



SHOUGANG CONCORD INTERNATIONAL ENTERPRISES CO., LTD.

INVESTOR PRESENTATION

6 MONTHS ENDED 30 JUNE 2008



Forward-looking Statements

This presentation contains “Forward-looking statements” that are not historical in nature. These forward-looking statements, which include, without limitation, statements regarding Shougang Concord International Enterprises Co., Ltd.’s future results of operations, financial condition or business prospects, are based on the current beliefs, assumptions, estimates and projections of the directors and management of the Company about the business, the industry and the markets in which the Company operates in. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. Actual results could differ materially from those expressed, implied or forecasted in these forward-looking statements for a variety of factors.



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Company Snapshot

- Leading integrated heavy plate producer in Qinhuangdao City, Northern China
- Largest shareholder is Shougang Corporation, a State-Owned Enterprise in China
- Riding on industrialization trend serving infrastructure, shipbuilding and machinery giants
- Part of MSCI China/Hang Seng Composite Index

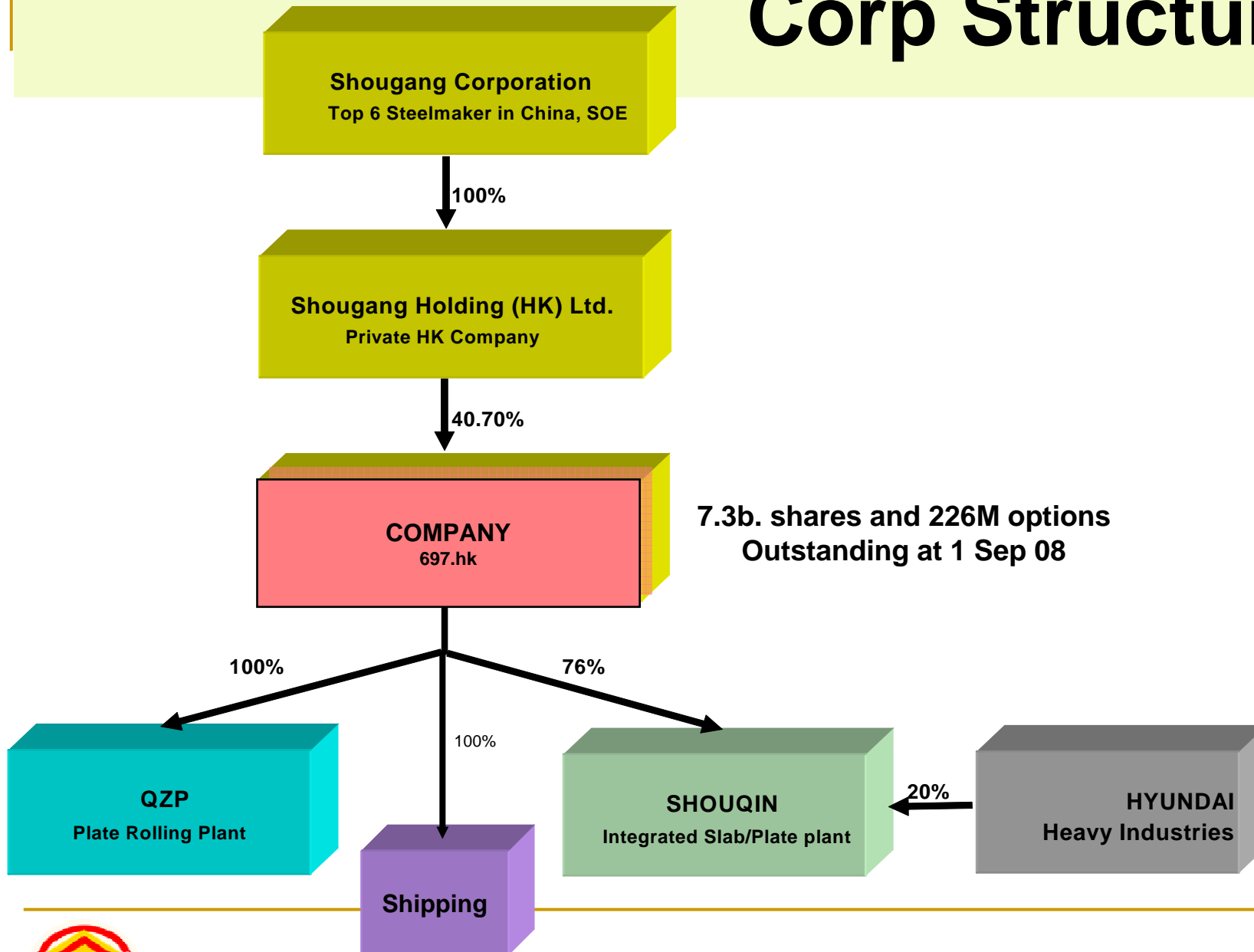


1H08: Realizing Our Potential

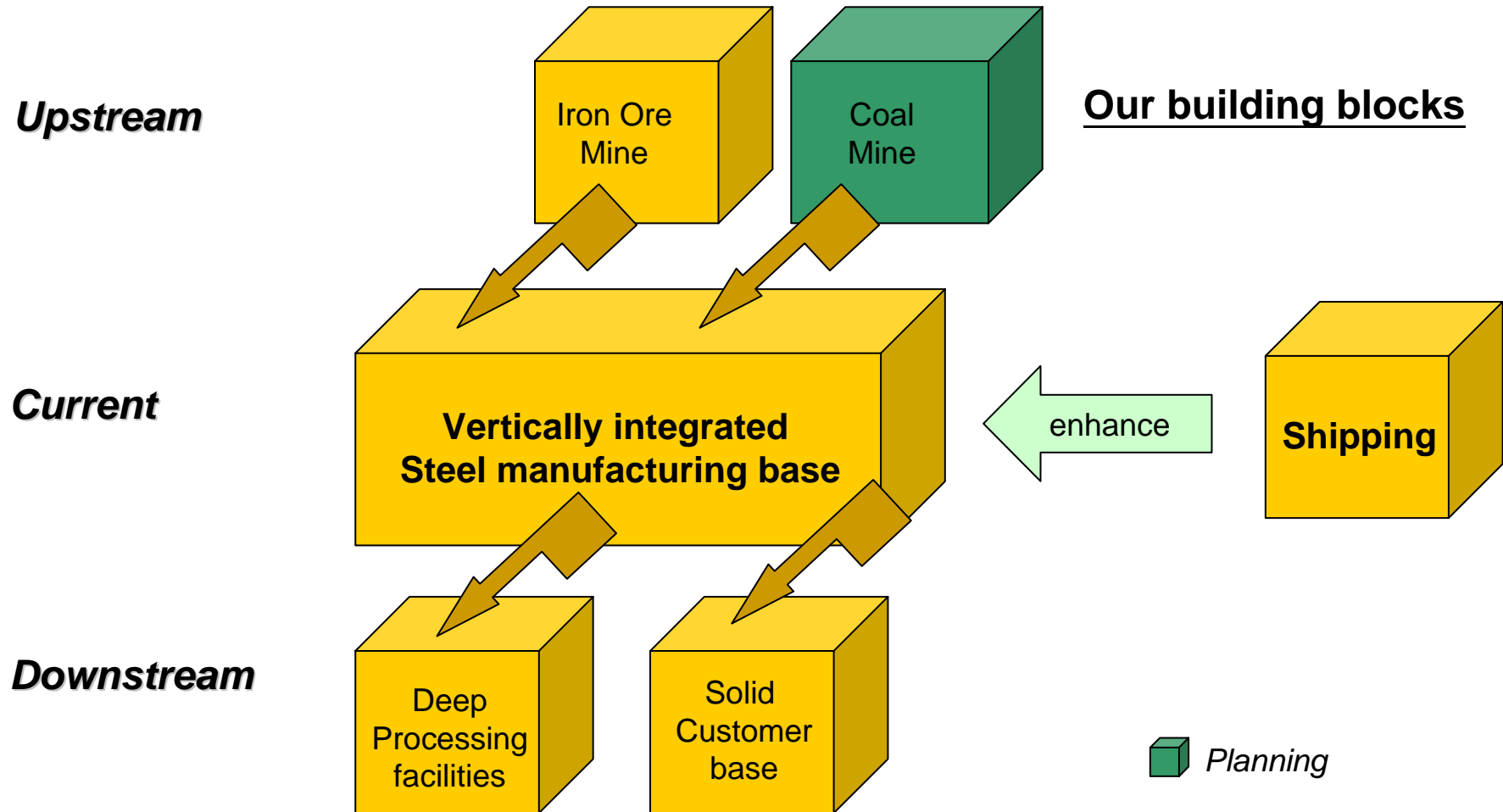
HK\$ million	1H 08	1H 07	Change
Turnover	8,453	4,883	+73%
Attributable Profit	1,092	465	+135%
<i>Including: Steel Manufacturing Segment</i>	1,021	297	+244%
Core Operating Earnings	1,227	384	+220%
Consolidated GP%	24%	17%	+41%
Total assets	21,338	13,321	+60%
<i>Including: Cash and bank</i>	6,128	2,338	+162%
Basic EPS (HK cents)	15.2	7.9	+92%
DPS (HK cents)	2.0	-	



