



DISCLOSURE UNDER RULE 13.18 OF THE LISTING RULES

Under the dual currency facility agreement dated 1 February 2006 (the "Facility Agreement") entered into between a number of banks (the "Banks") and the Company in relation to the facility in the amounts of HK\$163,800,000 and US\$129,000,000 (equivalent to an aggregate of approximately US\$150,000,000) (the "Facility") made available by the Banks to the Company, each of the following will constitute an event of default upon which the Facility will, among others, become immediately due and payable: (i) Shougang Holding ceases to be the single largest beneficial shareholder of the Company; (ii) Shougang Holding ceases to have management control in the Company; (iii) Shougang Holding ceases to be a wholly-owned subsidiary of Shougang Corporation, the holding company of Shougang Holding; and (iv) Shougang Corporation ceases to have management control in Shougang Holding. The Facility is a term loan facility which shall be repaid by the Company by instalments with the last instalment due on the date falling 60 months after the date of the Facility Agreement, subject to early repayment on the date following 36 months after the date of the Facility Agreement upon the relevant Bank(s) giving not less than 6 months' prior notice.

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 period.

By Order of the Board
Cao Zhong
Managing Director

Hong Kong, 21 September 2006