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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

The Board announces that on 20 March 2007, Timefull, a wholly-owned subsidiary of the Company, and ARH have entered into the Agreement, pursuant to which Timefull has agreed to subscribe the Subscription Shares for an aggregate consideration of AUD\$28,000,000 (equivalent to approximately HK\$174,160,000) and ARH has agreed to grant to Timefull the Subscription Options.

The Subscription 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 Subscription will be despatched to the Shareholders as soon as practicable.

**As completion of the Subscription is subject to a number of conditions precedent, which may or may not be fulfilled, Shareholders and the public are advised to exercise caution when dealing in the shares of the Company.**

## THE AGREEMENT

### Date of the agreement

20 March 2007

### Parties to the agreement

- (1) ARH, an Australian company listed on the ASX, is principally engaged in investment holding and mining; and
- (2) Timefull, a wholly-owned subsidiary of the Company, as the subscriber of the Subscription Shares and Subscription Options.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, ARH and its 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.

### **Subscription Shares**

28,000,000 new ARH Shares are to be subscribed by the Subscriber, representing approximately 7.29% of the existing issued share capital of ARH and approximately 6.40% of the issued share capital of ARH as enlarged by the Subscription together with another subscription agreement entered into by ARH on 20 March 2007 with another party.

The Subscription Shares, when fully paid, will rank pari passu in all respects with the ARH Shares in issue, including the right to any dividends or distributions.

### **Consideration**

The consideration for the Subscription Shares is AUD\$28,000,000 (equivalent to approximately HK\$174,160,000), which is determined after arm's length negotiation between the Subscriber and ARH by reference to the closing price of the ARH Shares. ARH conducted a reorganization of capital by consolidating 10 ARH Shares into 1 ARH Share on 19 December 2006 and the pre-consolidation closing price of ARH Share as at 14 December 2006, the last trading date of the ARH Shares prior to its suspension on the ASX, is AUD\$0.115. The subscription price of AUD\$1.00 per Subscription Share represents a discount of approximately of 13.04% to the theoretical post-consolidation latest closing price of AUD\$1.15 per ARH Share.

The consideration will be satisfied by the internal resources of the Group and is payable in full at Completion.

### **Conditions**

The Subscription is subject to satisfaction of the following conditions precedent:

- (i) the first to occur of:
  - (A) the Treasurer of the Commonwealth of Australia ("**Treasurer**") ceasing under the Foreign Acquisitions and Takeovers Act 1975 ("**Act**") to be empowered to make an order under Part II of the Act in relation to the entering into and Completion of this Agreement; and

- (B) the receipt by the Subscriber of notice in writing issued by or on behalf of the Treasurer to the effect that the Government of the Commonwealth of Australia does not object to the Subscriber entering into and completing the transaction contemplated by this Agreement;
- (ii) the Treasurer of the Commonwealth of Australia approving the Subscriber's application under Australia's Foreign Investment Policy with regard to direct investments by foreign governments and their respective agencies in relation to entering into and Completion of this Agreement;
- (iii) the approval of ARH's shareholders in a general meeting for the issue of the Subscription Shares and the grant of the Subscription Options in accordance with the requirements of ASX listing rules 7.1 and 7.3 and any other applicable regulatory requirements; and
- (iv) the ARH Shares having been reinstated to official quotation on ASX or ASX notifying ARH in writing that the ARH Shares will be reinstated to official quotation on ASX subject only to completion of the issue and allotment of the Subscription Shares.

If the conditions precedent above are not satisfied or waived, as the case may be, on or before 30 June 2007 or such later date as the parties may agree in writing, then all rights and obligations of the parties under the Agreement shall terminate save for antecedent breaches.

Trading in ARH Shares has been suspended since 15 December 2006 pursuant to ASX Listing Rule 11.1 which requires that a company undergoing a major change in the nature or scale of its activities must, in certain circumstances, be suspended until the company has satisfied certain re-listing requirements of ASX including completion of a capital raising and the issue of a prospectus. The suspension of the trading in ARH Shares was caused by the change in the scale of its activities as a result of the acquisition of International Minerals. ARH is seeking re-listing on ASX and anticipates re-listing will take place within the next few weeks once it completes a prospectus.

