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 2007

FINANCIAL HIGHLIGHTS

– Consolidated revenue for 2007 was HK$11.48 billion, an increase of 77.5% over that of 2006

– Profit attributable to equity holders of the Company for 2007 was HK$1.40 billion, an increase of 5.3 times over that of 2006

– Basic and diluted earnings per share was HK22.1 cents and 21.1 cents respectively

– The Board has proposed payment of a final dividend of HK4 cents per share, up 0.9 times from last year and a special dividend of HK4 cents 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 2007 with comparative figures for the year ended 31 December 2006. These final results have been reviewed by the Audit Committee of the Company.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Continuing operations			
Revenue	3	**11,407,570**	6,381,328
Cost of sales		**(9,099,228)**	(5,527,481)
Gross profit		**2,308,342**	853,847
Other income and gains	4	**352,398**	101,184
Distribution costs		**(176,540)**	(115,336)
Administrative expenses		**(542,457)**	(315,277)
Finance costs	5	**(358,083)**	(260,780)
Share of profit of an associate		**23,282**	20,974
Gain on disposal of partial interest in a subsidiary		**103,710**	–
Gain (loss) on deemed disposal of partial interest in an associate		**5,166**	(4,582)
Profit before taxation		**1,715,818**	280,030
Income tax expense	6	**(35,127)**	(26,613)
Profit for the year from continuing operations		**1,680,691**	253,417
Discontinued operation			
(Loss) profit for the year from discontinued operation	7	**(7,872)**	2,347
Profit for the year	8	**1,672,819**	255,764
Attributable to:			
Equity holders of the parent		**1,404,196**	221,618
Minority interests		**268,623**	34,146
		1,672,819	255,764
Dividends recognised as distribution during the year	9		
Final dividend of HK2.1 cents (2006: HK0.6 cent) per ordinary share		**123,162**	35,185
Earnings per share	10		
From continuing and discontinued operations:			
– Basic		**22.12 HKcents**	3.88 HKcents
– Diluted		**21.10 HKcents**	3.75 HKcents
From continuing operations:			
– Basic		**22.24 HKcents**	3.84 HKcents
– Diluted		**21.22 HKcents**	3.71 HKcents

CONSOLIDATED BALANCE SHEET
At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
NON-CURRENT ASSETS			
Investment properties		**32,217**	35,660
Property, plant and equipment		**7,818,140**	6,911,247
Prepaid lease rentals		**354,243**	275,535
Intangible assets		**77**	472
Goodwill		**283,122**	292,170
Interest in an associate		**310,368**	215,022
Available-for-sale investments		**467,573**	–
Deposits for acquisition of property, plant and equipment		**319,774**	174,620
		9,585,514	7,904,726
CURRENT ASSETS			
Amounts due from customers for contract work		**–**	186
Inventories		**1,299,129**	847,013
Trade and bill receivables	*11*	**845,043**	375,192
Prepayments, deposits and other receivables		**359,709**	81,137
Prepaid lease rentals		**9,431**	8,976
Tax recoverable		**8,778**	4,936
Amounts due from related companies		**679,893**	177,979
Amount due from a minority shareholder of a subsidiary		**3,204**	2,990
Amount due from ultimate holding company of controlling shareholder		**269,570**	1,703
Other financial assets		**177,654**	–
Restricted deposits		**68,779**	116,277
Pledged deposits		**–**	10,123
Bank balances and cash		**3,256,837**	1,728,222
		6,978,027	3,354,734
CURRENT LIABILITIES			
Amounts due to customers for contract work		**–**	562
Trade and bill payables	*12*	**954,829**	523,834
Other payables and accrued liabilities		**1,597,538**	884,821
Tax payable		**16,233**	2,825
Amounts due to related companies		**546,797**	633,165
Amount due to ultimate holding company of controlling shareholder		**209,281**	56,676
Obligation under a finance lease – due within one year		**–**	267
Bank borrowings – due within one year		**3,194,900**	3,021,425
Other financial liabilities		**13,949**	91
Loans from ultimate holding company of controlling shareholder		**1,070,663**	785,750
		7,604,190	5,909,416

	Notes	2007 HK$'000	2006 HK$'000
NET CURRENT LIABILITIES		**(626,163)**	(2,554,682)
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,959,351**	5,350,044
NON-CURRENT LIABILITIES			
Banking borrowings – due after one year		**965,044**	1,555,781
Other payables		**–**	149,268
Deferred tax liabilities		**50,374**	44,153
Loans from ultimate holding company of controlling shareholder		**–**	338,814
		1,015,418	2,088,016
		7,943,933	3,262,028
CAPITAL AND RESERVES			
Share capital		**1,400,639**	1,172,811
Share premium and reserves		**5,414,092**	1,770,783
Equity attributable to equity holders of the parent		**6,814,731**	2,943,594
Minority interests		**1,129,202**	318,434
		7,943,933	3,262,028

NOTES:

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Group had net current liabilities of approximately HK$626,163,000 at 31 December 2007. Notwithstanding, the Directors are of the opinion that the preparation of these financial statements under a going concern basis is appropriate because new banking facilities have been obtained.

