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**SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 697)

**DISCLOSEABLE TRANSACTION**

On 9 February 2009, Excel Bond, a wholly-owned subsidiary of the Company, the Company, China Merit and Mr. Wong entered into the Agreement, pursuant to which China Merit has conditionally agreed to sell the Sale Shares, representing approximately 12.05% of the issued share capital of Fushan International, to Excel Bond at a consideration of HK\$1,199,000,000, which will be satisfied in full by (a) a cash consideration of HK\$715,000,000; and (b) the allotment and issue of the Consideration Shares to China Merit (or its nominees) at the Issue Price.

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

**As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.**

**THE AGREEMENT**

**Date**

9 February 2009

**Parties**

Purchaser: Excel Bond

Vendor: China Merit

China Merit is an investment holding company and is wholly-owned by Mr. Wong.

Purchaser Guarantor: The Company

The Company has unconditionally and irrevocably agreed to guarantee the due performance of Excel Bond's obligations under the Agreement.

Vendor Guarantor: Mr. Wong

Mr. Wong has unconditionally and irrevocably agreed to guarantee the due performance of China Merit's obligations under the Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, China Merit and Mr. Wong are not connected persons of the Company within the meanings of the Listing Rules and are thus considered to be independent of the Company and the connected persons of the Company.

### **Assets to be acquired**

The Sale Shares, representing approximately 12.05% of the issued share capital of Fushan International as at the date of this announcement. Fushan International is an investment holding company and the Target Group is principally engaged in the production and sales of coking coal products and side products.

### **Consideration**

The consideration for the acquisition of the Sale Shares shall be HK\$1,199,000,000, which will be satisfied in full by (a) a cash consideration of HK\$715,000,000; and (b) the allotment and issue of the Consideration Shares to China Merit (or its nominees) at the Issue Price.

The consideration for the acquisition of the Sale Shares being HK\$1,199,000,000 or HK\$2.18 per Sale Share was determined after arm's length negotiation between Excel Bond and China Merit with reference to the closing price of HK\$1.99 per share of Fushan International on the date of the Agreement. The purchase price of HK\$2.18 per Sale Share represents:

- (i) a premium of approximately 9.55% over the closing price per share of Fushan International of approximately HK\$1.99 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 12.14% over the average closing price per share of Fushan International of approximately HK\$1.944 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 17.02% over the average closing price per share of Fushan International of approximately HK\$1.863 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 581.25% over the unaudited consolidated net asset value of Fushan International per share of approximately HK\$0.32 as at 30 June 2008.

The Directors are of the view that the consideration for the acquisition of the Sale Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Consideration Shares**

The Consideration Shares will be issued at the Issue Price of HK\$0.88 per Share which was determined after arm's length negotiation between China Merit and Excel Bond with reference to the closing price of HK\$0.88 per Share on the date of the Agreement. The Consideration Shares represent (i) approximately 7.67% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.12% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares immediately upon Completion (assuming that there is no change in its issued share capital from the date of this announcement to the Completion Date save for the issue of the Consideration Shares).

The Consideration Shares shall be issued as fully paid and shall rank *pari passu* in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. The cash consideration for the Acquisition will be financed by the Group's internal resources.

The Issue Price represents:

- (i) the closing price of HK\$0.88 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 5.77% over the average closing price per Share of approximately HK\$0.832 as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 10.28% over the average closing price per Share of approximately HK\$0.798 as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 14.56% over the unaudited consolidated net asset value of the Company per Share of approximately 1.03 as at 30 June 2008.

The Consideration Shares are to be issued by the Company under the general mandate granted to the Directors on 6 June 2008 (the “**General Mandate**”) to allot, issue and deal with up to 1,456,668,242 Shares, being 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the annual general meeting of the Company held on 6 June 2008. As of the date of this announcement, the General Mandate has not been utilised.

