



SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

首長寶佳集團有限公司

(Incorporated in Hong Kong with limited liability)

FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 1999

The board of directors of Shougang Concord Century Holdings Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December, 1999 as follows:

Notes	1999 HK\$'000	1998 HK\$'000
TURNOVER		
Continuing operations	227,122	964,700
Discontinued and discontinuing operations	41,698	51,917
	268,820	1,016,617
Cost of sales	(245,009)	(968,961)
	23,811	47,656
Other revenue	8,234	20,737
Distribution costs	(2,143)	(5,545)
Administrative expenses	(51,014)	(68,880)
Other operating expenses	(45,734)	(127,002)
LOSS FROM OPERATING ACTIVITIES	(66,846)	(133,034)
Finance costs	(17,312)	(28,517)
LOSS BEFORE TAX	(80,941)	(155,292)
Continuing operations	(80,941)	(155,292)
Discontinued and discontinuing operations	(3,217)	(6,259)
	(84,158)	(161,551)
Share of profits less losses of jointly controlled entities		
Continuing operations	10,657	5,483
Discontinued operations	-	(49,909)
	10,657	(44,426)
Share of profits less losses of associates	3,261	(1,236)
LOSS BEFORE TAX	(70,240)	(207,213)
Tax	2	799
	(69,441)	(205,703)
LOSS BEFORE MINORITY INTERESTS	(69,441)	(205,703)
Minority interests	3,825	8,980
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(65,616)	(196,723)
LOSS PER SHARE - BASIC	(HK\$0.57cents)	(HK\$2.7 cents)

Notes:

- DISCONTINUED AND DISCONTINUING OPERATIONS**
 - On 20th January, 1999, in view of the loss of a major customer, the prolonged economic recession and a contraction of the retail business in Hong Kong, the directors decided to terminate the Group's children's wear manufacturing and trading business in Hong Kong. The termination process was completed in September, 1999. The financial effects of these operations on the current and prior years' consolidated profit and loss account have been separately disclosed as discontinued operations.
 - During the year, the Group had three jointly controlled entities (the "Entities") engaged in ferroalloy processing and manufacturing activities in the People's Republic of China (the "PRC") (collectively the "Business"). The directors consider that the continued over-capacity situation and decrease in demand for ferroalloy products in the PRC will have a profound and significant impact on the Business. The situation will be further aggravated by the PRC's entry into the World Trade Organisation in the near future, which is expected to intensify competition. The outlook for the Business therefore remains gloomy and there is no sign of recovery for the time being. As such, the directors cautiously reassessed the Group's strategy in respect of its investments in the Entities and decided to discontinue the Group's financial and operating involvement in the entire line of the Business effective from 3rd May, 1999.

The directors are of the opinion that the discontinuance of the Business is for and in the best interests of the Group. The financial effects arising from the Business to the current and prior years' consolidated profit and loss account have been separately disclosed as discontinued operations.
 - On 10th December, 1999, in view of the gloomy prospects of the electrical wires and accessories processing business due to intense price competition, the directors decided to discontinue the Group's business segment of electrical wires and accessories processing through disposal. The directors are of the opinion that the Group is able to streamline its business and improve its financial health through the disposal. The disposal was approved by the Company's shareholders at an extraordinary general meeting held on 10th January, 2000 and was completed on 14th January, 2000. The financial effects of these operations on the current and prior years' consolidated profit and loss account have been separately disclosed as discontinuing operations.
- TAX**

	1999 HK\$'000	1998 HK\$'000
Group:		
- Hong Kong		
Provision for the year	432	677
Overprovision in prior years	(3,707)	(19)
Deferred tax	(441)	-
- Mainland China		
Provision for the year	443	277
Under/(over) provision in prior years	1,040	(3,972)
	(2,233)	(3,037)
Jointly controlled entities:		
Mainland China	968	836
Associate:		
Mainland China	466	691
	(799)	(1,510)

Hong Kong profits tax has been provided at the rate of 16% (1998: 16%) on the estimated assessable profits arising in Hong Kong during the year. The income tax in Mainland China is calculated at the applicable tax rates on the estimated assessable profits for the year based on existing legislation, interpretation and practices in respect thereof. In accordance with the relevant tax rules and regulations in Mainland China, certain of the Company's jointly controlled entities in Mainland China enjoy income tax exemptions and reductions.
- LOSS PER SHARE**
The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders of HK\$65,616,000 (1998: HK\$196,723,000) and the weighted average of 765,372,000 shares (1998: 765,500,784 shares) in issue during the year.
Diluted loss per share is not presented as there were no dilutive potential ordinary shares outstanding during the years ended 31st December, 1999 and 1998.
- CHANGE IN ACCOUNTING POLICY**
The policy for accounting for deferred pre-operating expenses which, in prior years were capitalised and amortised over periods not exceeding ten years on a straight-line basis, beginning when the related production commenced, was changed during the year ended 31st December, 1999. These deferred pre-operating expenses are now recognised as expenses in the period in which they are incurred. In restating the financial statements for 1998 on the basis of the new policy, the net loss from ordinary activities attributable to shareholders for the year ended 31st December, 1998 decreased by HK\$1,406,000.