Corp Structure



Strategy on Core Businesses





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Witnessing Shouqin's Growth

- New plant Shouqin has reached full scale production of heavy plate works from April 2007
- Heavy plate production level has risen by 61% (08: 755,000 mt.; 07: 468,000 mt.)
- Shouqin is vertically integrated with 2 blast furnaces and a 4.3m SMS-Demag plate production line
- Also setting up a downstream processing centre to provide VAS (modularization, blocking and cutting) to customers



Product Mix Geared to Market

- Riding on Asia growth, especially China



Industry Breakdown on Heavy Plate Output

2008-9	50%	20%	20%	10%
From 2010	25%	33%	33%	10%



Serving Top Industry Players

Shipbuilding



Petrochemical



Infrastructure and Heavy Machinery



New Product Development

- Pipeline Steel Plates (X70; Trial on X80)
- Blast Furnace Shell Plates (90mm)
- Boiler and Pressure Vessel plates (60-100mm)
- Offshore Platform Plates
- SG610D type Oil Container Plates
- Low Carbon Ultra thick Plates (100-120mm)
- High Strength Bridge Plates



Alliances with Hyundai Heavy

Hyundai Heavy Industries Ltd., world's largest shipbuilder based in S. Korea, is a 20% shareholder of Shouqin, the alliance serves three core purposes

- Secure sale of ship plates (300-500k mt. p.a.)
- Product improvement through technology exchanges
- Expand shareholder base