In November 2007, a subsidiary of the Company entered into a facility agreement with a bank and RMB1,500 million (equivalent to approximately HK$1,608 million) loan facility was granted. As at 31 December 2007, RMB1,100 million (equivalent to approximately HK$1,179 million) loan facility has not yet been utilised. In February 2008, the Company entered into another facility agreement with a number of banks and a long-term loan facility of US$320 million (equivalent to approximately HK$2,496 million) was made available by those banks to the Company. The Company is able to utilise these banking facilities to meet in full its financial obligations as and when they arise and to continue its operations in the foreseeable future.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a new standard, an amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certificate Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The adoption of these new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions[3]
HK(IFRIC)-Int 12	Service Concession Arranagements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[5]
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and financial position of the Group.

3. REVENUE AND BUSINESS AND GEOGRAPHICAL SEGMENTS

Revenue arising from sales of steel products, electricity, steam and hot water, installation of kitchen and laundry equipment, leasing income, charter hire income and management services income during the year, for both continuing and discontinued operations, is as follows:

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Sale of steel products	**10,550,620**	5,725,078
Vessel chartering and floating craves leasing income	**373,773**	229,137
Electricity, steam and hot water generation income	**481,179**	424,641
Management services income	**1,998**	2,472
	11,407,570	6,381,328
Discontinued operation		
Revenue from manufacturing and installation of kitchen and laundry equipment	**70,330**	86,159
Total	**11,477,900**	6,467,487

(a) Business segments

For management purposes, the Group is currently organised into the following divisions. These divisions are the basis on which the Group reports its primary segment information:

Steel manufacturing	–	manufacture and sale of steel products;
Shipping operations	–	vessel chartering and the leasing of floating cranes;
Electricity generation	–	generation of electricity, steam and hot water;
Steel trading	–	trading of steel products;
Kitchen and laundry equipment	–	manufacture and installation of kitchen and laundry equipment; and
Others	–	management services business.

During the year, the segment of kitchen and laundry equipment was disposed. Details of the discontinued operation are set out in note 7.

Segment information about these businesses is presented below:

INCOME STATEMENT
For the year ended 31 December 2007

	Continuing operations							Discontinued operation	
	Steel manufacturing	Shipping operations	Electricity generation	Steel trading	Others	Elimination	Total	Kitchen and laundry equipment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
External customers	9,108,887	373,773	481,179	1,441,733	1,998	–	11,407,570	70,330	11,477,900
Inter-segment sales	813,576	–	–	–	1,500	(815,076)	–	–	–
Total	9,922,463	373,773	481,179	1,441,733	3,498	(815,076)	11,407,570	70,330	11,477,900
Segment results	1,441,131	218,773	86,949	29,846	3,498	–	1,780,197	(296)	1,779,901
Unallocated other income							283,243	(29)	283,214
Unallocated corporate expenses							(121,697)	–	(121,697)
Finance costs							(358,083)	(16)	(358,099)
Share of profit of an associate	23,282	–	–	–	–	–	23,282	–	23,282
Gain on disposal of partial interest in a subsidiary	103,710	–	–	–	–	–	103,710	–	103,710
Gain on deemed disposal of partial interest in an associate	5,166	–	–	–	–	–	5,166	–	5,166
Profit (loss) before taxation							1,715,818	(341)	1,715,477
Income tax expense							(35,127)	(478)	(35,605)
Loss on disposal of subsidiaries							–	(7,053)	(7,053)
Profit (loss) for the year							1,680,691	(7,872)	1,672,819

