to a jointly controlled entity		4,191	4,189
Derivative financial instrument		–	1,396
Bank borrowings – due within one year	18	149,995	55,877
		<b>355,976</b>	<b>196,371</b>
<b>Net current assets</b>		<b>648,808</b>	<b>895,068</b>
<b>Total assets less current liabilities</b>		<b>1,999,290</b>	<b>1,899,280</b>

		<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Bank borrowings – due after one year	18	<b>29,979</b>	59,854
Other payable		<b>1,541</b>	1,425
Deferred tax liabilities		<b>3,646</b>	1,316
		<u>35,166</u>	<u>62,595</u>
		<b><u>1,964,124</u></b>	<b><u>1,836,685</u></b>
<b>Capital and reserves</b>			
Share capital	19	<b>190,235</b>	186,774
Reserves		<b>1,773,049</b>	1,649,071
		<u>1,963,284</u>	<u>1,835,845</u>
Equity attributable to equity holders of the Company		<b>840</b>	840
Share option reserve of a subsidiary		<u>1,964,124</u>	<u>1,836,685</u>
		<b><u>1,964,124</u></b>	<b><u>1,836,685</u></b>

*Notes:*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008 except for as described below.

**Interests in jointly controlled entities**

The results and assets and liabilities of jointly controlled entities are incorporated in the condensed consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for under HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (see accounting policy on non-current assets held for sale below). The results and assets and liabilities of a jointly controlled entity using the equity method of accounting will be ceased upon the reclassification of interests in a jointly controlled entity into non-current assets held for sale.

**Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Non-current assets classified as held for sale are measured at the lower of the asset’s previous carrying amount and fair value less costs to sell.

**Inventories**

Effective from 1 January 2009, the Group adopts weighted average method to determine the cost for copper and brass products in preparing the condensed consolidated interim financial statements. Previously, cost was determined on the first-in, first-out basis. Weighted average costing method has been used as the directors of the Company consider that it will more appropriately reflect the fluctuations of purchase prices of the Group’s copper and brass products in recent years. The directors of the Company estimate that the change in accounting policy has an immaterial impact on the Group’s copper and brass products as at 30 June 2009 and the amounts reported in prior accounting periods. As such, a prior period/year adjustment as required by HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has not been incorporated in the condensed consolidated interim financial statements.

In the current interim period, the Group has applied, for the first time, a number of new and revised standards, amendments and interpretations (“new or revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2009.

HKAS 1 *Presentation of Financial Statements* (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 *Operating Segments* is a disclosure Standard. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 *Segment Reporting* (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied new and revised standards, amendments or interpretations that have been issued but are not yet effective. The adoption of HKFRS 3 *Business Combinations* (Revised 2008) may affect the Group’s accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 *Consolidated and Separate Financial Statements* (Revised 2008) will affect the accounting treatment for changes in the Group’s ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### **3. SEGMENT INFORMATION**

The Group has adopted HKFRS 8 with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”) in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (HKAS 14) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as starting point for the identification of such segments. The application of HKFRS 8 has resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

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

- i) The steel cord segment comprises the manufacturing of steel cords; and
- ii) The copper and brass products segment comprises the processing and trading of copper and brass products.

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

The following is an analysis of the Group's revenue and results by operating segment for the periods under review:

**For the six months ended 30 June 2009**

	<b>Steel cord (Unaudited) HK\$'000</b>	<b>Copper and brass products (Unaudited) HK\$'000</b>	<b>Consolidated (Unaudited) HK\$'000</b>
Segment revenue			
External customers	367,314	43,189	410,503
Inter-segment sales	–	1,756	1,756
	<u>367,314</u>	<u>44,945</u>	<u>412,259</u>
Total	<u><u>367,314</u></u>	<u><u>44,945</u></u>	<u><u>412,259</u></u>
Segment results	<u><u>115,000</u></u>	<u><u>(433)</u></u>	<u><u>114,567</u></u>

Inter-segment sales are charged at prevailing market rates.

**Reconciliation of revenue**

	<b>(Unaudited) HK\$'000</b>
Total revenues for reportable segments	412,259
Rental income and revenue for trading of pre-stressed concrete strands and wires	12,209
Elimination of inter-segment sales	(1,756)
	<u>422,712</u>
Group's revenue	<u><u>422,712</u></u>

**Reconciliation of reporting segment profit before tax**

	<b>(Unaudited) HK\$'000</b>
Total profit or loss for reportable segments	114,567
Other profit or loss arising from trading of pre-stressed concrete strands and wires and property investment	(1,724)
Unallocated amounts	
Unallocated income	4,220
Unallocated expenses	(15,034)
Unallocated finance costs	(1,240)
Share of loss of a jointly controlled entity	(1,461)
	<u>99,328</u>
Profit before tax	<u><u>99,328</u></u>

For the six months ended 30 June 2008

	Steel cord (Unaudited) <i>HK\$'000</i>	Copper and brass products (Unaudited) <i>HK\$'000</i>	Consolidated (Unaudited) <i>HK\$'000</i>
Segment revenue			
External customers	292,717	119,170	411,887
Inter-segment sales	–	97	97
	<u>292,717</u>	<u>119,267</u>	<u>411,984</u>
Total	<u>292,717</u>	<u>119,267</u>	<u>411,984</u>
Segment results	<u>38,519</u>	<u>5,230</u>	<u>43,749</u>

Inter-segment sales are charged at prevailing market rates.