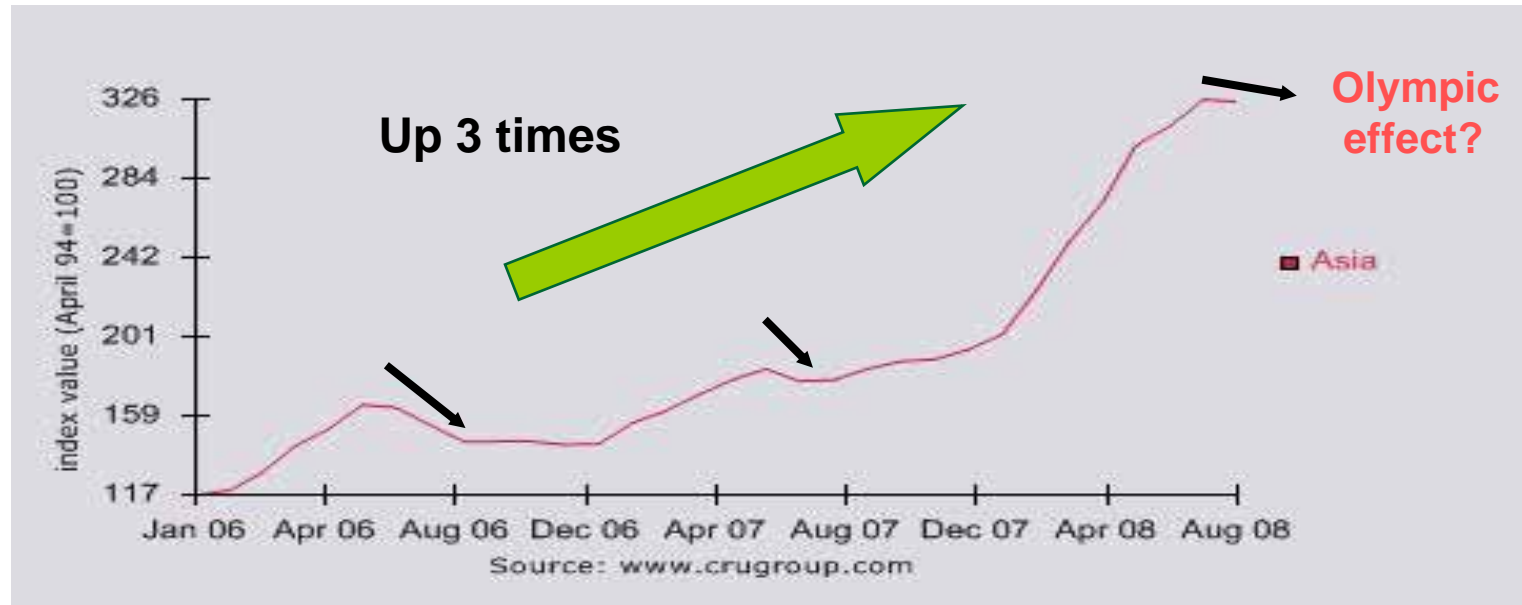


Spinning Off Non-core Segments

- Disposed of Kitchen & laundry equipment installation segment in Jun-07
- Disposed of Beijing First Level Power Plant (Electricity Generation segment) and was completed in Jun-08



Price Trend – CRU Asia Steel



- Uptrend through supply crunch and higher costs
- Base plate price to Hyundai rose from US\$698 (Q4, 07) to US\$1,300 (Aug, 08) per ton
- Summer months usually drive prices lower





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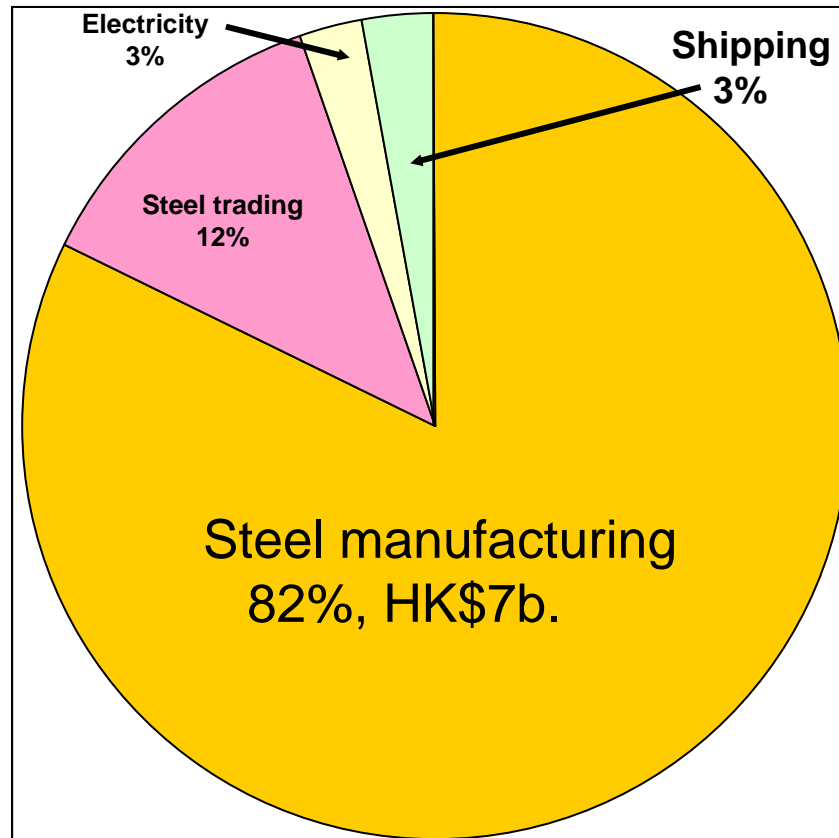
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Steel Manufacturing: Segment Leader in Turnover/Earnings



Turnover

Consolidated turnover for 1H08 amounted to HK\$8.5 b.



Core operating earnings

Core operating earnings for 1H08 amounted to HK\$1.2 b.