For the year ended 31 December 2006

	Continuing operations							Discontinued operation	
	Steel manufacturing	Shipping operations	Electricity generation	Steel trading	Others	Elimination	Total	Kitchen and laundry equipment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue									
External customers	4,509,069	229,137	424,641	1,216,009	2,472	–	6,381,328	86,159	6,467,487
Inter-segment sales	933,250	–	–	–	1,560	(934,810)	–	–	–
Total	5,442,319	229,137	424,641	1,216,009	4,032	(934,810)	6,381,328	86,159	6,467,487
Segment results	335,589	77,530	74,973	12,589	4,123	–	504,804	(1,890)	502,914
Unallocated other income							68,921	516	69,437
Unallocated corporate expenses							(49,307)	–	(49,307)
Finance costs							(260,780)	(32)	(260,812)
Share of profit of an associate	20,974	–	–	–	–	–	20,974	–	20,974
Discount on acquisition of additional equity interest in a subsidiary	–	–	–	–	–	–	–	3,780	3,780
Loss on deemed disposal of partial interest in an associate	(4,582)	–	–	–	–	–	(4,582)	–	(4,582)
Profit before taxation							280,030	2,374	282,404
Income tax expense							(26,613)	(27)	(26,640)
Profit for the year							253,417	2,347	255,764

(b) Geographical segments

The Group's operations are located in the PRC including Hong Kong.

The following table provides an analysis of the Group's revenue by geographical market based on location of customer, irrespective of the origin of the goods or services:

	Revenue	
	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
PRC, excluding Hong Kong	**9,069,822**	5,045,404
Hong Kong	**1,523,400**	254,313
Others	**814,348**	1,081,611
	11,407,570	6,381,328
Discontinued operation		
PRC, excluding Hong Kong	**60,084**	61,347
Hong Kong	**10,246**	24,812
	70,330	86,159
Total	**11,477,900**	6,467,487

4. OTHER INCOME AND GAINS

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Change in fair value of investment properties	**3,033**	4,358
Compensation income	**217**	153
Interest income on bank deposits	**93,942**	52,010
Recovery of bad and doubtful debt	**16,264**	–
Refund of value added tax	**5,610**	4,276
Scrap sales income	**3,604**	15,458
Sundry income	**23,709**	7,974
Tax refund on reinvestment of dividends to subsidiaries	**20,029**	15,137
Exchange gain	**18,005**	–
Change in fair value of option to subscribe for shares of a listed company in Australia	**150,409**	–
Realised gain on derivative financial instruments	**5,285**	–
Change in fair value of derivative financial instruments	**12,291**	1,818
	352,398	101,184
Discontinued operation	**164**	969
Total	**352,562**	102,153

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank and other borrowings wholly repayable within five years	**351,657**	299,597
Cost of arrangement of bank borrowings	**10,151**	4,524
Total borrowing costs	**361,808**	304,121
Less: amounts capitalised	**(3,725)**	(43,341)
	358,083	260,780
Discontinued operation		
Interest on finance leases	**16**	32
Total	**358,099**	260,812

Borrowing costs capitalised during the year arose from the general borrowing pool and are calculated by applying a capitalisation rate at 6.57% (2006: 5.58% to 6.12%) per annum to expenditure on qualifying assets.

6. INCOME TAX EXPENSE

	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax:						
Hong Kong	**492**	–	**–**	–	**492**	–
PRC Enterprise Income Tax	**33,124**	21,190	**482**	27	**33,606**	21,217
Other jurisdictions	**–**	23	**–**	–	**–**	23
Under(over) provision in prior years:						
Hong Kong	**–**	991	**–**	–	**–**	991
PRC Enterprise Income Tax	**189**	–	**(4)**	–	**185**	–
	33,805	22,204	**478**	27	**34,283**	22,231
Deferred tax:						
Current year	**(2,114)**	(1,487)	**–**	–	**(2,114)**	(1,487)
Attributable to a change in tax rate	**3,436**	5,896	**–**	–	**3,436**	5,896
Income tax expense	**35,127**	26,613	**478**	27	**35,605**	26,640

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year ended 31 December 2007.

No provision for Hong Kong Profits Tax had been made for the year ended 31 December 2006 as the group companies which were subject to Hong Kong Profits Tax either incurred tax losses for that year or have tax losses brought forward to set off against assessable profit for that year.

Pursuant to Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises, Qinhuangdao Shougang Plate Mill Co., Ltd. ("Qinhuangdao Plate Mill"), a principal subsidiary of the Company operating in Economic and Technology Development Zone of the PRC, is entitled to a preferential income tax rate of 24%. In addition, Qinhuangdao Plate Mill is subject to a local income tax rate of 3%. Pursuant to an approval granted by the local tax bureau in December 2006, Qinhuangdao Plate Mill is entitled to a reduction of income tax rate to 14% for 2006, 11% for 2007 and 17% for the years from 2008 to 2010.