BUSINESS REVIEW

Group Results

During the year 1999, the Group reported a turnover of approximately HK\$268.8 million, a decrease of 73.6% over last year, which was mainly due to a substantial decrease in credit facilities for our core trading businesses.

The Group's loss for the year under review was reduced from HK\$196.7 million reported in previous year to HK\$65.6 million as a result of our vigorous cost cutting measures, the substantial reduction in the provision for doubtful debts and permanent diminution in value in long-term investment recorded last year.

During the year, the finance costs of the Group decreased by 39% to HK\$17.3 million as the Group has been able to repay a large amount of the bank borrowings and the considerable interest costs was reduced.

Principal Businesses

Trading of Metallic Ores and Metals

During the year under review, the Group's turnover from this business decreased from HK\$336.7 million reported in 1998 to HK\$40.7 million. This

business reported an operating loss of approximately HK\$7.9 million (inclusive of deficit in revaluation of fixed assets of HK\$3.6 million) when compared to that of HK\$58.6 million reported in 1998. Many of the factories engaged in the processing and manufacturing of ferroalloys in the People's Republic of China (the "PRC") were still suffered from severe financial difficulties, we have therefore adopted a very cautious approach to avoid the occurrence of further bad debts, turnover decreased as a result. On the other hand, the unavailability of documentary credit still hindered the development of this business.

Trading of Copper and Brass Products

The copper business suffered an operating loss of approximately HK\$18 million (including HK\$4.1 million loss arising from the disposal of a subsidiary and HK\$8.2 million in deficit in revaluation of fixed assets) when compared to an operating loss of HK\$55.8 million for the year ended 31st December, 1998. This business still suffered from the shortage of banking facilities. During the year under review, this business recorded a turnover of HK\$31.7 million, representing a substantial decrease of 89% over last year.

During the year, the Group has acquired a further 40% in a non-wholly-owned subsidiary which is engaged in trading of this business. Following the completion of this acquisition, we are confident that we can consolidate its management control and reduce its operating cost. As a result, we expect its performance can be improved for the year 2000.

Trading of Industrial Chemical Products

The Group's turnover from this business reported HK\$78.5 million in 1999 (1998: HK\$229.5 million). The turnover dropped significantly as a result of the credit squeeze during the year under review. This business recorded an operating profit of approximately HK\$2.1 million as compared to HK\$4 million for the year ended 31st December, 1998.

Processing of Electrical Wires and Accessories

The turnover of this business generated to the Group in 1999 was HK\$36.7 million, a slight increase of 1.4% compared to that of the corresponding period in 1998. This business recorded an operating loss of approximately HK\$4.5 million for the year ended 31st December, 1999.

The directors are in the opinion that the prospect of the companies which engaged in this kind of business would not have substantial improvement as the electrical wire processing business remains as a buyer's market which will continue to be affected by intense competition on prices. Hence, the Group has exercised a disposal of the entire equity interest in those companies in January 2000.

Manufacturing of Steel Cord

This business recorded a turnover of HK\$66.5 million for the year ended 31st December, 1999, representing a decrease of 14.9%. It reported an operating loss of HK\$10.8 million as compared to an operating profit of HK\$860,000 for the corresponding period last year, as a result of the provision of HK\$10.5 million made for doubtful and bad debts and obsolete stock during the year. Although competition remains intense, we exerted discernible effort to raise the technical standard, improve the consistency of its product quality and strengthen sales to increase market share for the purpose of restoring the profitability of this business.

Jointly Controlled Entity's and Associate's Business

We shared a net profit before tax of HK\$10.6 million, representing an increase of 62% over the corresponding period last year from Shanghai Shenjia Metal Products Company Limited ("Shanghai Shenjia"). As regards Xinhua Metal Products Company Limited, we shared a net profit before tax of HK\$3.3 million from it as compared to that of HK\$2.4 million in 1998.

In March 2000, we have entered into an agreement to dispose of 26% of the equity interest in Shanghai Shenjia. We believe that it is in the interest of the Group to reduce its percentage ownership in the equity interest of Shanghai Shenjia, which is not an entity entirely controlled by the Group. It is intention of the Directors to divert financial resources generated from this disposal to other core businesses rather than Shanghai Shenjia for the reasons of stringent market conditions in this kind of business and the anticipated necessity of further enormous capital commitment in Shanghai Shenjia.

BUSINESS OUTLOOK

Following a year of consolidation exercise, our resources are being utilized in a more effective and efficient way. Our cash flow position is also significantly improved resulting from the various asset disposals. The Group's gearing ratio as at 31st December, 1999 was reduced to approximately 33% as compared to that of 63% at 31st December, 1998. To further improve the financial position of the Group, it will continue to dispose of the non-core business and assets, inaugurate cost-cutting measures, concentrate its financial resources to develop its core businesses, such as manufacturing of steel cord and trading of copper and brass products, and invest strategically in other relatively high growth opportunities that would offer the Group with better results.