Core Operating Earnings

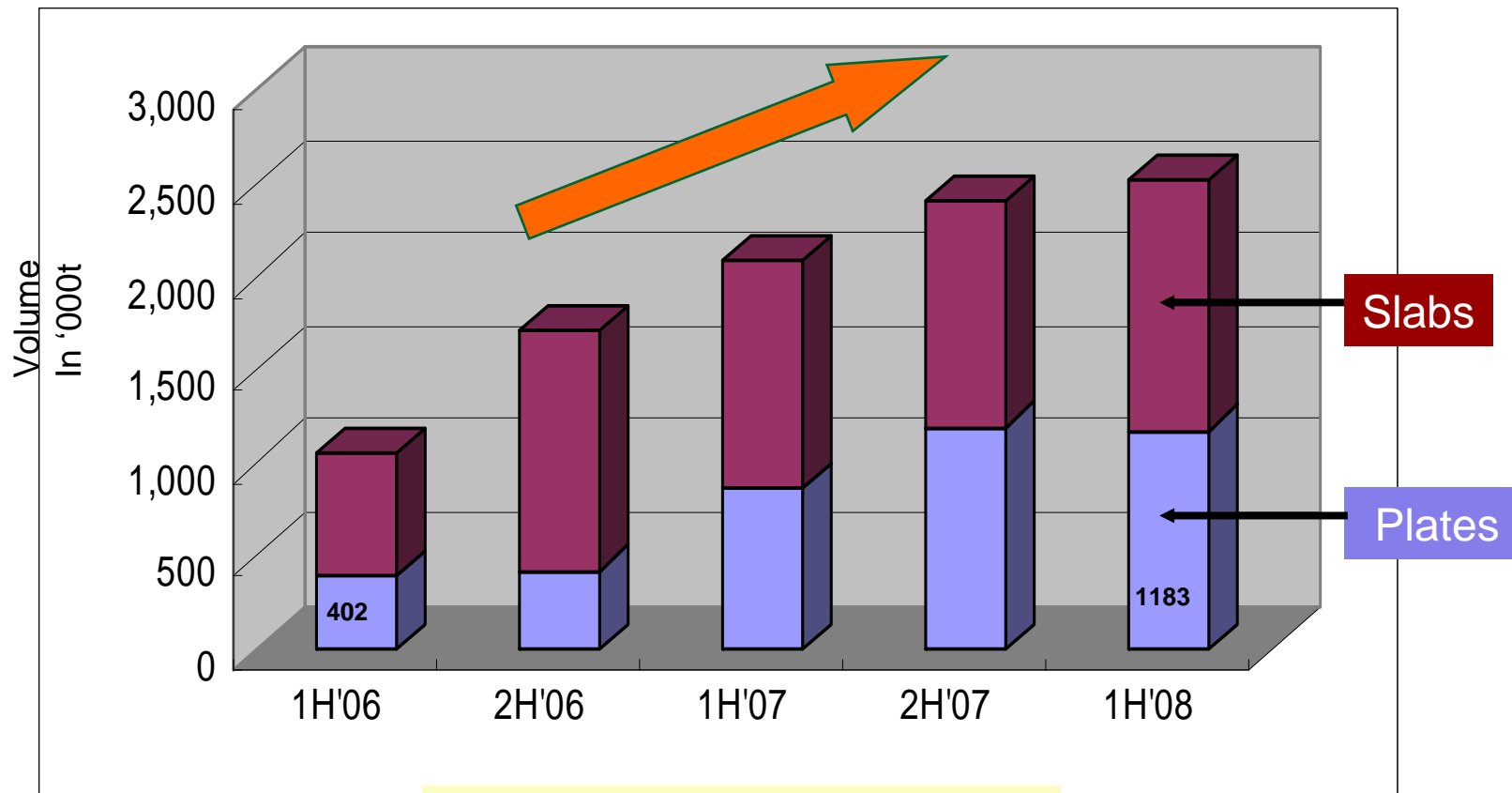
- Stripping out exceptional items

HK\$ million	1H08	1H07	2007
Attributable profit	1,092	465	1,404
Fair value adjustment on ARH options	83	--	(150)
Underlying profit	1,175	465	1,254
Employee share option expenses	56	--	60
(Profit)/loss from asset realizations			
Electricity generation	(4)	--	--
Kitchen and laundry installation*	--	9	7
20% interest in Shouqin*	--	(90)	(92)
Core Operating earnings	1,227	384	1,229