Shouqin and certain other subsidiaries of the Company operating in the PRC are eligible for certain tax holidays and concessions in respect of PRC income tax and are exempted from PRC income taxes for the two years commencing from their first profit making year of operation and thereafter, these PRC subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years. The PRC income tax charges are arrived at after taking into account these tax incentives.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law on Enterprise Income Tax (the “New Law”) by Order No. 63 issued by the Tenth National People's Congress. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate to 25%. The New Law provides a five-year transition period from 1 January 2008 for those subsidiaries which were established before the promulgation date of the New Law and which are entitled to a preferential lower tax rate under the effective tax laws or regulations and hence the 25% tax rate will only be applicable to certain subsidiaries after the expiry of tax holidays and concessions. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the underlying asset is realised or the liability is settled.

7. DISCONTINUED OPERATION

On 27 June 2007, the Group entered into a sale agreement to dispose of Radnor Limited and its subsidiaries, which carried out all of the Group's kitchen and laundry equipment operations. The disposal was completed on 27 June 2007, on which date control of Radnor Limited and its subsidiaries passed to the acquirer.

The (loss) profit for the period/year from the discontinued operation is analysed as follows:

	1 January 2007 to 27 June 2007 *HK$'000*	1 January 2006 to 31 December 2006 *HK$'000*
(Loss) profit of kitchen and laundry equipment operation for the period/year	**(819)**	2,347
Loss on disposal of kitchen and laundry equipment operation	**(7,053)**	–
(Loss) profit of kitchen and laundry equipment operation for the period/year attributable to the Group	**(7,872)**	2,347

The results of the kitchen and laundry equipment operation were as follows:

	1 January 2007 to 27 June 2007 *HK$'000*	1 January 2006 to 31 December 2006 *HK$'000*
Revenue	**70,330**	86,159
Cost of sales	**(65,450)**	(76,932)
Other income	**164**	969
Distribution costs	**(1,119)**	(2,209)
Administrative expenses	**(4,250)**	(9,361)
Finance costs	**(16)**	(32)
Discount on acquisition of additional equity interest in a subsidiary	**–**	3,780
(Loss) profit before tax	**(341)**	2,374
Income tax expense	**(478)**	(27)
(Loss) profit for the period/year	**(819)**	2,347

The net assets of Radnor Limited and its subsidiaries at the date of disposal were HK$10,698,000.

8. PROFIT FOR THE YEAR

	Continuing operations		Discontinued operation		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit for the year has been arrived at after charging (crediting):						
Staff costs, including Directors' emoluments						
– basic salaries and allowances	**260,193**	175,837	**3,733**	4,979	**263,926**	180,816
– retirement benefits scheme contributions	**32,209**	23,220	**59**	241	**32,268**	23,461
– share-based payments	**59,726**	–	**–**	–	**59,726**	–
	352,128	199,057	**3,792**	5,220	**355,920**	204,277
Amortisation of intangible assets (included in administrative expenses)	**414**	556	**–**	–	**414**	556
Depreciation of property, plant and equipment	**438,821**	248,461	**328**	577	**439,149**	249,038
Total depreciation and amortisation	**439,235**	249,017	**328**	577	**439,563**	249,594
Auditors' remuneration	**2,795**	2,092	**121**	223	**2,916**	2,315
Cost of inventories recognised as expenses	**8,951,769**	5,381,935	**63,197**	76,432	**9,014,966**	5,458,367
Loss (gain) on disposal of property, plant and equipment	**3,059**	1,227	**7**	(45)	**3,066**	1,182
Minimum lease payments under operating leases in respect of land and buildings	**3,167**	3,438	**5**	5	**3,172**	3,443
Amortisation of prepaid lease rentals	**9,118**	9,131	**51**	105	**9,169**	9,236
(Reversal of) allowance for inventories	**(13,324)**	981	**2,718**	20	**(10,606)**	1,001
Rental income from investment properties under operating leases, less outgoings of HK$124,000 (2006: HK$120,000)	**495**	1,408	**–**	–	**495**	1,408
(Reversal of) allowance for bad and doubtful debt	**(16,264)**	(1,791)	**24**	3,022	**(16,240)**	1,231
Exchange gain (loss), net	**(18,005)**	487	**91**	(169)	**(17,914)**	318

During the year ended 31 December 2007, there was significant increase in net realisable value of finished goods because the market price of certain finished goods increased. As a result, a reversal of allowance for inventories of HK$13,324,000 (2006: HK$10,902,000) had been recognised in cost of sales in that year.

9. DIVIIDENDS

	2007	2006
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
Final – HK2.1 cents (2006: HK0.6 cent) per share	**123,162**	35,185

The final dividend of HK4 cents (2006: HK2.1 cents) per share and special dividend of HK4 cents per share have been proposed by the Directors and are subject to approval by shareholders at the forthcoming annual general meeting of the Company.

