



首長國際企業有限公司

SHOUGANG CONCORD INTERNATIONAL ENTERPRISES COMPANY LIMITED

[3 December 2007, HONG KONG]

Dear Investors,

On 29 November 2007, Shougang Concord International Enterprises Co. Ltd. (the “Company”) entered into the Subscription Agreement with Shougang Concord Century Holdings Limited (“Shougang Century”) pursuant to which Shougang Century conditionally agreed to issue a total of 600,000,000 new Shougang Century Shares, of which 400,000,000 new shares to the Company at the price of HK\$1.03 per Subscription Share. Upon completion of the said transaction, the Company will hold approximately 36.4% equity interest in Shougang Century, up from the current 22.3%.

Shougang Century is principally engaged in the manufacturing of steel cord for radial tires and processing of copper products. In anticipation of upcoming business cooperation and synergy between the Company and Shougang Century, as well as possible business cooperation between Shougang Century and its strategic partner NV Bekaert, the world’s largest player in this field, the Company has decided to increase the stake in Shougang Century so as to enhance its controlling stake to prevent any likely dilution in the future. Being an important downstream part of the entire value chain, we believe that relationship between Shougang Century and the Company will extend from simply being the subsidiary and the controlling stake holder respectively, to more concrete business cooperation, and such cooperation, in the opinion of the Directors of the Company, would yield positive results for both parties in the foreseeable future and should prove to be highly beneficial to the Group.

Post this transaction, the Company’s financial position remains healthy with approximately HK\$900mn cash on hand and zero debt (at the Company level). As such, it won’t adversely impact, but only enhance its direction towards being a concentrated manufacturer of high-value adding steel products, with exposure to upstream raw material segment.

Last but not least, we’d like to take this opportunity to stress that to create and enhance shareholders’ value as well as to achieve outstanding corporate governance are always at the TOP of the Group’s agenda and we strike to accomplish them at our best efforts. Meanwhile, as the Company is growing bigger and is now having a much broader and better shareholding base, plus being selected as a constituent stock of MSCI HK/China Index effective 1 December, 2007, we will also do our utmost to strengthen IR work so as to improve communication and provide better guidance.

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For enquiries, please contact the Company at 852-28612832.

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