* Changes in realized profit calculations



Record Steel Productions



CAGR in Plates (06-08): 70%



2008 Statutory Account Summary

- Consolidated Income Statement (*extract*) for 6 months ended

HK\$'M	2008	2007	Change
Continuing operations			
REVENUE	8,243	4,604	+79%
Cost of sales	<u>(6,256)</u>	<u>(3,851)</u>	+62%
GROSS PROFIT	1,987	753	+164%
Finance costs	(201)	(173)	+16%
FV adjustment (ARH options)	(88)	(4)	
Other expenses, net	(301)	(131)	
PROFIT BEFORE TAX	1,397	549	+154%
Income tax expenses	(28)	(19)	+47%
Profit for the year from continuing operations	1,369	530	+158%
(Loss)/Profit for the year from discontinued operations	12	25	-52%
Profit for the year	1,381	555	+149%
Attributable to shareholders	1,092	465	+135%
Minority interests	<u>289</u>	<u>90</u>	

➤ Consolidated GP% is 24% (07:17%)

➤ Low effective income tax rate at 2%



2008 Statutory Account Summary

- Consolidated Balance Sheet (extract) at 30 June

HK\$'M	2008	2007	Change
NON-CURRENT ASSETS	10,342	8,994	+15%
CURRENT ASSETS	10,996	4,327	+154%
<i>(including Bank and cash)</i>	6,128	2,238	+174%
CURRENT LIABILITIES	8,206	7,322	+12%
<i>(including loans & borrowings)</i>	2,635	4,185	-37%
NON-CURRENT LIABILITIES	4,377	1,651	+165%
<i>(including loans & borrowings)</i>	4,326	1,607	+169%
	<u>8,755</u>	<u>4,348</u>	
SHARE CAPITAL	1,457	1,214	+20%
RESERVES	<u>6,031</u>	<u>2,398</u>	+152%
	7,488	3,612	
Minority Interests	<u>1,267</u>	<u>736</u>	+72%

- Strong cash level and reduced net borrowings
- Quick ratio¹ is 1.05 (07:0.46)
- Net gearing² is 23% (07:96%)

Note 1: Being current assets (excluding inventory) divided by current liabilities

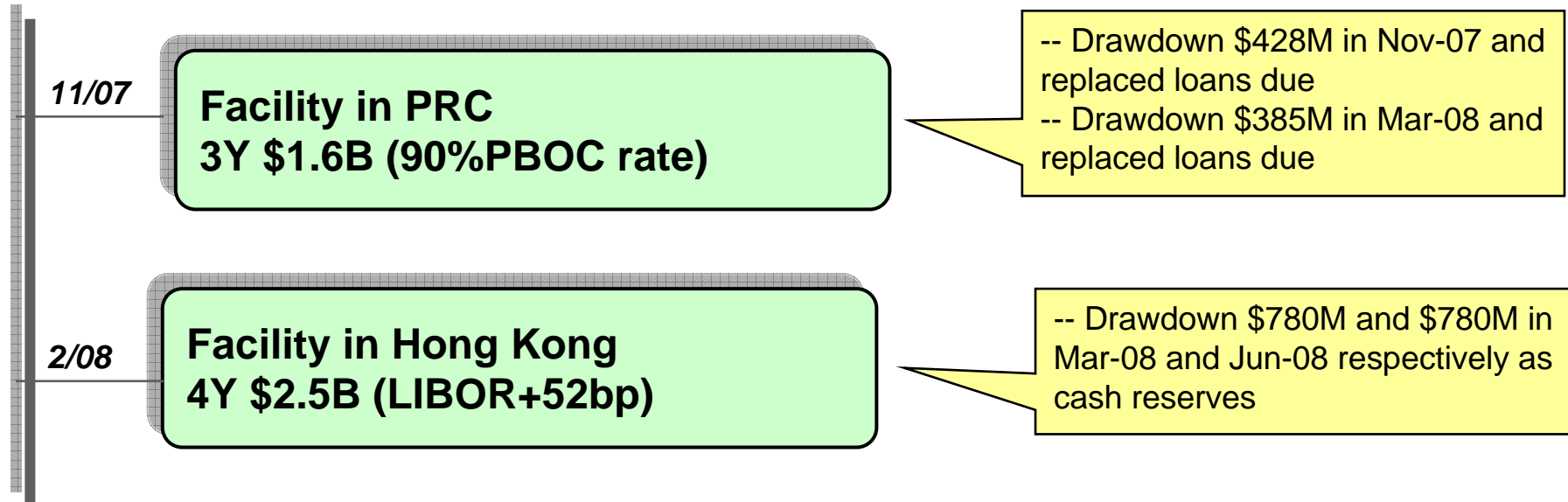
Note 2: Being Net debt divided by Shareholders' equity



