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首長國際企業有限公司
SHOUGANG CONCORD INTERNATIONAL
ENTERPRISES COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 697)

DISCLOSEABLE TRANSACTION
ACQUISITION OF SHARES IN
ASIA IRON HOLDINGS LIMITED

On 8 June 2006, the Board announced that MGI, MGM, Sky Choice and the Company have entered into the Share Sale Agreement, pursuant to which Sky Choice has agreed to purchase the Sale Shares, representing approximately 72.6% of the existing issued share capital of Asia Iron for an aggregate consideration of AUD\$52,500,000 (equivalent to approximately HK\$306,075,000).

Completion of the Share Sale Agreement is conditional upon, among other things, the Minority Shareholders failing to elect to purchase the Sale Shares under their first right of refusal as a shareholder to purchase the Sale Shares and entering into a binding agreement with respect to the purchase of the Sale Shares with the Sellers on terms equivalent to the Share Sale Agreement. The Company has been informed by the Sellers that on 5 July 2006 a Minority Shareholder has elected to purchase the Sale Shares. Accordingly, one of the conditions to the Share Sale Agreement could not be satisfied and the Share Sale Agreement will be terminated in accordance with its terms.

On 5 July 2006, MGI, MGM, Sky Choice and the Company entered into the Second Share Sale Agreement, pursuant to which the Sellers have agreed to offer the Sale Shares to Sky Choice on generally the same terms as the Share Sale Agreement if the Minority Agreement terminates prior to its completion.

The transaction contemplated under the Second Share Sale Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing, amongst other things, further details relating to the Acquisition and a technical report on the mining tenements of Asia Iron will be despatched to the Shareholders as soon as practicable.

As the Second Share Sale Agreement may or may not proceed, Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

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The Directors consider that it is in the interest of the Company to secure a long-term and stable source of supply of raw materials and that it would be beneficial to the Company to continue pursuing the Acquisition in the event that the Minority Agreement is terminated for whatever reasons. Accordingly, on 5 July 2006, MGI, MGM, Sky Choice and the Company entered into the Second Share Sale Agreement, pursuant to which the Sellers have agreed to offer the Sale Shares to Sky Choice on generally the same terms as the Share Sale Agreement if the Minority Agreement terminates prior to its completion.

The Minority Agreement is subject to the same condition (1) set out in the paragraph headed “Conditions” below and the Minority Agreement will lapse if the condition is not satisfied by 31 August 2006.

THE SECOND SHARE SALE AGREEMENT

Date of the agreement

5 July 2006

Parties to the agreement

- (1) MGI, an Australian company listed on the Australian Stock Exchange Limited, is principally engaged in investment holding and mining and is one of the Sellers of the Sale Shares;
- (2) MGM, a wholly owned subsidiary of MGI, is an Australian company that is principally engaged in investment holding and is one of the Sellers of the Sale Shares;
- (3) Sky Choice, a wholly-owned subsidiary of the Company, as the purchaser of the Sale Shares; and
- (4) the Company, as the guarantor of Sky Choice’s obligations under the Second Share Sale Agreement.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, each of MGI and MGM and MGI’s substantial shareholders are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates.

Assets to be acquired

Pursuant to the Second Share Sale Agreement, if the Minority Agreement terminates prior to its completion, the Sellers will sell and Sky Choice will acquire 61,200,000 shares and 67,500,000 shares, representing approximately 34.5% and 38.1% in the existing issued share capital of Asia Iron held by MGI and MGM, respectively. The Sale Shares represent approximately 72.6% of the existing issued share capital of Asia Iron.

The remaining shares of Asia Iron are held by the Minority Shareholders. To the best of the Directors' knowledge, information and belief, the Minority Shareholders are independent third parties not connected with the Company or any of its subsidiaries or any of their respective directors, chief executive or substantial shareholders or any of their respective associates and none of them holds more than 10% of the existing issued share capital of Asia Iron.

