

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2001

The Group has evolved considerably over the last few years and has come a long way since the restructuring process was initiated. Unfortunately, much of that progress has been overshadowed by losses arising from legacy issues relating to the China steel mills which we inherited when the current management acquired the Group back in 1996.

For the last several years, the joint venture steel mills in China had always been the hindrance and obstacle for growth. Even though the operation of the steel mills in China has always been predominantly financed by the China joint venture partners and cash injection has never been made into these steel mills since my appointment as the Chairman of the Group, however, unfortunately their results of operation have to be consolidated into the Group at the end of each year. As a result, the overall operating results of the Group has been badly affected and the share price has always been suppressed and could never reflect the intrinsic value of the underlying business operation and assets of the Group. This time, I am pleased to inform our shareholders that the end of 2001 financial year signaled the completion of the restructuring of the Group as arrangements have been reached to dispose of all the remaining steel mills in China. Even though completion of the disposal may not take place at the time of execution of the disposal agreement, further losses to the Group are now curbed as the joint venture partners of the steel mills have undertaken to bear the operation loss, if any.

For the year ended 2001, we concentrated very much our efforts in developing our core steel trading operation in order to fulfill our strategy of becoming a focused steel group in the Asia Pacific region. Looking forward, we are very confident that our steel trading arm will continue to play a leading role in the international steel trading arena and trust that the operating results in 2002 will not be obscured by the unsatisfactory performance of the China steel mills.

While the road to recovery has not been an easy one, a year later, I can say that the Group's major structural issues have been resolved. The management team has worked hard to implement the Group's restructuring plan, and special thanks are due to this dedicated team for the job it has done. Also, I would like to thank our shareholders who have believed in us and been patient with our efforts in restructuring the Group. Legacy issues involving the steel mills in China have delayed the turnaround and performance of the Group, but I believe 2002 will prove to be the turning point in our journey to recover shareholder value.

Lau Chi Yung, Kenneth
Chairman

Hong Kong, 19 April 2002