Financing Activities

- Cash is king

In HK\$



- Ample financial resources for business growth
- Low cost undrawn facilities available



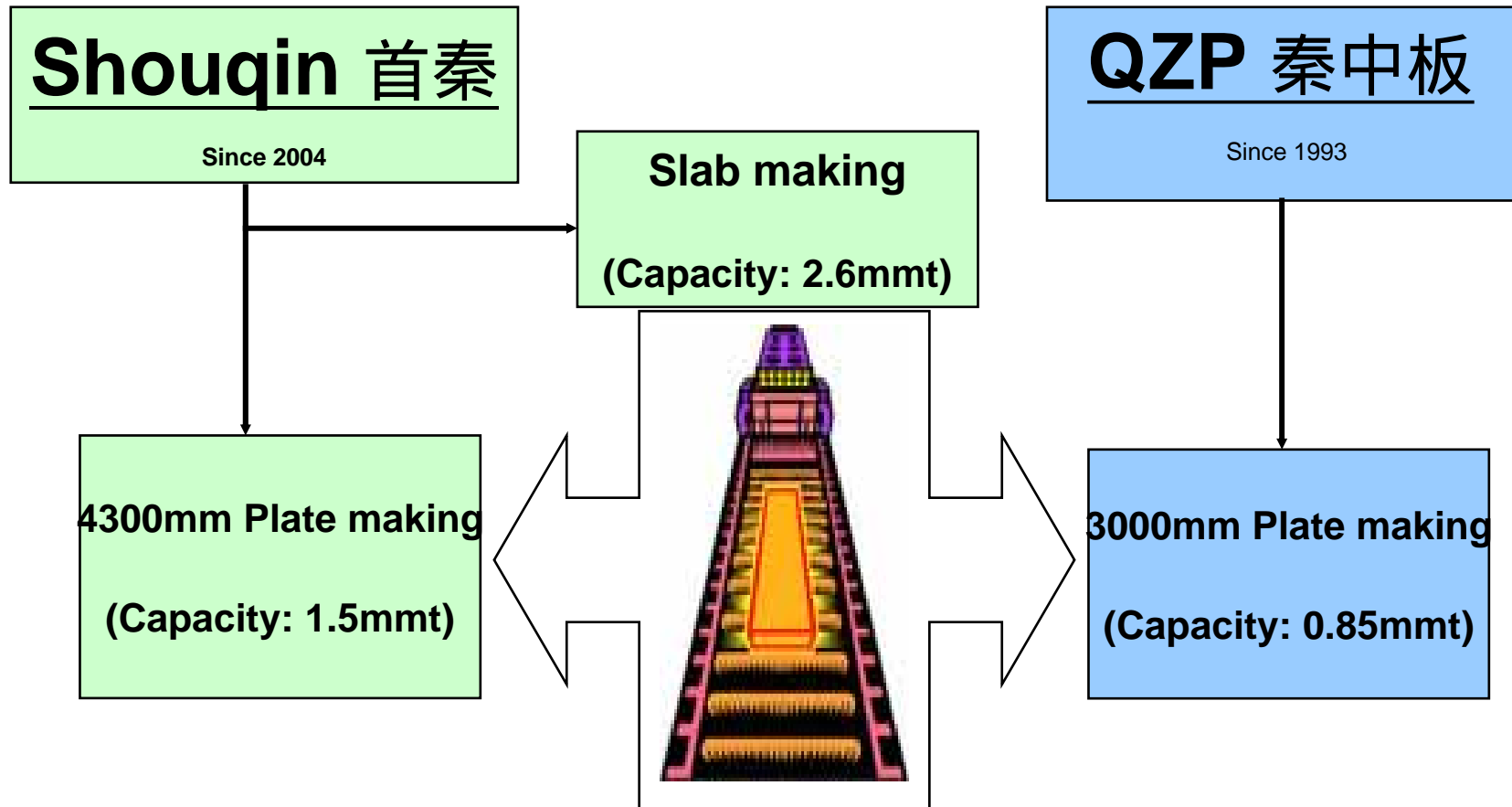


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Steel Manufacturing

- Sale of heavy plates



76%-owned Shouqin

- integrated facility



HK\$'M	1H08	1H07	Change
Turnover	7,298	3,930	+86%
Gross Profit	1,537	538	+186%
GP%	21.1%	13.7%	
Profit after tax	1,173	314	+274%
Attributable to the Group*	884	222	+298%

Sales volume in '000 tons	
Ship Plates	372
Pipeline Plates	20
Others	350
	<hr/>
	742
	<hr/>
1H07:	469

FY08 (E)
150,000t.