The proposed dividends for 2007 are payable to all shareholders whose names appear on the register of members on 6 June 2008.

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to equity holders of the Company)	**1,404,196**	221,618
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of an associate based on dilution of its earnings per share	**(1,548)**	(1,147)
Earnings for the purpose of diluted earnings per share	**1,402,648**	220,471

	2007	2006
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**6,349,475,407**	5,713,517,484
Effect of dilutive potential ordinary shares on share options	**297,559,030**	166,773,490
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**6,647,034,437**	5,880,290,974

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data:

	2007	2006
	HK$'000	*HK$'000*
Earnings figures are calculated as follow:		
Profit for the year attributable to equity holders of the parent	**1,404,196**	221,618
Add: Loss (profit) from discontinued operation	**7,872**	(2,347)
Earnings for the purpose of basic earnings per share from continuing operations	**1,412,068**	219,271
Effect of dilutive potential ordinary shares:		
Adjustment to the share of profit of an associate based on dilution of its earnings per share	**(1,548)**	(1,147)
Earnings for the purpose of diluted earnings per share from continuing operations	**1,410,520**	218,124

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic loss per share from discontinued operation is HK0.12 cent per share (2006: basic earnings per share from discontinued operation is HK0.04 cent per share) and diluted loss per share from the discontinued operation is HK0.12 cent per share (2006: diluted earnings per share from discontinued operation is HK0.04 cent per share), based on the loss for the period from the discontinued operation of HK$7,872,000 (2006: profit for the year from the discontinued operation of HK$2,347,000) and the denominators detailed above for both basic and diluted earnings per share.

11. TRADE AND BILL RECEIVABLES

For most customers, in particular in steel manufacturing segment, the Group requires a certain level of deposit 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 allowance for doubtful debts at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Within 60 days	**720,504**	219,150
61-90 days	**3,336**	56,428
91-180 days	**121,160**	94,873
181-365 days	**43**	4,741
	845,043	375,192

12. TRADE AND BILL PAYABLES

The following is an aged analysis of trade and bill payables at the balance sheet date:

	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**806,873**	492,690
91-180 days	**136,819**	14,362
181-365 days	**6,652**	5,649
1-2 years	**2,236**	7,602
Over 2 years	**2,249**	3,531
	954,829	523,834

DIVIDENDS

The Board recommends a final dividend of HK$0.04 per share (2006: HK$0.021 per share) and a special dividend of HK$0.04 per share (2006: Nil) for the year ended 31 December 2007 payable to shareholders whose names appear on the register of members of the Company on Friday, 6 June 2008. Subject to shareholders' approval of the proposed final and special dividends at the Company's annual general meeting to be held on Friday, 6 June 2008, the final and special dividends are expected to be paid on Tuesday, 17 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 5 June 2008 to Friday, 6 June 2008 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final and special dividends, 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, for registration not later than 4:00 p.m. on Wednesday, 4 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

This year under review marks Shougang Concord International's Steel manufacturing segment new heights in production and sales volume as well as its superior full-year results.

For the year ended 31 December 2007, the Group recorded a consolidated turnover of HK$11,477.9 million[1], representing a sharp increase of 77.5% over that of the last year. Through higher sales volume and selling prices in the steel manufacturing segment, the Group has recorded net profit attributable to shareholders at HK$1,404.2 million[1], representing an increase of over 5.3 times when comparing to that of last year. Basic and diluted earnings per share were HK22.1 cents and HK21.1 cents respectively.

1. Significant growth in production scale and profitability of Steel manufacturing segment

The successful implementation of heavy plate hot rolling facility of Qinhuangdao Shouqin Metal Materials Co., Ltd. ("Shouqin") in April 2007 means significant expansion of the Group's scale of production. During the year, steel manufacturing segment of the Group has produced in total 2.07 million mt of steel plates and 2.43 million mt of steel slabs, representing a rise of 1.5 times and 25.0% respectively over that of last year. Through tight supply in heavy plates, unit selling price has continued to rise, resulting in a 6.3 times increase in profit contribution by this segment over that of last year.

Note 1: These amounts include turnover and profit attributable to shareholders contributed by kitchen and laundry equipment division, which is presented as discontinued operation in accordance with HKFRS5. The respective amounts of the discontinued operation are separately disclosed in the analysis of turnover and profit.

