

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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 AND CONNECTED TRANSACTION**

The Board announces that on 30 April 2008, Honstep, a wholly-owned subsidiary of Shougang Holding which is the controlling shareholder of the Company, and SCPPHL, an indirect wholly-owned subsidiary of the Company, have entered into the Agreement, pursuant to which SCPPHL agreed to sell and Honstep agreed to purchase the Sale Share, representing the entire issued share capital of Ultra Result, an indirect wholly-owned subsidiary of the Company, at a consideration of HK\$316,500,000.

As Shougang Holding and its associates hold approximately 41% interest in the Company, Honstep is therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under the Listing Rules. The Disposal also constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. Completion of the Disposal is subject to approval of the Independent Shareholders at the EGM at which Shougang Holding and its associates will abstain from voting.

A circular containing, amongst other things, a notice convening the EGM for approving the Disposal and further details relating to the Disposal, and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee on the Disposal shall be despatched to the Shareholders as soon as practicable.

### **THE DISPOSAL**

**Date of the Agreement:** 30 April 2008

**Parties to the Agreement:**

Purchaser: Honstep, a company incorporated in the British Virgin Islands and has not commenced business since its date of incorporation

Vendor: SCPPHL

## **Asset to be disposed**

Under the Agreement, SCPPHL will sell the Sale Share, representing the entire issued share capital of Ultra Result, an indirect wholly-owned subsidiary of the Company, to Honstep. Ultra Result was incorporated on 3 December 2007 and its sole asset is its 51% interest in the registered capital of Beijing Firstlevel Power.

## **Consideration**

The consideration for the Disposal is HK\$316,500,000 and will be satisfied in the following manner:

- (a) an amount of HK\$158,250,000 to be paid by Honstep to SCPPHL on the date of Completion by way of cheques or other types of immediate available funds as may be agreed by SCPPHL; and
- (b) an amount of HK\$158,250,000 to be paid by Honstep to SCPPHL within three months from the date of Completion by way of cheques or other types of immediate available funds as may be agreed by SCPPHL.

The Agreement was entered into after arm's length negotiation between the parties involved and based on normal commercial terms, and the consideration was determined after taking into consideration of the net asset value of approximately HK\$563.8 million of Beijing Firstlevel Power as at 31 December 2007.

## **Condition of the Agreement**

Completion of the Disposal is conditional upon the approval of the Disposal by the Independent Shareholders at the EGM.

If the condition above is not fulfilled by 31 December 2008, or such later date as may be agreed by the parties, the Agreement will become null and void and cease to be of any effect.

## **Completion**

The Completion will take place on the third business day following the fulfillment of the condition of the Agreement or such other date as may be agreed between the parties. Upon Completion, the Group will not have any interest in Ultra Result and Beijing Firstlevel Power which will accordingly cease to be subsidiaries of the Company.

## **INFORMATION ON SCPPHL AND ULTRA RESULT**

SCPPHL is an investment holding company and its sole asset is its 100% interest in Ultra Result, an investment holding company which holds 51% interest in the registered capital of Beijing Firstlevel Power. Based on the unaudited management accounts of Ultra Result, the net asset value of Ultra Result is approximately HK\$57.2 million as at 31 December 2007. The unaudited consolidated net asset value of Ultra Result as at 31 December 2007 was approximately HK\$122.3 million.

The unaudited net loss before and after taxation for Ultra Result for the year ended 31 December 2007 were approximately HK\$7.5 million and approximately HK\$7.5 million, respectively. The unaudited consolidated net loss before and after taxation for Ultra Result for the year ended 31 December 2007 were approximately HK\$6.7 million and approximately HK\$16.4 million, respectively.

## **INFORMATION ON BEIJING FIRSTLEVEL POWER**

Beijing Firstlevel Power is a subsidiary of the Company and a sino-foreign joint venture established in the PRC on 4 November 2002. The registered capital of Beijing Firstlevel Power is RMB261.17 million (equivalent to approximately HK\$290.91 million), and as at the date of this announcement, is held as to 51% by Ultra Result and 49% by Shougang Corporation.

Beijing Firstlevel Power is principally engaged in electricity generation.

A summary of the turnover, net profit and net asset value of Beijing Firstlevel Power, based on the audited accounts of Beijing Firstlevel Power under PRC GAAP is set out below:

<i>(HK\$ million)</i>	<b>For the year ended 31 December 2007 or as at 31 December 2007</b>	<b>For the year ended 31 December 2006 or as at 31 December 2006</b>
Turnover	520.8	484.5
Net profit	75.4	68.5
Net asset value	563.8	514.1

## **FINANCIAL EFFECTS OF THE DISPOSAL**

A gain on disposal in the amount of approximately HK\$8.4 million in respect of the Disposal will arise upon Completion. The gain is calculated as the difference between (1) the consideration; (2) unaudited consolidated net asset value of Ultra Result as at 31 December 2007; (3) the amount due by Ultra Result to the holding company of SCPPHL as at 31 December 2007 of approximately HK\$216.8 million which will be taken up by SCPPHL and waived; and (4) gain on the realisation of reserves of approximately HK\$31.0 million as at 31 December 2007.

The gross proceeds and the net proceeds from the Disposal would amount to approximately HK\$316.5 million and HK\$315.9 million, respectively. Such proceeds are expected to be applied as general working capital of the Company.

## **REASONS FOR THE DISPOSAL**

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

The Disposal represents a good opportunity for the Company to dispose of its non-core business and to recoup capital for developing the core business with higher profit margin.

The Directors (including the independent non-executive Directors) consider the terms of the Agreement have been made on normal commercial terms and are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

## **GENERAL**

Shougang Holding is principally engaged in investment holding, property investment and provision of management services. As Shougang Holding and its associates hold approximately 41% interest in the Company, Honstep is therefore a connected person of the Company under the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under the Listing Rules. The Disposal also constitutes a discloseable transaction under Rule 14.06 of the Listing Rules. Completion of the Disposal is subject to approval of the Independent Shareholders at the EGM at which Shougang Holding and its associates will abstain from voting.

The Independent Board Committee has been established to advise the Independent Shareholders on the Disposal. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposal.

A circular containing, amongst other things, a notice convening the EGM for approving the Disposal, further details relating to the Disposal, and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposal will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

“Agreement”	the agreement dated 30 April 2008 entered into between Honstep and SCPPHL in relation to the Disposal
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Firstlevel Power”	Beijing Shougang Firstlevel Power Co., Ltd., a sino-foreign joint venture enterprise established in the PRC which is held as to 51% by Ultra Result and 49% by Shougang Corporation
“Board”	the board of directors of the Company
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liabilities, the shares of which are listed on the Stock Exchange
“Completion”	completion of the Disposal
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Sale Share by SCPPHL to Honstep pursuant to the Agreement
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honstep”	Honstep Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of Shougang Holding
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of Directors, consisting of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Disposal
“Independent Shareholder(s)”	the shareholder(s) other than Shougang Holding and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the Peoples Republic of China and for the purpose of this announcement, excludes Taiwan, Hong Kong and Macau
“PRC GAAP”	the general accepted accounting principles in PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one ordinary share of HK\$1.00 in the share capital of Ultra Result
“SCPPHL”	Shougang Concord Power Plant Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“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
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited

“Ultra Result”                      Ultra Result Limited, a company incorporated in Hong Kong and  
an indirect wholly-owned subsidiary of the Company

*Amounts in RMB have been translated into HK\$ at an exchange rate of HK\$1.00 to  
RMB0.89778 for illustration purposes only.*

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

5 May 2008

*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).*