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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 **Disposal of shares in Shouqin**

The Board announces that on 8 November 2006, the Company and Central Pro, a wholly-owned subsidiary of the Company, entered into the Equity Interest Transfer Agreement with HHI, pursuant to which Central Pro transferred the Sale Shares, representing 20% of the registered capital of Shouqin, an indirect non wholly-owned subsidiary of the Company, to HHI at a consideration of RMB410,000,000 (approximately HK\$398,058,000). Upon completion of the Transfer, the interests of the Group in Shouqin will be reduced from 96% to 76%. Shouqin will continuously be accounted for as a subsidiary of the Company.

The Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, details of the Transfer will be despatched to the Shareholders as soon as practicable.

EQUITY INTEREST TRANSFER AGREEMENT

Date: 8 November 2006

Parties:

- (1) The Company;
- (2) Central Pro; and
- (3) HHI. To the best of the Directors' knowledge, information and belief, having made all reasonable inquiry, each of HHI and its beneficial owner is an independent third party and not a connected person of the Company or any of its subsidiaries or any of their respective directors, chief executive and substantial shareholders or any associates of any of them.

HHI is one of the largest heavy industries company in Korea, which is primarily engaged in the business of ship building and other types of heavy industries.

Sale Shares: 20% in the registered capital of Shouqin.

Consideration

The consideration for the Transfer is an amount of RMB410,000,000 (approximately HK\$398,058,000), which will be paid by HHI to the Group at Completion by remittance into the designated account of the Company.

The consideration was determined after arm's length negotiation between the parties on normal commercial terms, and represents a premium of approximately 33% over the consolidated net asset value of approximately HK\$299,352,600 attributable to the Sale Shares as at 30 June 2006. The Company acquired a 45% interest in Shouqin in 2005. The consideration paid by the Company at the time of the acquisition was approximately HK\$9.96 million for each percent of interest in Shouqin. The consideration for the Transfer is approximately HK\$19.9 million for each percent of interest in Shouqin.

Conditions

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

- (a) the approval of the Transfer by the relevant PRC government authority;
- (b) the execution of an amended joint venture agreement for Shouqin;
- (c) the registration of the Transfer by the relevant PRC registration authority and the issue of an amended business license to Shouqin; and
- (d) the execution of a comfort letter by Shougang Corporation in respect of the obligations of the Company, Central Pro, QHD, Standnew and Profit News under the Equity Interest Transfer Agreement and the amended joint venture agreement of Shouqin.

If the conditions are not fulfilled and Completion does not occur by 30 June 2007, the Equity Interest Transfer Agreement may be terminated by notice in writing by Central Pro or HHI and the Equity Interest Transfer Agreement will become null and void and of no further force and effect.

Financial effects of the Transfer

A gain on disposal in the amount of approximately HK\$98,705,000 in respect of the Transfer will arise upon Completion. The gain is calculated as the difference between the consideration and the consolidated net asset value attributable to the Sale Shares as at 30 June 2006.

The gross proceeds and the net proceeds from the Transfer would amount to approximately HK\$398,058,000 and HK\$397,500,000, respectively. Such proceeds are expected to be applied as general working capital of the Company and/or suitable investment opportunities as may be identified by the Company in future. As at the date of this announcement, the Company has not identified any suitable investment opportunities and is not in discussions for any investment projects. The Company will make announcement in compliance with the requirements of the Listing Rules as and when appropriate.

SHOUQIN

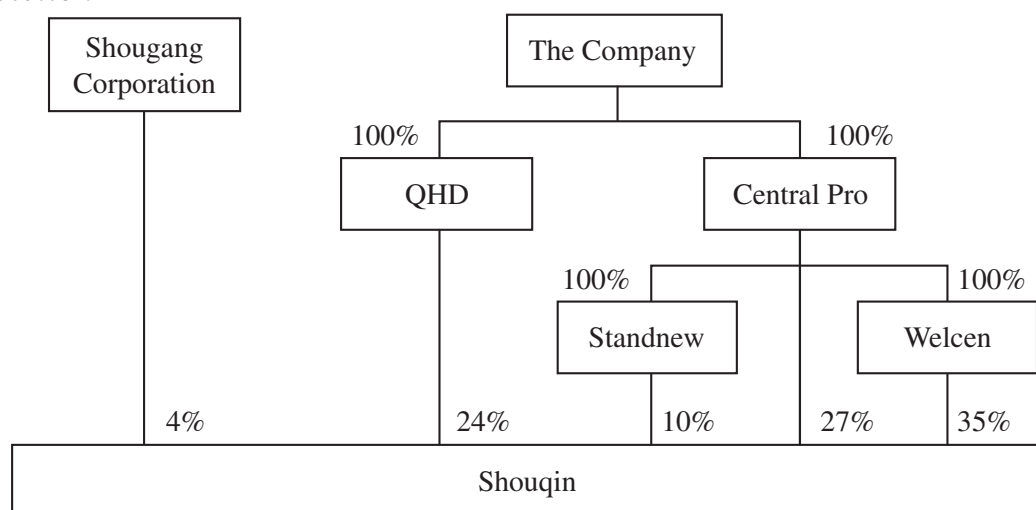
Shouqin is a Sino-foreign joint venture established in the PRC in March 2003 and is engaged in the manufacture and sale of steel products, steel related processed products and by-products.