2. Investment in upstream assets

In order to secure upstream resource assets of the Group, Shougang Concord International has put in A$28 million (HK$186.8 million) in exchange of approximately 6.4% equity interest in Australasian Resources Limited ("ARH"), a Australian-listed company in June 2007. The purpose of which is to support ARH's feasibility studies into an iron ore mine in Pilbara Region of Western Australia. Such a move has given us an opportunity to work more closely with ARH in order to secure iron ore resources.

3. Encouraging performance of shipping segment

In 2007 the dry bulk market soared, resulting in significant increase in hire income of the Group's two vessels under time charter. Shipping segment has recorded respective increase of 63% and 1.9 times in turnover and net profit when comparing to that of last year.

FINANCIAL REVIEW

Year ended 31 December 2007 compared to year ended 31 December 2006

Turnover and Cost of Sales

For the year under review, the Group recorded a consolidated turnover of HK$11,477.9 million as compared to HK$6,467.5 million last year, rising by HK$5,010.4 million, or 77.5%. The increase is principally due to higher sales of Shouqin's heavy plates since reaching design capacity in April 2007, its turnover has jumped by HK$3,502.0 million when comparing to that in 2006. Sales of Qinhuangdao Shougang Plate Mill Co., Ltd. ("Qinhuangdao Plate Mill") also rose.

Cost of sales in the current year was HK$9,164.7 million as compared to HK$5,604.4 million last year, representing an increase of HK$3,560.3 million, or 63.5%. The resulting gross profit margin was 20.2% in the current year, improved from 13.3% last year, principally due to higher gross margin of 14.8% of steel manufacturing segment, while that of shipping segment has risen from 36.5% to 60.6%, and continued lower contribution by steel trading segment with an overall gross profit margin of about 2.1%, making the overall figure much higher.

EBITDA and Core Operating Profit

In the year under review, earnings before interest, tax, depreciation and amortization ("EBITDA") of the Group reached HK$2,515.3 million, which has increased by nearly 2.1 times when comparing to HK$802.0 million last year. EBITDA margin increased from 12.4% last year to 21.9% this year. On the other hand, profit after tax of the year includes gain on disposal of 20% equity interest in Shouqin at HK$92.0 million, gain on fair valuation of ARH options at HK$150.4 million, employee share option expenses at HK$59.7 million and loss on disposal of kitchen and laundry equipment segment at HK$7.0 million, core operating profit of the Group after taking out these items amounted to HK$1,228.5 million.

Finance cost

In the current year, finance cost increased to HK$358.1 million, comparing to HK$260.8 million last year, or 37.3%. Apart from rising interest rates, the increase was attributable to the fact that most interest expenses flow into profit and loss instead of being capitalized with Shouqin's completion in construction. All the debts in the company level have been repaid in September 2007, alleviating interest outlays.

REVIEW OF OPERATIONS

Manufacture and Sale of Steel Products

The Group operates in this business segment through a wholly-owned subsidiary Qinhuangdao Plate Mill and 76%-owned Shouqin since February 2007 (2006: 96%). This segment has contributed 79% of the Group's turnover (2006: 70%). China has continued to record high growth in 2007 with a 11.9% increase in GDP. China has also been enjoying booming shipbuilding, petrochemical and other heavy industries, especially that demand of specialized types of heavy plates such as ship plates, pipeline steel and bridge plates has far outstripped supply. Domestic production cannot satisfy the current demand, sustaining increase in selling price of such products. Summary of production and sales quantities of the two manufacturing plants under this segment is as follows:

In '000 mt.	**Slabs**		**Heavy Plates**	
	2007	2006	**2007**	2006
(i) Production				
Shouqin	**2,425**	1,939	**1,218**	26*
Qinhuangdao Plate Mill	**–**	–	**854**	803
Total	**2,425**	1,939	**2,072**	829
(ii) Sales				
Shouqin	**1,310**	1,852	**1,076**	10*
Qinhuangdao Plate Mill	**–**	–	**812**	761
Total	**1,310**	1,852	**1,888**	771

* *Trial production only*

Shouqin

Shouqin is an integrated facility encompassing the entire process from iron, steel, slab to plate with world's leading production lines. Hyundai Heavy, world's largest shipbuilder, has already owned 20% equity interest in it. The plant has an annual production capacity of 1.80 million tonnes in high value-adding heavy plates, with applications covering industries such as shipbuilding, petrochemical and machinery manufacturing. Shouqin achieved good performance in 2007 and recorded a turnover of HK$9,141.5 million (before elimination of intersegment sales), comparing to HK$4,912.5 million last year, or a rise of 86.1%. Apart from selling 1.3 million mt of steel slabs, heavy plate sales reached 1.1 mt. Since its Phase I inception in mid 2004, Phase II of the plant started production in the first half of 2006, whilst its 4300mm width plate rolling system only reached design capacity since April 2007, with a current monthly production of over 120,000 mt., which is already 30% higher than the 2007 average. In the fourth quarter of 2007, domestic heavy plate market has enjoyed a rare run-up in a usually-slow season, with selling prices lingering at soaring levels, this has not retreated as of date of writing. Shouqin has an encouraging 2007, and is expected to keep its strong pace of growth in the next few years, through deep processing facilities nearing completion which can trigger an even higher efficiency gain of its existing assets.

