

Chairman's Statement

Shougang Concord International continues to focus on its steel manufacturing and trading segments as its principal businesses. The Group has reached a historic high in production capability and sales volume in the current year, and boosted a 41.5% increase in turnover on a year-on-year basis to HK\$6,467.5 million. Profit attributable to shareholders, unfortunately, suffered due to our leverage on expansions and decreased market prices, was HK\$221.6 million, representing a drop of 27.1% from the strong 2005 results and basic earnings per share is HK3.9 cents.

Given the healthy financial position of the Group, the Board proposed to pay a final dividend of HK2.1 cents per share, representing a rise of 250% from HK0.6 cent last year.

Highlights of the year included: (a) robust expansion in production scale especially due to Phase II of Qinhuangdao Shouqin Metal Materials Co., Ltd. ("Shouqin"). The 4300mm width plate rolling system has officially been put into production on 20 October, commanding a leading technological position in the industry; (b) having Hyundai Heavy Industries Co., Ltd. as an important strategic partner of us having 20% equity interest in Shouqin; (c) the raising of approximately HK\$1,660 million from share issue and consortium loan by the Company in the first quarter.

We have a balanced and competent team, paving the way to take the Group to its next level. The team has accepted the challenges presented to them and performed really well throughout this year. I owe much gratitude to our shareholders, Board of Directors, management and all other staff members. 2007 has begun well with the market sentiments improving; the future looks bright to me. I am certain that our team will continue to do its best to create value for all our shareholders from the opportunities ahead of us.

Wang Qinghai

Chairman

19 April 2007