Based on PRC accounting conventions, the unaudited consolidated net asset value of Shouqin as at 30 June 2006 was approximately HK\$1,496,763,000 while its audited consolidated net asset value as at 31 December 2005 was approximately HK\$746,953,000. The audited consolidated net profits before and after taxation for Shouqin for the two years ended 31 December 2004 and 31 December 2005 were approximately HK\$77,728,000 and HK\$61,660,000 and approximately HK\$145,642,000 and HK\$145,642,000, respectively.

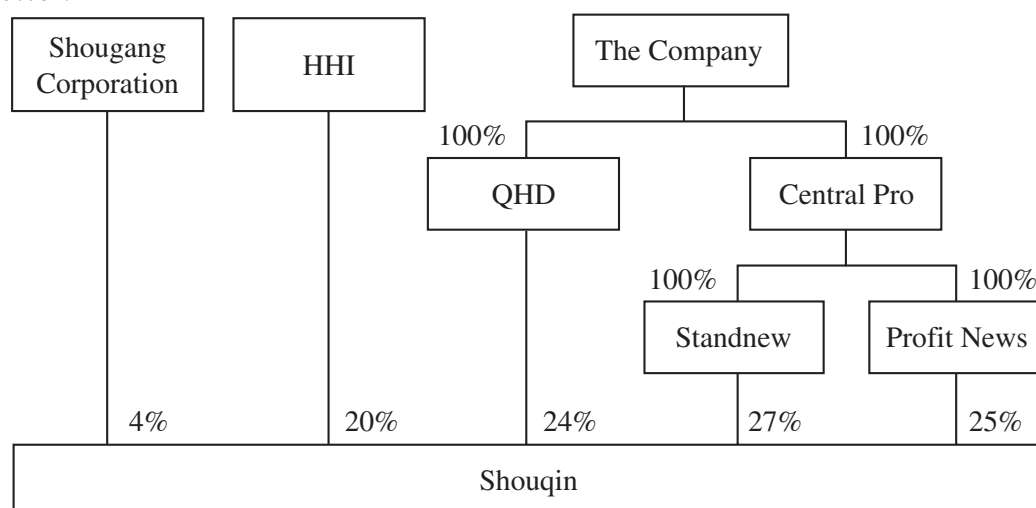
Shareholding Structure

The registered capital of Shouqin is currently owned as to 96% by the Group. The shareholding structures of Shouqin before and after Completion are as follows:

Before Completion



After Completion



Completion will take place on the fifth Business Day after the registration of the Transfer with the PRC registration authority and the issue of the amended business license to Shouqin. At the same time of the Transfer, the Group will reorganise its shareholding interests in Shouqin by transferring the 7% interest in Shouqin directly held by Central Pro to Standnew and transferring 10% and 25% interests held by Welcen in Shouqin to Standnew and Profit News respectively. Upon Completion, Shouqin will be indirectly held as to 76% by the Company and Shouqin will continuously be accounted for as a subsidiary of the Company.