Conditions

Completion of the Acquisition is conditional upon, among others, the fulfillment of the following conditions:

- (1) if Sky Choice is required to make a notification of the Acquisition under the Foreign Acquisitions and Takeovers Act 1975 of Australia:
 - (a) Sky Choice has received a written notice from the relevant Australian authority stating that or to the effect that the Commonwealth Government of Australia does not object to the transactions contemplated by the Second Share Sale Agreement, either unconditionally or on terms that do not impose unduly onerous obligations on Sky Choice; or
 - (b) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the subject matter of the Second Share Sale Agreement and the transactions contemplated by it under the Foreign Acquisitions and Takeovers Act 1975 of Australia; or

- (c) the period for making a final order prohibiting the transactions contemplated by the Second Share Sale Agreement elapses and no final order has been made, if an interim order is made under the Foreign Acquisitions and Takeovers Act 1975 of Australia in respect of the transactions contemplated under the Second Share Sale Agreement; and
- (2) one or more of the Minority Shareholders elects to purchase the Sale Shares and enters into the Minority Agreement with the Sellers on terms equivalent to the Share Sale Agreement before 5 July 2006 and prior to completion of the sale under the Minority Agreement, the Minority Agreement either terminates automatically on its terms or is terminated by any party to the Minority Agreement.

If condition (1) above is not satisfied or waived by 31 August 2006 or such later date as the parties may agree in writing, or condition (2) above is not satisfied by 30 September 2006, or the parties agree that a condition in (1) and (2) above cannot be satisfied, a party may terminate the Second Share Sale Agreement at any time before Completion by giving 2 Business Days' notice to the others. The Company will issue an announcement if condition (1) above is waived.

Completion

Completion will take place on the 10th Business Day after the satisfaction or waiver of the conditions of the Second Share Sale Agreement.

Save for condition (2) above, the Sale Shares would be sold to Sky Choice on generally the same terms and conditions as in the Share Sale Agreement.

Consideration

The consideration for the Acquisition of the Sale Shares is an aggregate amount of AUD\$52,500,000 (equivalent to approximately HK\$306,075,000), which is determined after arm's length negotiation and takes into consideration the estimated operating cost of AUD\$37 per tonne of magnetite concentrate and the estimated market price for magnetite concentrate of approximately AUD\$43 per tonne for an estimated volume of 240 million tonnes for the biggest iron mines held by Asia Iron. The premium for the consideration of

AUD\$52,500,000 (equivalent to approximately HK\$306,075,000) which is approximately 2.44 times of the net asset value of Asia Iron as at 31 December 2005 of approximately HK\$125,212,000 was arrived at having taken into consideration of the economic benefits arising from the Acquisition. Based on an independent survey, the Extension Hill magnetite project, being the key project of Asia Iron, is valued at an average of US\$180.7 million (equivalent to approximately HK\$1,409.46 million). The economic benefit to the Group (which is calculated by reference to 73% of the value of the Extension Hill magnetite project less the consideration) is approximately US\$92.7 million (equivalent to approximately HK\$723.1 million) over the life of the project.

The consideration will be satisfied by the internal resources of the Group and is payable in full at Completion to an interest-bearing escrow account. Interest accrued shall be paid in equal proportions to the Sellers and Sky Choice at the time of release of the consideration. The consideration may only be released to the Sellers upon, amongst other conditions, the obtaining of the Environmental Approval relating to the Extension Hill magnetite project. If the Environmental Approval and the other conditions for the release of the consideration are not satisfied by 30 November 2007, Sky Choice may terminate the Second Share Sale Agreement at its discretion by giving a written termination notice to the Sellers before 31 January 2008. In the event that the Second Share Sale Agreement is so terminated, the parties shall cause such actions to be taken to reverse the actions taken in connection with the Second Share Sale Agreement, including the releasing of the consideration to Sky Choice within the shortest practicable amount of time and the transferring of the Sale Shares back to the Sellers for no consideration.

Asia Iron

Asia Iron is a company incorporated in Hong Kong and as at the date of this announcement is, through its subsidiaries, interested in a series of mining tenements in Mount Gibson, Extension Hill, Koolanooka and other parts of Western Australia. These tenements give Asia Iron's subsidiaries rights to explore and mine iron ore, which would produce magnetite concentrate for the production of steel. The tenements are subject to tenement conditions and statutory approvals which allow mining operations as long as the tenements remain in good standing.