**Reconciliation of revenue**

	(Unaudited) <i>HK\$'000</i>
Total revenues for reportable segments	411,984
Rental income and revenue for trading of pre-stressed concrete strands and wires	14,922
Elimination of inter-segment sales	(97)
	<u>426,809</u>
Group's revenue	<u>426,809</u>

**Reconciliation of reporting segment profit before tax**

	(Unaudited) <i>HK\$'000</i>
Total profit or loss for reportable segments	43,749
Other profit or loss arising from trading of pre-stressed concrete strands and wires and property investment	1,751
Unallocated amounts	
Unallocated income	6,147
Unallocated expenses	(57,715)
Unallocated finance costs	(1,940)
Gain on disposal of listed available-for-sale investments	53,198
Share of profit of a jointly controlled entity	1,021
	<u>46,211</u>
Profit before tax	<u>46,211</u>

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

#### 4. INVESTMENT INCOME

	Six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Interest income on bank deposits	1,220	4,284
Dividend income from listed available-for-sale investments	591	1,841
	<u>1,811</u>	<u>6,125</u>

#### 5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2009	2008
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Government grants ( <i>Note</i> )	89,732	–
Change in fair value of leveraged foreign exchange contract		
– realised gain	1,396	–
Commission income	999	–
Gain on disposal of listed available-for-sale investments ( <i>Note 13</i> )	–	53,198
Reversal of allowance for bad and doubtful debts	–	2,398
Others	197	396
	<u>92,324</u>	<u>55,992</u>

*Note:* The amount included an amount of approximately HK\$89,000,000 unconditional grant from the local government of Tengzhou City in the People's Republic of China (the "PRC"). The management considered the grant is a financial subsidy to the Group with no further related cost to be incurred.

The remaining amount of approximately HK\$1,000,000 unconditional grant was received from the local government as incentive in relation to the compliance with the environmental regulation in Jiaxing City in the PRC.

## 6. OTHER EXPENSE AND LOSSES

	Six months ended	
	30 June	
	2009	2008
(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	
Foreign exchange loss	2,636	16,335
Allowance for bad and doubtful debts	36	–
Change in fair value of derivative financial instrument	–	204
	<u>2,672</u>	<u>16,539</u>

## 7. FINANCE COSTS

	Six months ended	
	30 June	
	2009	2008
(Unaudited)	(Unaudited)	
HK\$'000	HK\$'000	
Interest expense on bank borrowings wholly repayable within five years	1,107	3,635
Other finance costs	133	731
	<u>1,240</u>	<u>4,366</u>
Total borrowing costs	1,240	4,366
Less: amounts capitalised	–	(2,426)
	<u>1,240</u>	<u>1,940</u>

## 8. INCOME TAX EXPENSES

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2009</b>	2008
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	<b>HK\$'000</b>
The charge comprises:		
Current tax:		
Hong Kong	–	709
PRC enterprise income tax	<b>16,985</b>	13,660
	<b>16,985</b>	14,369
Over provision in prior periods:		
PRC enterprise income tax	<b>(5,664)</b>	–
Deferred tax	<b>2,329</b>	1,184
Income tax expenses	<b>13,650</b>	15,553

No provision for Hong Kong profits tax has been made in the condensed consolidated financial statements for the six months ended 30 June 2009 as the Group has no assessable profit arising in Hong Kong. Hong Kong profits tax was calculated at 16.5% of the estimated assessable profits for the six months ended 30 June 2008.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the “New Law”) by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law (the “Implementation Regulation”). Under the New Law and Implementation Regulation, the Company’s major subsidiaries in the PRC are subject to a respective tax rate of 18%, 20%, 22%, 24% and 25% for the years ending 31 December 2008, 2009, 2010, 2011 and 2012 onwards, respectively. The tax rate for these subsidiaries was 20% (2008: 18%) for the six months ended 30 June 2009.

Pursuant to approval granted by Jiaxing Municipal office of State Administration of Taxation, a subsidiary of the Company can enjoy a tax credit of approximately RMB5,019,000 (equivalent to HK\$5,664,000) (2008: Nil) against its enterprise income tax for purchasing domestically made plant and machineries.

