

Chairman's Statement

Year 2004 was a successful year for Shougang Concord International Enterprises Company Limited (the "Company") and its subsidiaries (the "Group"). During the year, the Group continued its momentum in the fast tracks of growth in sales and profitability. Net profit attributable to shareholders for the year was HK\$279.2 million, representing a remarkable increase of HK\$211.4 million from HK\$67.8 million as achieved in 2003. Basic earnings per share grew from HK2.9 cents in 2003 to HK7.5 cents in 2004, while diluted earnings per share also improved from HK2.5 cents to HK7.2 cents over the year.

The highly impressive result delivered by the Group for 2004 is the best evidence to prove the correctness of our corporate strategies. Steel manufacturing continued to be our core business and it will also secure our long term growth in business and profitability. During the year, the Group has made substantial progress in strengthening this business segment; most notably, by further acquisition of interests in Qinhuangdao Shougang Plate Mill Co., Ltd. and Qinhuangdao Shouqin Metal Materials Co., Ltd.

In the years ahead, the Group will continue to reinforce its core competence in the steel manufacturing business while compounding its growth through effective management in other major business segments such as shipping and steel trading. We believe that through our persistent efforts, the Group will create substantial value to the shareholders in the long run.

I would like to take this opportunity to thank our management and staff for their dedication and contribution, and to express our appreciation to our shareholders, bankers and all other parties concerned for their continued support.

Wang Qinghai

Chairman

18 April 2005