



Chairman's Statement

Shougang Concord International Enterprises Company Limited (the "Company") and its subsidiaries (the "Group") achieved substantial growth in sales and profitability for the year ended 31 December 2005. Net profit attributable to shareholders for the year was HK\$305.0 million, which represented a growth in profit of HK\$25.7 million from HK\$279.3 million in 2004.

The most significant corporate event of the Group that took place 2005 was our further acquisition of interest in Qinhuangdao Shouqin Metal Materials Co., Ltd. ("Shouqin"). The Group expects to complete phase II of Shouqin's expansion by the end of 2006. By then, our enlarged Group will become one of the leading producers of medium and thick steel plates in the PRC. The long-term future of the Group looks highly promising.

Shareholders should have also noted that, Carlo Tassara International S. A. has become one of the major shareholders of the Company, subsequent to its subscription of newly-issued shares of the Company in early March 2006. On behalf of the Group, I would like to welcome Carlo Tassara International S. A. and firmly believe that its expertized knowledge and strong connections will bring substantial benefit to the Group in future. I would also like to take this opportunity to thank our management and staff for their dedication and invaluable contribution to the business during the year, and to express our appreciation to our shareholders, bankers, fellow directors and all other parties concerned for their continued support.

Wang Qinghai
Chairman

20 April 2006