## 9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	29,324	23,511
Amortisation of prepaid lease payments (included in "Cost of sales")	1,192	590
Share of tax of a jointly controlled entity (included in "Share of (loss) profit of a jointly controlled entity")	204	278
Loss on disposal of property, plant and equipment	130	–
Share-based payment expenses	25	26,765
	<u>29,875</u>	<u>51,144</u>

## 10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Earnings</b>		
Profit for the period for the purposes of calculation of basic and diluted earnings per share	85,678	30,658
	<u>85,678</u>	<u>30,658</u>

	Six months ended 30 June	
	2009	2008
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	1,877,424,557	1,838,082,820
Effect of dilutive potential ordinary shares:		
Share options	11,949,754	37,826,575
	<u>11,949,754</u>	<u>37,826,575</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	1,889,374,311	1,875,909,395
	<u>1,889,374,311</u>	<u>1,875,909,395</u>

## 11. DIVIDENDS

	Six months ended 30 June	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
2007 final dividend of HK1 cent per share (2009: Nil)	—	18,849

No dividend was paid, declared or proposed during the reporting period, the directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2009.

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the period, the Group spent approximately HK\$296,759,000 (2008: HK\$114,670,000) on the construction of its new steel cord manufacturing plants in the PRC, in order to expand its production capacities. In addition, the Group also acquired approximately HK\$11,133,000 (2008: HK\$978,000) of other property, plant and equipment during the period.

At 30 June 2009, the directors of the Company considered the carrying amounts of the Group's leasehold land and buildings carried at revalued amounts and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the reporting date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

At 30 June 2009, the Group's investment properties are measured at fair value by the directors of the Company with reference to market evidence of transaction prices for similar properties in similar locations and conditions. No gains or losses arising from changes in the fair value have been recognised in profit or loss during the current period.

## 13. AVAILABLE-FOR-SALE INVESTMENTS

In 2007, Xinhua Metal Products Co., Ltd. ("Xinhua Metal"), an associate of the Group with its shares listed on the Shanghai Stock Exchange, announced a plan (the "Plan") to acquire the assets and business of its major shareholder, Xinyu Iron & Steel Co., Ltd. (新余鋼鐵有限責任公司). All necessary approvals were obtained on 22 October 2007 and the Plan became unconditional. Further to the completion of the Plan, Xinhua Metal changed its name to Xinyu Iron & Steel Co., Ltd. (新余鋼鐵股份有限公司) ("Xinyu Iron"). Since then, the representative of the Group could no longer participate in major financial and operating policy decision of Xinyu Iron, and accordingly, the Group considered that its significant influence in Xinyu Iron was lost. The Group had since then reclassified the investment in Xinyu Iron as available-for-sale investments.

During the six months ended 30 June 2008, the Group disposed 3,468,316 "A" shares of Xinyu Iron (2009: Nil). The net proceeds from the disposal in aggregate were approximately HK\$59,360,000, resulting a gain of approximately HK\$53,198,000.

At as 30 June 2009, available-for-sale investments represent the Group's investment in 8,678,641 "A" shares of Xinyu Iron, which are restricted for selling on the Shanghai Stock Exchange prior to 24 October 2009. The restricted A-shares of Xinyu Iron are not quoted on an active market, the directors of the Company estimate their fair value by reference to market prices and lack of marketability discount based on the put option method.

#### 14. TRADE RECEIVABLES/BILLS RECEIVABLE

The Group normally allows an average credit period of 30 to 90 days to its trade customers.

The following is an analysis of trade and bills receivables by age presented based on the invoice date:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
0 – 90 days	450,609	197,739
91 – 180 days	68,554	170,946
Over 180 days	5,768	2,109
	<u>524,931</u>	<u>370,794</u>

#### 15. AMOUNT DUE FROM RELATED COMPANIES

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
Amount due from subsidiaries of Shougang Concord Technology Holdings Limited (collectively "Shougang TECH Group") (Note)	<u>492</u>	<u>949</u>

*Note:* The amounts are trade in nature, unsecured and non-interest bearing. The Group normally allows credit periods of 60 to 90 days to Shougang TECH Group. The analysis of the amount due from Shougang TECH Group by age presented based on the invoice date, is as follows:

	<b>30 June 2009 (Unaudited) HK\$'000</b>	31 December 2008 (Audited) HK\$'000
0 – 90 days	378	377
91 – 180 days	16	572
Over 180 days	98	–
	<u>492</u>	<u>949</u>

## 16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

The Group has a 25% equity interest in a jointly controlled entity, Shanghai Shenjia Metal Products Co., Ltd. (“Shanghai Shenjia”). The management considered that all the criteria in HKFRS 5 for classification as held for sale have been met on 30 June 2009. The results of Shanghai Shenjia has been recognised by the Group up to 30 June 2009. The Group’s interest in Shanghai Shenjia as at 30 June 2009 is classified as non-current assets held for sale and is presented separately on the condensed consolidated statement of financial position.

On 8 July 2009, the Group entered into an equity interest transfer agreement in relation to sale of the Group’s entire 25% equity interest in Shanghai Shenjia to its substantial shareholder with 75% equity interest in Shanghai Shenjia for a consideration of RMB40,000,000 (approximately HK\$45,360,000).

The consideration of disposal exceed the carrying amount of the relevant asset, accordingly, no impairment loss has been recognised.

