



Chairman's Statement

Dear Shareholders,

I am pleased to report on a year of satisfactory progress in creating value and strengthening the Group's foundation for further growth. Particularly fruitful results for the year was the alliance between Shougang Century and NV Bekaert SA ("Bekaert"), one of the world largest steel cord manufacturers, who becomes our second largest substantial shareholder.



In addition, we restore to pay dividend of HK1 cent per share for the year ended 31 December 2006 to uphold our commitment to share our fruitful results with and create substantial value for our shareholders.

HIGHLIGHTS OF THE YEAR

Despite under severe market competition, the Group delivered a reasonable results for the year ended 31 December 2006. It produced a consolidated revenue of approximately HK\$678,923,000, driven primarily by strong performance of copper and brass products segment, compared with HK\$592,889,000 for 2005. Net profit for 2006 reached HK\$76,031,000, compared with the previous year's figure of HK\$62,228,000. When the one-off dilution loss on "A" share reform of an associate of the Group, Xinhua Metal Products Co., Ltd, of HK\$6,858,000 was excluded, net profit for the year would have reached to HK\$82,889,000, an increase of 33.2% over the previous year. Earnings per share for the year was HK7.33 cents, an increase of 21% when compared with the same for 2005.

LOOKING AHEAD

It is pleasing to report that prospects for the forthcoming years are encouraging. We expect the economy of China will maintain continuous growth, which will not only benefit the development of automobile industry but also the copper and brass products market as well and in turn will sustain strong demand for both steel cords and copper and brass products.

Furthermore, our alliance with Bekaert will expedite the progress of the implementation of the Company's strategy in our core business of steel cord manufacturing, particularly, strengthening our technical capability and production capacity in the metal products processing businesses and regularizing the Chinese steel cord industry. Furthermore, the Company and Bekaert will explore other areas in which we could make good use of our respective competitive advantages. With this collaboration, we are confident that we will able to increase our market shares, diversify our business risks and as a result create a sustainable and optional profit growth for our shareholders.

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In respect of copper and brass products segment, we will expand our domestic sales through the establishment of a new plant in Qingxi, Dongguan, the People's Republic of China in order to capture the burgeoning opportunities in the manufacturing sector of the Chinese economy with a view to maximize return to our shareholders, notwithstanding the exceptional performance of this business in 2006 is expected not to recur.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my heartfelt gratitude to (i) all of the staff of the Group for their dedication and hard work; (ii) my fellow Board members for their invaluable contribution during the year; and (iii) our shareholders, customers, suppliers and bankers for their continuous support.

During 2007, I will continue to work closely with the Board in laying solid foundations for the future growth and prosperity of our Group and endeavour to provide satisfactory return to our shareholders.

By order of the Board

Cao Zhong

Chairman

Hong Kong

19 April 2007