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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)

PROFIT WARNING

This announcement is made by the Company pursuant to rule 13.09(1) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that the results of the Group for the year ending 31 December 2012 is expected to decline significantly as compared with that for the year 2011.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Shougang Concord International Enterprises Company Limited (the “Company”, the Company together with its subsidiaries, the “Group”) pursuant to rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of the Company (the “Board”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on the unaudited consolidated management accounts of the Company for ten months ended 31 October 2012, the results of the Group for the year ending 31 December 2012 is expected to decline significantly as compared with that for the year 2011. Should there be no strong recovery in the remaining two months to 31 December 2012 from the tough situation in the first ten months of the year, it is expected that the Group will record a consolidated loss attributable to owners of the Company for the year ended 31 December 2012. The Group recorded a consolidated profit attributable to owners of the Company of HK\$152,252,000 for the year 2011. Such adverse changes are primarily attributable to the following factors:

- (1) As disclosed in the 2011 annual report of the Company, the Group recorded fair value gains of HK\$324,000,000 on iron ore offtake contracts and HK\$108,000,000 on acquisition of interest in Shougang Fushan Resources Group Limited. No such similar gains are expected for the year ending 31 December 2012; and
- (2) As disclosed in the profit warning announcement of the Company dated 31 July 2012 and the

2012 interim report of the Company, the selling price of the Group's steel products dropped significantly in the first half of 2012 due to weak market demand for the steel products under the sluggish economic conditions. Besides, the persistently high raw material cost adversely affected the Group's core business of steel manufacturing. For the four months ended 31 October 2012, the selling price of the Group's steel products further declined as a result of the persistent weakness in the steel industry. Upward pressure of raw materials price and labour cost also eroded the gross profit margin of the Group.

The Group will strive to maintain its competitiveness through continuous improvement in production efficiency and reduction of production costs.

The information contained in this announcement is only a preliminary assessment by the Company based on the preliminary consolidated management accounts of the Company and the information available for the time being, which have not yet been reviewed by the auditor or the audit committee of the Company. As the period covered by the year ending 31 December 2012 has not yet ended, the results of the Group for the year 2012 are not yet available and it is expected that such annual results will be announced in late March 2013.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
**SHOUGANG CONCORD INTERNATIONAL
ENTERPRISES COMPANY LIMITED**
Li Shaofeng
Managing Director

Hong Kong, 24 December 2012

As at the date of this announcement, the Board comprises Mr. Xu Ning (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Zhang Wenhui (Deputy Managing Director), Mr. Chen Zhouping (Non-executive 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).