## 17. TRADE PAYABLES

The following is an analysis of trade payables by age presented based on the invoice date:

	<b>30 June 2009 (Unaudited) HK\$’000</b>	31 December 2008 (Audited) HK\$’000
0 – 90 days	87,930	72,466
91 – 180 days	202	2,033
Over 180 days	2,586	1,046
	<u>90,718</u>	<u>75,545</u>

## 18. BANK BORROWINGS

	<b>30 June 2009 (Unaudited) HK\$’000</b>	31 December 2008 (Audited) HK\$’000
Secured	101,621	25,976
Unsecured	78,353	89,755
	<u>179,974</u>	<u>115,731</u>

During the period, the Group obtained new bank borrowings of approximately HK\$105,544,000 (2008: HK\$95,892,000) and repaid bank borrowings of approximately HK\$41,854,000 (2008: HK\$229,665,000). These borrowings carry interest at market rates ranging from 1.00% to 4.39% per annum (2008: 2.90% to 6.75% per annum) and are repayable over a period of one to two years.

## 19. SHARE CAPITAL

Ordinary shares of HK\$0.10 each

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 1 January 2009 and 30 June 2009	5,000,000	500,000
Issued and fully paid:		
At 1 January 2009	1,867,737	186,774
Exercise of share options (34,608,000 ordinary shares of HK\$0.10 each)	34,608	3,461
At 30 June 2009	1,902,345	190,235

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The global financial turmoil originated at the fourth quarter of 2008 continued to have adverse impact on the worldwide economy in the first half year of 2009, external market demand remained sluggish in general. The Group was inevitably affected by the financial turmoil during the first quarter and incurred loss of approximately HK\$17,748,000 (excluding government grants and share of results of a jointly controlled entity which has been disposed in July 2009). However, with the implementation of the RMB4,000 billion economic stimulation program by the Central government, the economy of the Mainland China had shown signs of gradual stabilization since March. In the second quarter, with the increase in production capacity and sales of our steel cord segment, the Group was able to turnaround and achieved profit of HK\$29,050,000 (excluding government grants and share of results of a jointly controlled entity which has been disposed in July 2009), a significant improvement as compared to the first quarter of the year. The demand for our products, steel cords rebounded significantly during the second quarter. Benefited from the rising demand and increased production capacity of our steel cord manufacturing plants, the Group's sales of steel cords achieved a satisfactory growth for the reporting period.

Furthermore, the Group's steel cord segment received unconditional government grants totalling HK\$89,732,000 during the period, as encouragement for its business development and incentive for compliance with the relevant environmental regulation in the respective regions in the PRC. The government grants contributed a net profit of HK\$75,837,000 to the Group for the period after deducting the attributable enterprise income tax.

With respect to the copper and brass products segment, as its sales were still mainly related to the export market in the first half year, its business was deeply affected by the weak demand in the western countries. As a result, this segment recorded loss in the period.

### Manufacturing of steel cord for radial tyres (“Steel cord”)

During the first quarter of 2009, the Group’s Steel cord segment was still affected by the global weak economy since the fourth quarter of 2008 and hence, it incurred an operating loss in the first quarter. However, in the second quarter, the economy of the Mainland China began to stabilize since the implementation of the economic stimulation program by the Central Government that gave impetus to the automobile market and in turn steel cord industry, production and sales of steel cords progressively increased and the operating result of this segment showed great improvement and resumed to profitability. An overview of the operating performance of this segment in the first half year is as follows:

	1st quarter	2nd quarter	Change over the first quarter	For the first half year
	<i>Tonne</i>	<i>Tonne</i>	<i>%</i>	<i>Tonne</i>
Sales volume	9,073	14,933	+64.6	24,006
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>%</i>	<i>HK\$’000</i>
Revenue	139,499	227,815	+63.3	367,314
Gross profit	6,735	38,123	+466.0	44,858
Gross profit margin	4.8%	16.7%		12.2%
Operating profit (loss), excluding government grants	(1,762)	27,030	N/A	25,268

The Group’s Steel cord segment achieved a sales volume growth of 23.4% over the same period last year to 24,006 tonnes (2008: 19,448 tonnes) for the period. The growth in sales volume was mainly contributed by the progressive increase in sales during the second quarter of 2009. The analysis of sales volume during the period and the comparison with the same period last year is shown respectively as follows:

	For the six months ended 30 June				% change
	2009		2008		
	Sales volume ( <i>Tonne</i> )	% of total sales volume	Sales volume ( <i>Tonne</i> )	% of total sales volume	
Steel cord for:					
– truck tyres	17,534	73.1	14,082	72.4	+24.5
– passenger car tyres	5,913	24.6	5,115	26.3	+15.6
Others and steel wires	559	2.3	251	1.3	+122.7
Total	<u>24,006</u>	<u>100.0</u>	<u>19,448</u>	<u>100.0</u>	+23.4

The average selling price of steel cord was RMB13,522 per tonne for the period, which was similar to RMB13,587 per tonne for the same period last year, while the growth in sales volume contributed to the increase in revenue of this segment by 25.5% over the same period last year to HK\$367,314,000 (2008: HK\$292,717,000) for the period.