### **Conditions precedent**

Completion shall be conditional upon the fulfilment (or waiver, as the case may be) of the following conditions:

- (a) the listing of, and permission to deal in, the Consideration Shares having been granted by the Stock Exchange and not having been revoked prior to Completion;
- (b) China Merit and Mr. Wong having issued a confirmation certifying that the warranties given by them in the Agreement remain true and accurate in all material respects and are not misleading in any material respect at all times from the date of the Agreement up to and including the date of such confirmation;
- (c) Excel Bond and the Company having issued a confirmation certifying that the warranties given by them in the Agreement remain true and accurate in all material respects and are not misleading in any material respect at all times from the date of the Agreement up to and including the date of such confirmation;
- (d) China Merit and Mr. Wong having obtained all necessary consents, authorizations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Agreement;
- (e) Excel Bond having obtained all necessary consents, authorizations and approvals (or, as the case may be, the relevant waiver) in connection with the entering into and performance of the terms of the Agreement;
- (f) China Merit and Mr. Wong having issued a confirmation certifying that they have fulfilled all their obligations and undertakings contained under the Agreement;

- (g) Excel Bond and the Company having issued a confirmation certifying that they have fulfilled all their obligations and undertakings contained under the Agreement;
- (h) Fushan International having obtained all necessary consent or waiver from its creditors in relation to any change in shareholding of Fushan International constituting an event of default in any financing documents to which Fushan International or any of its subsidiaries is a party or by which Fushan International or any of its subsidiaries may be bound or affected as a result of the transactions contemplated under the Agreement;
- (i) China Merit having obtained all necessary consent or waiver from its creditors in relation to the sale of Sale Shares constituting an event of default in any financing documents to which China Merit is a party or by which China Merit may be bound or affected as a result of the transactions contemplated under the Agreement; and
- (j) the execution and performance of the terms of the Agreement will not trigger any obligations on Excel Bond and/or parties acting in concert with it to make a general offer under the Takeovers Code.

Save for conditions (a), (d), (e), (h), (i) and (j) which are not waivable, conditions (b) and (f) can be waived by Excel Bond and conditions (c) and (g) can be waived by China Merit. The conditions precedent are required to be fulfilled or waived (as the case may be) on or before 30 June 2009 or such later date as the parties to the Agreement may agree. If the conditions precedent have not been satisfied or waived (as the case may be) on or before the date aforesaid, the Agreement shall cease and terminate, provided that the rights and liabilities of the parties to the Agreement which have been accrued prior to termination shall subsist.

## **Completion**

Completion of the Agreement shall take place on the Completion Date, being the fifth Business Day after the day on which the last conditions precedent are fulfilled or waived or such other date as China Merit and Excel Bond may agree, subject to the conditions precedent being fulfilled or waived in accordance with the Agreement.

## **LOCK-UP ARRANGEMENT**

### ***In respect of China Merit and Mr. Wong***

From the Completion Date up to and including the date falling six months from the Completion Date, without the prior written consent of Excel Bond, each of China Merit and Mr. Wong shall not, directly or indirectly, and shall procure that none of its or his associates or companies controlled by it/him shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any encumbrances over) any of the Consideration Shares to be allotted to it/him under the Agreement or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Consideration Shares or enter into any swap, derivative, lending, pledge or other arrangement that transfers directly or indirectly to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Consideration Shares in respect of which it or he is the beneficial owner (directly or indirectly) and/or which are registered in its or his name or such other securities, whether any of the foregoing transactions is to be settled by delivery of Consideration Shares or such securities, in cash or otherwise, or announce any intention to do so, and subject always to compliance with the applicable laws.

### *In respect of Excel Bond and the Company*

From the Completion Date up to and including the date falling six months from the Completion Date, without the prior written consent of China Merit, each of Excel Bond and the Company shall not, directly or indirectly, and shall procure that none of its associates or companies controlled by it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any encumbrances over) any of the Sale Shares to be transferred to it under the Agreement or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Sale Shares or enter into any swap, derivative, lending, pledge or other arrangement that transfer directly or indirectly to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Sale Shares in respect of which it is the beneficial owner (directly or indirectly) and/or which are registered in its name or such other securities, whether any of the foregoing transactions is to be settled by delivery of Sale Shares or such securities, in cash or otherwise, or announce any intention to do so, and subject always to compliance with the applicable laws.