The audited net asset value of Asia Iron as at 31 December 2004 and the unaudited net asset value of Asia Iron as at 31 December 2005 were approximately HK\$57,036,000 and approximately HK\$125,212,000, respectively. The net losses of Asia Iron for the period from the date of incorporation (i.e. 12 January 2004) to 31 December 2004 and the year ended 31 December 2005 were approximately HK\$386,000 and approximately HK\$17,180,000, respectively.

Board of Directors of Asia Iron

The board of Asia Iron currently comprises nine directors. At the Completion, the five directors appointed by the Sellers to the board of Asia Iron shall resign and Sky Choice will appoint five directors to the board of Asia Iron. Asia Iron will be accounted for as a subsidiary of the Company.

Reason for the transaction

The Group is principally engaged in the manufacture, sale and trading of steel products, shipping operations and electricity generation.

In order to enhance the Group's position in the manufacture and sale of steel products in the PRC, the Board believes that the investment in Asia Iron, whose subsidiaries hold mining tenements to iron ore, is in the interest of the Shareholders as it would secure a long-term and stable source of supply of raw materials with not less than 240 million tonnes of magnetite concentrate for the Group's steel manufacturing operation. Notwithstanding the termination of the Share Sale Agreement, the Board believes that it is in the interest of the Company and the Shareholders for the Company to enter into the Second Share Sale Agreement to continue to pursue the Acquisition if the Minority Agreement is terminated for whatever reason.

The Directors (including the independent non-executive Directors) consider that the Second Share Sale Agreement has been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

GENERAL

The transaction contemplated under the Second Share Sale Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. A circular containing, amongst other things, further details relating to the Acquisition and a technical report on the mining tenements of Asia Iron will be despatched to the Shareholders as soon as practicable.

As the Second Share Sale Agreement may or may not proceed, Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Acquisition”	the acquisition of the Sale Shares by Sky Choice from the Sellers
“AUD\$”	Australian dollar, the lawful currency of Australia
“Asia Iron”	Asia Iron Holdings Limited, a company incorporated in Hong Kong
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Business Day”	a day on which banks are open for business in Australia and Hong Kong, other than a Saturday, Sunday or public holiday in Perth, Western Australia, or Hong Kong
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“Completion”	completion of the Acquisition pursuant to the Second Share Sale Agreement

“Director(s)”	the director(s) of the Company
“Environmental Approval”	the environmental approval for mining, processing and transportation of magnetite from the Extension Hill Magnetite Project under sections 38 and 45 of the Environmental Protection Act 1986 of Western Australia
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGI”	Mount Gibson Iron Limited, an Australian company and one of the Sellers of the Sale Shares
“MGM”	Mount Gibson Mining Limited, an Australian company and one of the Sellers of the Sale Shares
“Minority Agreement”	the agreement between the Minority Shareholder who elected to purchase the Sale Shares and the Sellers in relation to the Sale Shares
“Minority Shareholders”	all shareholders of Asia Iron as at the dates of the Share Sale Agreement, the Second Share Sale Agreement and as at the date of Completion other than the Sellers
“PRC”	the People’s Republic of China

“Sale Shares”	61,200,000 shares and 67,500,000 shares in the issued share capital of Asia Iron to be sold by MGI and MGM, respectively, to Sky Choice in accordance with the terms of the Second Share Sale Agreement
“Second Share Sale Agreement”	the agreement dated 5 July 2006, entered into by and between MGI, MGM, Sky Choice and the Company in respect of the Acquisition
“Sellers”	MGI and MGM
“Shareholders”	holders of Shares
“Share Sale Agreement”	the agreement dated 6 June 2006, entered into by and between MGI, MGM, Sky Choice and the Company in respect of the Acquisition
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Sky Choice”	Sky Choice International Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustration purposes, amounts in AUD\$ in this announcement have been translated into HK\$ at AUD\$1 = HK\$5.83.

By Order of the Board
**Shougang Concord International
Enterprises Company Limited**
Cao Zhong
Managing Director

Hong Kong, 7 July 2006

As at the date of this announcement, the Board comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Managing Director), Mr. Chen Zhouping (Deputy Managing Director), Mr. Luo Zhenyu (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond, Mr. Leung Shun Sang, Tony, Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Kwan Bo Ren, Dick (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai-cheung (Independent Non-executive Director).

Please also refer to the published version of this announcement in South China Morning Post - Classified.