Although revenue increased, gross profit declined by 6.3% over the same period last year to HK\$44,858,000 (2008: HK\$47,870,000) for the period, which was primarily attributable to the higher cost of inventories brought forward from the end of 2008 and the low utilization of production capacity in the first quarter in light of the aftermath of the financial tsunami. Besides, costs were incurred by Tengzhou Eastern Steel Cord Co., Ltd. (“TESC”), our new company engaged in the manufacturing of steel cords, in the first half year, to prepare for the operation in the second half year. Gross profit margin was thus 12.2% for the period, dropped by 4.2 percentage points as compared to 16.4% for the same period last year. To tackle such difficulties, the management had adopted various measures, for instance, reducing costs of procurement of materials, enhancing the efficiency of production process and strengthening sales marketing. These effective measures caused an average gross profit margin to rebound from a low level of 4.8% in the first quarter to the same of 16.7% in the second quarter; which represented a slight improvement of 0.3 percentage point as compared to the same period last year.

During the period, Jiaxing Eastern Steel Cord Co., Ltd. (“JESC”) and TESC received unconditional grants totalling HK\$89,732,000 from the local government of Jiaxing City, Zhejiang and Tengzhou City, Shandong respectively.

Distribution and selling expenses increased by 32.5% over the same period last year to HK\$6,749,000 for the period, which was primarily attributable to the increase in revenue and our added effort in sales marketing partly to counter the adverse effect of the financial crisis but more importantly, to draw up market awareness on the new capacity of TESC.

Administrative expenses amounted to HK\$12,197,000 for the period, an increase of 53.3% over the same period last year, as initial operating costs were incurred by TESC. When TESC’s administrative expenses of approximately HK\$4,001,000 were excluded, administrative expenses of this segment would be HK\$8,196,000 for the period, slightly decreased by 0.6% as compared to the same period last year.

In summary, the strong performance in the second quarter and the receipt of government grants contributed to the significant increase in operating profit of this segment by 198.6% over the same period last year to HK\$115,000,000 (2008: HK\$38,519,000) for the period.

### Processing and trading of copper and brass products (“Copper and brass products”)

The operating performance of the Group’s Copper and brass products segment was deeply affected by the aftermath of the global financial turmoil and recorded an operating loss of HK\$433,000 in the first half year, vis-à-vis an operating profit of HK\$5,230,000 for the same period last year. However, this segment already showed great improvement when comparing the operating results on a quarterly basis. An overview of the operating performance of this segment in the first half year is as follows:

	<b>1st quarter</b>	<b>2nd quarter</b>	<b>Change over the first quarter</b>	<b>For the first half year</b>
	<i>Tonne</i>	<i>Tonne</i>	<i>%</i>	<i>Tonne</i>
Sales volume	437	773	+76.9	1,210
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>%</i>	<i>HK\$’000</i>
Revenue	14,704	30,241	+105.7	44,945
Gross profit (loss)	(2,366)	5,454	N/A	3,088
Gross profit (loss) margin	-16.1%	18.0%		6.9%
Operating profit (loss)	(4,056)	3,623	N/A	(433)

The contraction in demand caused the sales volume of this segment to decline by 36.1% over the same period last year to 1,210 tonnes (2008: 1,893 tonnes) for the period. The management had painstakingly developed the domestic sales business in the first half year, the percentage of domestic sales in the Mainland China therefore increased from 1.9% in the same period last year to 13.6% for the period, while the percentage of sales outside Mainland China dropped from 98.1% in the same period last year to 86.4% for the period.

In addition to the decrease in sales volume, average selling price also dropped following the decline in copper price as compared to that of the same period last year. The average London Metals Exchange (“LME”) 3-month copper price was US\$4,018 per tonne for the period, representing a drop of 47.5% as compared to US\$7,648 per tonne for the same period last year. In line with the decline in LME 3-month copper price, average selling price dropped by 41.0% over the same period last year to HK\$37,145 (2008: HK\$63,004) per tonne for the period. Because of the decline in sales volume and average selling price, revenue for the period significantly decreased by 62.3% over the same period last year to HK\$44,945,000 (2008: HK\$119,267,000) for the period.

As a result of the substantial decrease in revenue, gross profit declined by 64.4% from HK\$8,662,000 in the same period last year to HK\$3,088,000 for the period. Gross profit margin was 6.9% for the period, a slight decrease of 0.4 percentage point as compared to 7.3% for the same period last year.

## FINANCIAL REVIEW

The Group recorded profit of HK\$85,678,000 for the period, increased by 179.5% as compared to HK\$30,658,000 for the same period last year.

