

## Chairman's Statement ►

Shougang Concord International Enterprises Company Limited (the "Company") and its subsidiaries (the "Group") incurred a loss attributable to shareholders of HK\$311.9 million for the year ended 31 December 2002. This represented a decrease in loss by HK\$295.5 million from the 2001 figure. Basic loss per share was HK13.6 cents, representing an improvement rate of 53% from 2001, which recorded basic loss per share of HK28.9 cents.



2002 was a critical year to the Group. During the year, the concerted efforts of the management to reorganize the Group was materialized. As mentioned in our last Annual Report, the Group has launched a programme of Group Reorganisation in 2002. The Group Reorganisation is an integral element to streamline the corporate structure of the Group and will broaden its earning bases. Details of the Group Reorganisation are contained in the circular to the Company's shareholders dated 17 May 2002. For the year ended 31 December 2002, the disposal of interests in three steel products manufacturing subsidiaries and the shareholdings in

Shougang Concord Grand (Group) Limited, the acquisition of 51% interest in a power plant and the issue of convertible note were completed pursuant to the Group Reorganisation.

As part of the long-term restructuring plan of the Group to deploy the available financial resources more efficiently and effectively, we will continue to implement a series of corporate restructuring programs to streamline operations and the group structure in the future in order to improve performance and asset quality.

Looking forward, the steady growth of the PRC economy and Beijing's successful bid to host the 2008 Olympic Games will create ample opportunities for the Group. With the immense support from Shougang Corporation, the ultimate controlling shareholder of the Company, the Group will be in a position to strengthen its business base in future. We are confident that the Group will deliver encouraging results in the long run.

I would like to take this opportunity to thank our management and staff for their dedication and contribution, and to express our appreciation to our shareholders, bankers, and all other parties concerned for their continued support.

**Wang Qinghai**

*Chairman*

16 April 2003