For the year ended 31 December 2007, net profit attributable to the Group from Shouqin amounted to HK$731.8 million, versus a profit contribution of HK$44.2 million last year, registering an increase of 15.6 times. With higher turnover and improved product mix though dragged by trial production in the first quarter of the year, Shouqin's consolidated gross profit margin still reached 17.0% with plate segment's at 21.2%, it is expected both figures shall register remarkable growth in 2008.

Qinhuangdao Plate Mill

Turnover of Qinhuangdao Plate Mill was HK$3,908.5 million (before elimination of intersegment sales) for the year, representing an increase of HK$986.2 million from that of last year. With sales volume of major steel products increased from 761,000 mt to 812,000 mt this year, or 6.7%, the average selling price has also increased by approximately 17.5% over that of last year to about HK$4,354 (or, RMB 4,231) per mt. The gross profit margin has jumped to 9.4%, against 7.8% last year. As a result, net profit for the current year attributable to the Group was HK$201.5 million (excluding the share of 24% results in Shouqin), rising by about 1.4 times comparing to that of last year.

Shipping operations

Shougang Concord Shipping Holdings Limited and its subsidiaries ("Shougang Shipping Group") is mainly engaged in the time charter business and is benefited from the rising market. This segment comprises two capesize dry bulk vessels on 15-year charter, mainly for transporting of iron ore and coal. Owing to factors including the relentless growth in demand for raw materials from China and port congestion, Baltic Dry Index rose to record highs in 2007, squeezing the charter hire income substantially, whilst the charter cost has been fixed on straight line amortization, profitability soared. In the current year, its turnover and operating profit were HK$373.8 million and HK$226.3 million respectively, registering a rise of 63% and 170.7%. For the year ended 31 December 2007, Shougang Shipping Group reported a net profit attributable to shareholders of HK$227.3 million, an increase of 1.9 times from that of last year. In order to lessen profit fluctuation, our strategy remains locking in one vessel at longer term charter. Powered by continued growth in industrialization of developing countries, current charter hire income is still very healthy, and exceeds the full year average for 2007, therefore we look forward Shougang Shipping Group with much confidence.

Electricity generation

Our 51%-owned Beijing Shougang Firstlevel Power Company Limited ("Beijing Power Plant") reported total turnover of HK$481.2 million for the current year, representing an increase of 13.3% from last year. After deducting minority interests, the Group's share of profit of Beijing Power Plant for the current year amounted to HK$34.0 million, which showed a moderate increase of 15.3% as compared to HK$29.5 million for the last year. Higher profitability for the current year is a result of increase in market tariff and successful cost savings.

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

Shougang Concord Century Holdings Limited and its subsidiaries ('Shougang Century Group") reported surge in net profit of HK$29.8 million to HK$105.8 million for the current year, including post-tax gain of HK$59.6 million through the disposal of equity interest in an associated company. With a slight drop in equity proportion from 22.5% to 20.7% due to its share placement, the Group's share of net profit still rose from HK$21.0 million to HK$23.3 million in the current year, representing an increase of 11%.

Shougang Century Group enjoyed a marked increase in sales of its steel cord manufacturing segment, with turnover rising by 10.9% to HK$436.7 million. Its processing and trading of copper and brass product segment recorded fair performance without favorable market factor of sharp increase in copper price as in last year.

The Group is optimistic over the future development of Shougang Century Group, trusting that its cooperation with its significant shareholder NV Bekaert shall develop very well in the steel cord market. In this regard, we have signed a share subscription agreement in November 2007 to increase our stake in Shougang Century Group to 36.4%, this transaction has completed in the first quarter of 2008.

Trading of steel products; manufacture and installation of kitchen and laundry equipment

Shougang Concord Steel Holdings Limited and its subsidiaries ("Shougang Steel Group") reported turnover and net profit of HK$1,512.1 million and HK$29.6 million respectively, representing an increase of 16.1% and 57.4% in comparison with last year. Within this segment, trading of steel products has increased significantly by 18.6% to HK$1,441.7 million, while that of the installation of kitchen and laundry equipment segment has been disposed of in June 2007, recording an one-off loss of HK$7.0 million.