When comparing the business performance of the Group on quarterly basis, it has significant improvement in the second quarter against those in the first quarter. The related comparison is as follows:

	1st quarter <i>HK\$'000</i>	2nd quarter <i>HK\$'000</i>	Change over the first quarter %	For the first half year <i>HK\$'000</i>
Revenue	154,501	268,211	+73.6	422,712
Gross profit	4,641	43,711	+841.8	48,352
Gross profit margin	3.0%	16.3%		11.4%
Net profit (loss), excluding government grants and share of results of a jointly controlled entity which has been disposed of in July 2009	(17,748)	29,050	N/A	11,302

### Revenue

Revenue of the Group amounted to HK\$422,712,000 for the period, slightly decreased by 1.0% as compared to that of the same period last year. The breakdown of revenue by business segments is as follows:

	For the six months ended 30 June				% change
	2009		2008		
	<i>HK\$'000</i>	% of total revenue	<i>HK\$'000</i>	% of total revenue	
Steel cord	367,314	86.9	292,717	68.6	+25.5
Copper and brass products	44,945	10.6	119,267	27.9	-62.3
Sub-total	412,259	97.5	411,984	96.5	+0.1
Elimination of inter-segment sales	(1,756)	(0.4)	(97)	-	+1710.3
Other operations ( <i>Note</i> )	12,209	2.9	14,922	3.5	-18.2
Total	422,712	100.0	426,809	100.0	-1.0

*Note:* Mainly comprises trading of pre-stressed concrete strands and wires and investments in properties and securities.

## Gross profit

Gross profit of the Group decreased by 17.1% over the same period last year to HK\$48,352,000 for the period. Gross profit margin was 11.4% for the period, a drop of 2.3 percentage points as compared to 13.7% for the same period last year. The breakdown of gross profit by business segments is as follows:

	For the six months ended 30 June		2008		% change
	2009	Gross profit margin (%)	2008	Gross profit margin (%)	
	HK\$'000		HK\$'000		
Steel cord	44,858	12.2	47,870	16.4	-6.3
Copper and brass products	3,088	6.9	8,662	7.3	-64.4
Sub-total	47,946	N/A	56,532	N/A	-15.2
Other operations	406	3.3	1,811	12.1	-77.6
Total	48,352	11.4	58,343	13.7	-17.1

## Investment income

Investment income amounted to HK\$1,811,000 for the period, significantly decreased by 70.4% as compared to HK\$6,125,000 for the same period last year. Both interest income from bank deposits and dividend income from listed investments reduced as the Group's surplus funds had been utilized for the development plan of TESC since the fourth quarter of 2008.

## Other income and gains, and other expense and losses

The net amount of other income and gains, and other expense and losses of the Group was HK\$89,652,000 for the period, increased by 127.2% as compared to the net amount of the same of HK\$39,453,000 for the same period last year. The breakdown is as follows:

	For the six months ended 30 June		% change
	2009	2008	
	HK\$'000	HK\$'000	
Government grants	89,732	-	N/A
Gain on disposal of listed available-for-sale investments	-	53,198	-100.0
Change in fair value of derivative financial instruments	1,396	(204)	N/A
Foreign exchange loss	(2,636)	(16,335)	-83.9
(Provision for) reversal of allowance for bad and doubtful debts, net	(36)	2,398	N/A
Others	1,196	396	+202.0
Total	89,652	39,453	+127.2

### Distribution and selling expenses

These expenses increased by 13.9% over the same period last year to HK\$7,327,000 (2008: HK\$6,433,000), owing to the increase in transportation expenses as the sales revenue of Steel cord segment increased by 25.5% over the same period last year.

### Administrative expenses

Administrative expenses of the Group amounted to HK\$30,459,000 for the period, decreased by 39.5% as compared to HK\$50,358,000 for the same period last year. When the share-based payment expenses in relation to the previous grant of certain share options of HK\$25,000 (2008: HK\$23,285,000) were excluded, administrative expenses would be HK\$30,434,000, an increase of 12.4% as compared to HK\$27,073,000 for the same period last year, as additional costs were incurred by TESC in respect of its development plan during the period.

### Segment results

Profit from the Group's business segments amounted to HK\$114,567,000 for the period, representing an increase of 161.9% as compared to HK\$43,749,000 for the same period last year. The breakdown of the results by business segments is as follows:

	For the six months ended 30 June		
	2009	2008	
	HK\$'000	HK\$'000	% change
Steel cord	115,000	38,519	+198.6
Copper and brass products	(433)	5,230	N/A
Total	<u>114,567</u>	<u>43,749</u>	+161.9

### Finance costs

The Group's finance costs dropped by 36.1% over the same period last year to HK\$1,240,000 (2008: HK\$1,940,000) for the period, as the average bank borrowings reduced significantly as compared to that of the same period last year.