Put Option

Pursuant to the Equity Interest Transfer Agreement, the Company has granted a put option to HHI that require the Company to purchase or procure a third party to purchase all of the equity interest held by HHI in Shouqin at any time within 42 months from the date of approval of the Transfer by the PRC approval authority (the “**Approval Date**”) if any of the following occurs:

- (1) Central Pro or the Company is in material breach of any of its representations, warranties, undertakings and/or obligations under the Equity Interest Transfer Agreement or related documents;
- (2) Shouqin fails to implement the business plan approved by the board of Shouqin from time to time in any material aspects;
- (3) Any termination or suspension of the materials and products supply agreements between Shouqin and Shougang Corporation and/or its direct and indirect subsidiaries or affiliates which is of material adverse effect to Shouqin;
- (4) Shouqin ceases or suspends its business for more than 6 months during any continuous 12-month period other than as a result of an event of force majeure; and
- (5) the Company is in violation of any applicable laws and regulations in material respects such that the Company may not continue to conduct ordinary business activities.

In respect to (2) above, the management of Shouqin each year will submit a business plan detailing the production, sales and development plan to the board of Shouqin for approval. The Put Option is only exercisable if Shouqin fails to implement the approved business plan in any material aspects.

Upon the occurrence of any of the above events, the Company will purchase or procure a third party to purchase all of the equity interest held by HHI in Shouqin at the put price, which is equivalent to the consideration for the Transfer plus interest calculated at 7% per annum, compounded annually, from the date that the consideration was paid to Central Pro to the date when HHI actually receives payment of the put price in full, minus the sum of any dividend amount received by HHI from Shouqin and interest on such dividend calculated at 7% per annum, calculated from the date such dividend is received by HHI to the date when HHI actually receives payment of the put price in full. The put option shall lapse automatically and cease to be exercisable on the date that falls on the expiry of 42 months from the date of the Approval Date. The Company will make further announcement if the Put Option is exercised or transferred.

Reason for the Transfer

Being one of the leading ship building companies in the world, HHI is a heavy user of steel plates. It is expected that HHI will purchase 300,000 tons to 500,000 tons of steel plates from Shouqin on an annual basis when Shouqin begin normal commercial production of steel plates in 2007. As of the date of this announcement, no agreement has been entered into between Shouqin and HHI in respect of such supplies. The Company will make announcement in compliance with the Listing Rules once such agreement has been signed. Given the significant demand of HHI for steel plates, the Directors are of the view that the introduction of HHI as a strategic investor to Shouqin would be beneficial to the development of Shouqin, as it would guarantee a stable purchase of steel plates produced by Shouqin.

As the Equity Interest Transfer Agreement is entered into under normal commercial terms and the consideration represents a premium of approximately 33% over the consolidated net assets value attributable to the Sale Shares as at 30 June 2006, the Directors (including the Independent Non-executive Directors) are of the view that the Transfer is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

GENERAL

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

The Transfer constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst other things, details of the Transfer will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong and Korea
“Central Pro”	Central Pro Investments Limited, a company incorporated in Samoa and a wholly owned subsidiary of the Company
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability whose securities are listed on the main board of the Stock Exchange
“Completion”	completion of the Transfer
“connected person”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Interest Transfer Agreement”	the agreement dated 8 November 2006 between the Company, Central Pro and HHI pursuant to which Central Pro will transfer the Sale Shares to HHI
“Group”	the Company and its subsidiaries
“HHI”	Hyundai Heavy Industries Co., Ltd., a company incorporated in the Republic of Korea and is the purchaser of the Sale Shares
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Profit News”	Profit News Investments Limited, a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company

“QHD”	Qinhuangdao Shougang Plate Mill Co., Ltd., a wholly owned subsidiary of the Company incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	20% in the registered capital of Shouqin
“Shareholders”	holders of shares of the Company
“Shougang Corporation”	Shougang Corporation, a state-owned enterprise established in the PRC and is the beneficial owner of the entire issued share capital of Shougang Holding (Hong Kong) Limited, a substantial shareholder of the Company
“Shouqin”	秦皇島首秦金屬材料有限公司(Qinhuangdao Shouqin Metal Materials Co., Ltd.), a Sino-foreign joint venture enterprise in the PRC
“Standnew”	Standnew Limited, a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the transfer of the Sale Shares from Central Pro to HHI pursuant to the terms of the Equity Interest Transfer Agreement
“Welcen”	Hong Kong – Canada Welcen Kingsway International Investments (Holdings) Limited, a company incorporated in Hong Kong and is an indirect wholly-owned subsidiary of the Company
“%”	per cent.

Amounts in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 to RMB1.03 for illustration purposes only.

By Order of the Board of
**SHOUGANG CONCORD INTERNATIONAL
ENTERPRISES COMPANY LIMITED**
Cao Zhong
Managing Director

10 November 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. Zhang Wenhui (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. 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.