### **CHANGES TO THE SHAREHOLDING IN THE COMPANY AS A RESULT OF THE ACQUISITION**

The following table sets out the shareholding structure of the Company (based on the best knowledge of the Directors) immediately before and after Completion (assuming that there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date save for the issue of the Consideration Shares):

	<b>Immediately Before Completion</b>		<b>Immediately After Completion</b>	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shougang Holding (Hong Kong) Limited and its associates	2,996,152,686	41.76	2,996,152,686	38.78
Cheung Kong (Holdings) Limited and its associates	455,401,955	6.35	455,401,955	5.90
China Merit	-	-	550,000,0000	7.12
Other public Shareholders	3,723,826,573	51.89	3,723,826,573	48.20
<b>Total</b>	<b>7,175,381,214</b>	<b>100.00</b>	<b>7,725,381,214</b>	<b>100.00</b>

### **REASONS FOR ENTERING INTO THE AGREEMENT**

Fushan International is a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange and it is an investment holding company. The Target Group is principally engaged in the production and sales of coking coal products and side products.

The Group is principally engaged in the manufacture, sale and trading of steel products and shipping operations. In order to strengthen the Group's position in the manufacture and sale of steel products in the PRC, the Board believes that the Acquisition is in the interest of the Shareholders as it would secure a long-term and stable source of supply of raw materials for the Group's steel manufacturing

operation. The Directors consider that the terms of the Agreement are normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE TARGET GROUP

The financial information of the Target Group for the two financial years ended 31 December 2007 and six months ended 30 June 2008 are as follows:

	<b>Six months ended 30 June 2008 (<i>unaudited</i>) HK\$'000</b>	<b>Year ended 31 December 2007 (<i>audited</i>) HK\$'000</b>	<b>Year ended 31 December 2006 (<i>audited</i>) HK\$'000</b>
Revenue	4,436	15,056	10,535
Loss before taxation	(30,864)	(86,091)	(45,114)
Loss after taxation	(30,864)	(86,091)	(45,114)
Net assets	871,139	792,010	99,580

## LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as set out in the Listing Rules) are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules.

## GENERAL

**As Completion is subject to the fulfillment of a number of conditions precedent, the Acquisition may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the Shares.**

## Definitions

Unless otherwise stated, the terms in this announcement have the following meanings:

“Agreement”	the agreement dated 9 February 2009 entered into between Excel Bond, the Company, China Merit and Mr. Wong in relation to the Acquisition;
“Acquisition”	the acquisition by Excel Bond of the Sale Shares pursuant to the terms of the Agreement;
“associate”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (other than a Saturday, Sunday, a public holiday or a day on which typhoon signal no.8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks in Hong Kong are open for business;
“China Merit”	China Merit Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially and wholly-owned

	by Mr. Wong;
“Connected person”	has the meaning ascribed thereto in the Listing Rules;
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Agreement;
“Completion Date”	the fifth Business Day after the day on which the last conditions precedent are fulfilled or waived or such other date as China Merit and Excel Bond may agree;
“Consideration Shares”	550,000,000 new Shares to be allotted and issued by the Company under the Agreement;
“Directors”	the directors of the Company;
“Excel Bond”	Excel Bond Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Fushan International”	Fushan International Energy Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Issue Price”	an issue price of HK\$0.88 per Consideration Share;
“Last Trading Day”	9 February 2009, being the date of the Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wong”	Mr. Wong Lik Ping, the beneficial owner of China Merit and a shareholder and a director of Fushan International;
“PRC”	the People’s Republic of China;
“Sale Shares”	550,000,000 shares of HK\$0.10 each in the capital of Fushan International, representing approximately 12.05% of the issued share capital of Fushan International;
“Shares”	shares of HK\$0.20 each in the capital of the Company;
“Shareholders”	holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;

“Target Group”

Fushan International and its subsidiaries; and

“%”

per cent.

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

Hong Kong, 10 February 2009

*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).*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*