### **Share of result of a jointly controlled entity**

The revenue of Shanghai Shenjia amounted to HK\$196,622,000 for the period, decreased by 36.7% as compared to HK\$310,704,000 for the same period last year. Affected by the higher cost of inventories brought forward from the end of 2008 and decreased selling price, its gross profit substantially dropped by 63.4% as compared to the same period last year to HK\$18,963,000 (2008: HK\$51,820,000) for the period. Gross profit margin therefore declined from 16.7% in the same period last year to 9.6% for the period. Attributable to the sharp decrease in gross profit, Shanghai Shenjia recorded a net loss of HK\$5,842,000 for the period, whereas it has a net profit of HK\$4,084,000 for the same period last year. The Group shared a loss of HK\$1,461,000 for the period, as opposed to share of profit of HK\$1,021,000 for the same period last year.

No further share of loss is anticipated in the second half year as the Company has disposed of the entire equity interest in Shanghai Shenjia, details as disclosed in ‘**DISPOSAL OF INTEREST IN A JOINTLY CONTROLLED ENTITY**’ section below.

### **Income tax expenses**

Income tax expenses of the Group amounted to HK\$13,650,000 for the period, decreased by 12.2% as compared to HK\$15,553,000 for the same period last year.

### **DISPOSAL OF INTEREST IN A JOINTLY CONTROLLED ENTITY**

The Company announced on 8 July 2009 that Everlite Century Limited (“Everlite”), an indirect wholly owned subsidiary of the Company, entered into an agreement with the substantial shareholder of Shanghai Shenjia, in which Everlite agreed to dispose of the entire 25% equity interest in Shanghai Shenjia for a consideration of RMB40,000,000 (equivalent to approximately HK\$45,360,000).

As Shanghai provincial government has implemented structural adjustment programme in accordance with relevant statutory requirements for energy conservation and emissions reduction policy, Shanghai Shenjia therefore was required to cease operating its production line and relocate its plant. The relocation would incur a considerable amount of expenses to Shanghai Shenjia and the Board anticipated that Shanghai Shenjia would not be able to continue to make contribution to the Group in the next few years. In view of the uncertain and billowy future of Shanghai Shenjia, the Board believed that it was in the interest of the Group to dispose of the entire equity interest in Shanghai Shenjia.

## SHARE CAPITAL, LIQUIDITY AND FINANCIAL RESOURCES

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can continue to maintain a sustainable growth and providing a long-term reasonable return to its shareholders. It is imperative to maintain the debt and equity ratio of the Group at a secure and manageable level.

During the period, 34,608,000 share options were exercised and therefore the same number of new shares was issued accordingly. The issued share capital of the Company then increased from 1,867,736,556 shares at 31 December 2008 to 1,902,344,556 shares at 30 June 2009. In addition to the proceeds from the issue of new shares, the increase in fair value of the Group's listed available-for-sale investments also contributed to the increase in net assets of the Group from HK\$1,836,685,000 at 31 December 2008 to HK\$1,964,124,000 at 30 June 2009. Net asset value was HK\$1.03 per share at 30 June 2009, increased by 5.1% as compared to HK\$0.98 at 31 December 2008.

The Group's bank balances and cash (including restricted bank deposits) amounted to HK\$277,520,000 at 30 June 2009, lowered by 31.0% as compared to HK\$402,322,000 at 31 December 2008. Bank borrowings of the Group increased from HK\$115,731,000 at 31 December 2008 to HK\$179,974,000 at 30 June 2009. Net cash position was lower as funds were utilized for the capacity expansion plan of the Group's Steel cord segment during the period.

As at 30 June 2009, HK\$85,084,000 of bank borrowings were variable-rate borrowings, while HK\$94,890,000 of bank borrowings were collared at rate ranging from 1.00% to 2.26% per annum. The nature and maturity profile of the Group's bank borrowings as at 30 June 2009 were as follows:

	<i>HK\$'000</i>
Due within one year or on demand:	
– Trust receipt loans	11,355
– Bank advances for discounted bills	15,881
– Short term bank loans and current portion of medium term loan	122,759
	<hr/>
Sub-total	149,995
Portion of medium term loan due in the second year	29,979
	<hr/>
Total	<u>179,974</u>

Despite the reduced cash holdings, the Group still maintained a net cash position at 30 June 2009. The current ratio of the Group was 2.8 times at 30 June 2009, as compared to 5.6 times at 31 December 2008.

## FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

The Group's sources of revenue are principally denominated in Renminbi ("RMB") and Hong Kong dollar ("HKD"), while purchases and payments are in RMB, HKD and United States dollar ("USD"). Besides, the Group also made payments in Euro ("EUR") and Pound Sterling ("GBP") during the period to acquire plant and machineries for the Group's Steel cord business expansion plan. Bank borrowings on these currencies were raised to finance such payments, taking advantage of their lower interest rates as compared to borrowings in RMB. The currency mix of the bank borrowings of the Group at 30 June 2009 was as follows:

	<b>30 June 2009</b>	31 December 2008
	%	%
HKD	<b>63.3</b>	84.7
RMB	<b>10.1</b>	15.3
USD	<b>3.2</b>	–
EUR	<b>18.5</b>	–
GBP	<b>4.9</b>	–
	<hr/>	<hr/>
Total	<b>100.0</b>	100.0
	<hr/> <hr/>	<hr/> <hr/>

The majority of the Group's bank borrowings at 30 June 2009 remained to be denominated in HKD as its borrowing rate was relatively lower than those of the RMB, where the major source of the Group's revenue is in RMB. For the borrowings in EUR and GBP, the exchange rate at the loan repayment date had already been fixed with the lending bank, so the exchange rate exposure in respect of these foreign currency borrowings had been minimized.