Liquidity and Financial Resources

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 2007, as compared to 31 December 2006, is summarized below:

HK$ million	**31 December 2007 Audited**	31 December 2006 Audited	Change
Total Debt			
– from banks	**4,160**	4,577	–9.1%
– from parent company	**1,071**	1,125	–4.8%
Sub-total	**5,231**	5,702	–8.3%
Cash and bank deposits	**3,326**	1,855	+79.3%
Net debt	**1,905**	3,847	–50.5%
Total capital (Equity and debt)	**12,046**	8,645	+39.3%
Financial leverage			
– Net debt to total capital	**15.8%**	44.5%	-64.5%
– Net debt to total assets	**11.5%**	34.1%	-66.3%

It can be observed that net debt has decreased sharply; financial leverage has also noticeable improvement between the year 2007 and 2006, corresponding to the fact that Group has generated strong net cash flows and debt financing is used in a controlled manner.

2. Currency and Interest Rate Risk

The Group conducts its businesses mainly in Hong Kong and Mainland China, with small equity investment in Australia. Therefore, we are subject to the foreign exchange fluctuations of HK Dollars, US Dollars, Renminbi and Australian Dollars. 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 2007, approximately 79.1% 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.

Capital Structure

At the beginning of the current year, the issued share capital of the Company was HK$1,172.8 million, represented by 5,864,057,214 ordinary shares at par value of HK$0.20 each. During the year, the Company entered into respective share subscription agreements with China Gate Investments Limited ("China Gate") and Grand Invest International Limited ("Grand Invest"). According to such subscription agreements, China Gate has subscribed to 200,000,000 new ordinary shares of the Company at HK$1.00 per share in June and to 500,000,000 new ordinary shares of the Company at HK$2.26 per share in August, whilst Grand Investment has subscribed to 300,000,000 new ordinary shares of the Company at HK$2.26 per share in August. Moreover, certain employees of the Group exercised the granted options, pursuant to which 139,140,000 new ordinary shares were issued at an average exercise price of HK$0.319 per share. As a result of the aforesaid events, the issued share capital of the Company increased to HK$1,400.6 million, represented by 7,003,197,214 ordinary shares as at 31 December 2007.

Employees, Remuneration Policies and Training Scheme

The Group has a total of approximately 4,062 employees as at 31 December 2007.

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

In recent years, steel manufacturing segment of the Group has developed rapidly. In the foreseeable future, strong demand for high value-adding heavy plates in Asia should continue, especially propelled by China and Korea. China's production capacity for high value-adding heavy plates is insufficient, with undersupply in both quantities and qualities. The Group should become key beneficiary in this situation. Meanwhile, the construction of heat treatment facilities and deep processing centre since 2007 exemplifies our objectives of being a professional, specialized, with deep processing abilities and strong company. In terms of our upstream assets, investment in iron ore project in Western Australia is a necessary route to secure raw material supply. Shipping segment can act as a hedge against rising cost of raw material transport, while the vessels can also be relocated for carrying our own iron ore or other upstream assets in the future.

Even though the uncertainties surrounding the global economy have elevated recently, the Group's integrated operating model does not simply rely on the rise and fall of any single industry, whilst urbanization and industrialization of China should not reverse. In short, Shougang Concord International shall capture opportunities and continue to focus on its core businesses, so as to bring higher returns for 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 2007, except for the following deviations:–

– Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term and subject to re-election.

  None of the existing Non-executive Directors of the Company was appointed for a specific term. However, Non-executive Directors of the Company are subject to retirement by rotation and re-election at annual general meetings at least once every three years in accordance with the provisions of the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code. In order to comply with code provision A.4.1 of the Code, an engagement letter has been entered with each of the Non-executive Directors of the Company for a term of three years commencing on 1 January 2008.

- 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 chairman 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 of Directors of the Company had not attended the annual general meeting of the Company held on 6 June 2007 (the "Meeting") as he had another business engagement. The Managing Director of the Company, who took the chair of the Meeting, together with other members of the Board and 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 together with the above deviations will be set out in the Corporate Governance Report in the Company's 2007 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
Cao Zhong
Managing Director

Hong Kong, 16 April 2008

As at the date of this announcement, the Board comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Managing Director), Mr. Chen Zhouping (Deputy Managing Director), Mr. Zhang Wenhui (Deputy Managing Director), Mr. Luo Zhenyu (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).