### **Completion**

Completion will take place on the 2nd Business Day after the satisfaction or waiver of the conditions of the Agreement.

### **Subscription Options**

Pursuant to the Agreement, ARH will also grant to the Subscriber without consideration the option to subscribe for 14,000,000 ARH Shares at the exercise price of AUD\$1.50 per ARH Share.

The Subscription Options have an option period of three years from the date of its issue. Subscription Options not exercised during the option period will automatically expire. The Subscription Options may be transferred to a related body corporate but otherwise may not be sold, assigned, transferred or otherwise dealt with in any way.

All ARH Shares issued pursuant to the exercise of the Subscription Options will rank pari passu in all respects with the existing ARH Shares in issue. The Company will comply with the relevant requirements of the Listing Rules upon the exercise, transfer or expiry of the Subscription Options.

### **ARH**

ARH is a company incorporated in Australia, the shares of which are listed on ASX. ARH is principally engaged in the business of mineral exploration and through the interest of its wholly-owned subsidiary, International Minerals, owns the rights to mine 1 billion tonnes of magnetite iron ore from part of the Susan Palmer Deposit located on tenements in the Pilbara region of Western Australia.

The audited net asset value of ARH as at 30 June 2005 and 30 June 2006 were approximately HK\$116,216,000 and approximately HK\$115,802,000, respectively. The losses before and after tax of ARH for the two financial years ended 30 June 2005 and 30 June 2006 were approximately HK\$27,564,000 and approximately HK\$72,146,000, respectively. The financial reports of ARH have been prepared in accordance with Australian Accounting Standards which equivalent to International Financial Reporting Standards, other authoritative pronouncements of the Australian Accounting Standard Board, Urgent Issues Group Interpretations and the Corporations Act 2001 of Australia.

ARH intends to use most of the proceeds towards the payment of any assessed stamp duty for the purchase of International Minerals and the undertaking of a bankable feasibility study for the Project.

### **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 ARH, the principal business of which is mineral exploration, is in the interest of the Shareholders as it would potentially secure a long-term and stable source of supply of raw materials for the Group's steel manufacturing operation. The Group will explore further opportunity to cooperate with ARH in future.

The Directors (including the independent non-executive Directors) consider that the 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 Subscription is in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

The Subscription 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 Subscription will be despatched to the Shareholders as soon as practicable.

**As completion of the Subscription is subject to a number of conditions precedent, which may or may not be fulfilled, Shareholders and the public are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

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

“Agreement”	the agreement dated 20 March 2007, entered into by and between Timefull and ARH in respect of the Subscription
“ARH”	Australasian Resources Limited, a company incorporated in Western Australia, the securities of which are listed on ASX
“ARH Shares”	ordinary shares of AUD\$1.00 each in the share capital of ARH
“associate”	has the meaning ascribed to it under the Listing Rules
“ASX”	Australian Securities Exchange
“AUD\$”	Australian dollar, the lawful currency of Australia
“Board”	the board of directors of the Company
“Business Day”	a day on which banks are open for business generally in Perth, Western Australia
“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 Subscription
“Director(s)”	the director(s) of the Company
“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
“International Minerals”	International Minerals Pty Ltd, a company incorporated in Queensland and is a wholly-owned subsidiary of ARH
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Project”	the sole and exclusive right to mine and process 1 billion tonnes of magnetite iron ore from part of the Susan Palmer Deposit located on tenements in the Pilbara region of Western Australia
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Subscriber”	Timefull Investments Limited, a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares and the Subscription Options by Timefull
“Subscription Options”	options to subscribe for 14,000,000 ARH Shares granted by ARH to the Subscriber pursuant to the terms of the Agreement
“Subscription Shares”	28,000,000 ordinary shares in the issued share capital of ARH to be subscribed by the Subscriber pursuant to the terms of the Agreement
“Timefull”	Timefull Investments Limited, a company incorporated in the Samoa 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\$6.22.

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

Hong Kong, 21 March 2007

*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 (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), 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.