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

## BUSINESS DEVELOPMENT PLAN AND CAPITAL COMMITMENTS

### Steel cord

The construction of the new steel cord production plant with production capacity of 100,000 tonnes per annum by TESC had proceeded according to schedule. The first phase with 30,000 tonnes of production capacity per annum is expected to be completed by the end of 2009. Therefore, by the end of this year, the Group's Steel cord segment will have total production capacity of approximately 100,000 tonnes per annum. Capital expenditures incurred in the first half year amounted to approximately HK\$377,688,000. The capital expenditures to be incurred in the second half year is estimated to be approximately HK\$275,981,000, which will be financed by the Group's internal resources and bank borrowings.

## **EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP**

At 30 June 2009, the Group had a total of 1,482 employees located in Hong Kong and the PRC. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. In addition to salary payments, other employee benefits include medical subsidies, hospitalization scheme and a defined contribution provident fund, Mandatory Provident Fund Scheme and other retirement scheme or other similar defined contribution provident fund stipulated by the State Regulations of the PRC which provided retirement benefits to employees in Hong Kong and the PRC respectively. The Group's contributions to these schemes are charged against profits as they are incurred. The amount charged to the consolidated income statement for the period amounted to approximately HK\$2,438,000. 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 of the Company 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), grant share options to any eligible participant to subscribe for shares in the capital of the Company for the purpose of providing incentives or rewards to him/her for contribution to the Group. The Scheme will remain in force for a period of ten years from the date of its adoption. During the period, no share options were granted, while a total of 34,608,000 share options to subscribe for shares of the Company and 9,152,000 share options were exercised and cancelled respectively.

## **PLEDGE OF ASSETS**

As at 30 June 2009, the following assets had been pledged to the Group's bankers for banking facilities granted to the Group:

1. Leasehold land and buildings with net book value of HK\$6,554,000; and
2. Bank deposits amounting to HK\$3,000,000.

## **BUSINESS OUTLOOK**

During the period, the Group had accomplished the production plans and operation targets in its Steel cord segment. Our new steel cord manufacturing plant, TESC's brass coated wire production line had started operation on 8 June 2009 and its final products production line had also commenced trial runs on 6 August 2009. The management is pleased to see that customer base is broadened for both JESC and TESC in view of the added capacity. In addition to the development of new customers, our old customers had started placing further orders in the second quarter of 2009, after they withheld their orders for the first quarter to wait for the recovery of economy.

In the second half of the year, the Group will continue to strive for integration of resources, improving skill of techniques and technologies, controlling the production costs and enhancing our leading position in steel cord industry. It is the goal of the Group to construct a 200,000 tonnes class tyre cord manufacturing concern by 2011.

In respect of the Copper and brass products segment, the Group will emphasize on domestic sales market to overcome the difficulties of the substantial drop in overseas demand with the aim to develop new revenue driver for the Group.

The Group is dedicated to achieving solid growth. Although there are still have challenges arising from the weak global economy, we will continue to implement our scheduled strategy on our core business, steel cord manufacturing and take cautious measures to weather any challenge ahead.

With our dedication and continuous upward trend of sales volume of our core products, steel cords, it is anticipated that the Group's operating results and performance will further improve in the second half year of 2009 as compared to the first six months of the year. We will also try to explore any other potential opportunity, for instance other metal products business, in order to achieve greater return to our shareholders for their continual support.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2009 (2008: HK1 cent per share).

## **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 six months ended 30 June 2009.

## **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 Shougang Concord Century Holdings Limited Code on Corporate Governance (the “SCCHL Corporate Governance Code”) and the Control Manual, which will be amended and revised in order to enhance the effectiveness of the corporate governance practices and the internal control system, and also to be in line with the relevant amendments to the law, rules and regulations.

In the opinion of the Board, the Company has complied with the principles and code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules and the SCCHL Corporate Governance Code throughout the six months ended 30 June 2009.

## **APPRECIATION**

The Board would like to thank all the staff of the Group for their loyalty and diligence, and shareholders, investors and business partners for their continuous support.

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

Hong Kong, 7 September 2009

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

*Mr. Cao Zhong (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Tong Yihui (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Geert Johan Roelens (Executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Law, Yui Lun (Independent Non-executive Director) and Mr. Chan Chung Chun (Independent Non-executive Director).*

*This interim results announcement is published on the websites of the Company at <http://www.shougangcentury.com.hk> and The Stock Exchange of Hong Kong Limited at <http://www.hkexnews.hk>. The Interim Report 2009 will be despatched to shareholders and made available on the above websites in due course.*