As mentioned beforehand, we are facing credit squeeze in 1999. However, in view of more optimistic atmosphere in the financial market in 2000, we believe that we can look for various fund raising alternatives to meet the Group's future working capital and financing requirements.

The economy of Hong Kong has steadily recovered in 1999. The anticipated admittance of the PRC into the World Trade Organisation is expected to have a positive impact on our core businesses as a result of stimulating demand of steel cords and other materials for industrial usage. After PRC's further opening of its market, Hong Kong will also benefit from its position as a gateway to the PRC. In the long run, the external trading market will recover. Accordingly, we expect that the Group's trading business could enjoy a boost from the increasing economic activities in the near future.

DIVIDEND

The directors do not recommend the payment of final dividend in respect of the year ended 31st December, 1999 (1998: Nil).

YEAR 2000 COMPLIANCE

The Group disclosed its progress in ensuring Year 2000 compliance and relevant details in connection therewith in its 1999 interim report. On 29th November, 1999, the Company also announced that it had achieved Year 2000 compliance.

The total expenditure to achieve Year 2000 readiness was HK\$118,000 during the year ended 31st December, 1999. All such expenditure has been capitalized as fixed assets in the financial statements. To date, the Group has not experienced any Year 2000 related problems, nor has it received any report on such problems from any of its major customers and suppliers.

However, the Group will continue to monitor the Year 2000 issue as its related problems may persist during this year so as to ensure that the Group can take prompt and appropriate measures to deal with a Year 2000 problem, should one arise.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited, the Company set up an Audit Committee (the "Committee") on 30th December, 1998. The Committee comprises two independent non-executive directors. The Committee had its first meeting on 3rd September, 1999 and met its second meeting on 27th April, 2000. During these meetings, the Committee discussed with the Financial Controller and the representative of the external auditors, Ernst & Young, the management reporting system, internal control system and the financial position of the Group. The Committee also reviewed the interim and final results of the Group before their submission to the board of directors.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

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

CODE OF BEST PRACTICE

In the opinion of the board of directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited throughout the year, except in relation to guideline 7, where the non-executive directors of the Company are not appointed for specific terms. Non-executive directors are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's articles of association.

APPRECIATION

I would like to thank Mr. Ye Ruiling for his past contribution to the Group, the board of directors and all the Group's employees for their hard work throughout the year and for their continuing support and dedication.

By order of the Board
Su Genqiang
Chairman

Hong Kong, 4th May, 2000

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shougang Concord Century Holdings Limited (the "Company") will be held at Coral Room I, 3/F., Furama Hotel Hong Kong, 1 Connaught Road Central, Hong Kong on Tuesday, 27th June, 2000 at 10:20 a.m. for the following purposes:

AS ORDINARY BUSINESS

- To receive the report of the directors and the audited accounts for the year ended 31st December, 1999.
- To re-elect the retiring directors.
- To re-appoint Ernst & Young as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the board of directors to fix their remuneration.

AS SPECIAL BUSINESS

- To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:
"That:
(a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;
(b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and
(d) for the purpose of this resolution:
"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
(i) the conclusion of the next annual general meeting of the Company;
(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
(iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.
"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any territories outside Hong Kong)."

- To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:
A. "That:
(a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited, and that the exercise by the directors of all the powers of the Company to repurchase such shares subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and it is hereby generally and unconditionally approved;
(b) in addition, the approval in paragraph (a) above shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors;
(c) the aggregate nominal amount of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) shall be limited accordingly; and
(d) for the purpose of this resolution:
"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:
(i) the conclusion of the next annual general meeting of the Company;
(ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
(iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting."

- "That conditional upon the passing of Ordinary Resolution 5A above, the aggregate nominal amount of the shares in the Company which are repurchased by the Company pursuant to and in accordance with the said Ordinary Resolution 5A shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to and in accordance with Ordinary Resolution 4 above."

By Order of the Board
Chan Lai Yee
Company Secretary

Hong Kong, 4th May, 2000

Notes:

- A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Forms of proxy must be lodged at the Company's registered office at 6/F., First Pacific Bank Centre, 51-57 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting.
- With respect to Resolution 2, Messrs. Cao Qirui, Chang Sin Tuan and Lai Kam Man will retire from office at the above meeting, pursuant to the articles of association of the Company and being eligible, Messrs. Chang Sin Tuan and Lai Kam Man will offer themselves for re-election. However, Mr. Cao Qirui will not offer himself for re-election.
- Regarding Resolution 5A above, a circular containing a summary of the more important provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") relating to the repurchase of securities on the Stock Exchange will be despatched to the shareholders together with the annual report containing this notice.