↑ 58%

Note: All figures are shown before elimination of intercompany sales except *attributable to the group which is shown after elimination

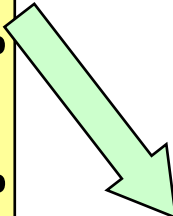


100% owned-QZP

- Plate Mill



HK\$'M	1H08	1H07	Change
Turnover	2,671	1,669	+60%
Gross Profit	294	147	+100%
GP%	11.0%	8.8%	
Profit after tax*	137	75	+83%

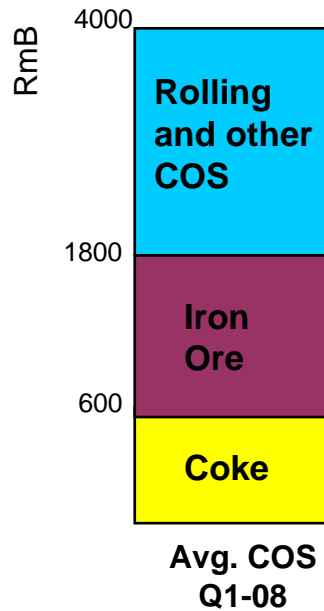


In '000t	1H08	1H07	Change
Sales	370	370	-

*Note: All figures are shown before elimination of intercompany sales except profit after tax * which is shown after elimination*



Impact of Input Price Increase



Steel price hike required to offset input cost increase

		Iron Ore				
		50%	60%	70%	80%	90%
Coke	90%	18.0%	20.0%	21.9%	23.9%	25.8%
	100%	18.9%	20.9%	22.8%	24.8%	26.7%
	110%	19.9%	21.8%	23.8%	25.7%	27.7%
	120%	20.8%	22.7%	24.7%	26.6%	28.6%
	130%	21.7%	23.6%	25.6%	27.5%	29.5%

- Iron ore and coke constituted **~45%** of average per ton COS of steel plates during Q1, 08
- Raw material cost pass-through very likely by increasing selling price as above



Plate Capacity Expansion

- To complete by late 2010



- We have committed a new Roughing Mill (plate) and 400mm-thick caster (slab) in Shouqin which can increase plate capacity by 600,000 mt.
- Planned capex RmB1.7b. over 3 years to be financed internally
- Total capacity will grow to 3.6mmt. (Shouqin: 2.7mmt, QZP: 0.9mmt.)



Production Growth 2008-10

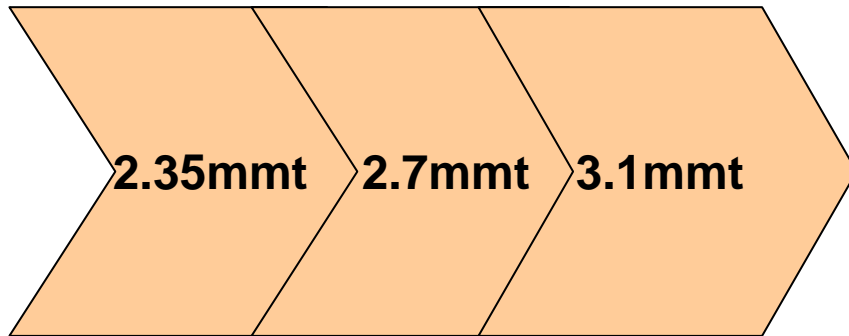
Plates - Combined



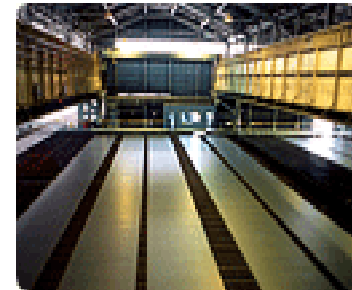
2008

2009

2010



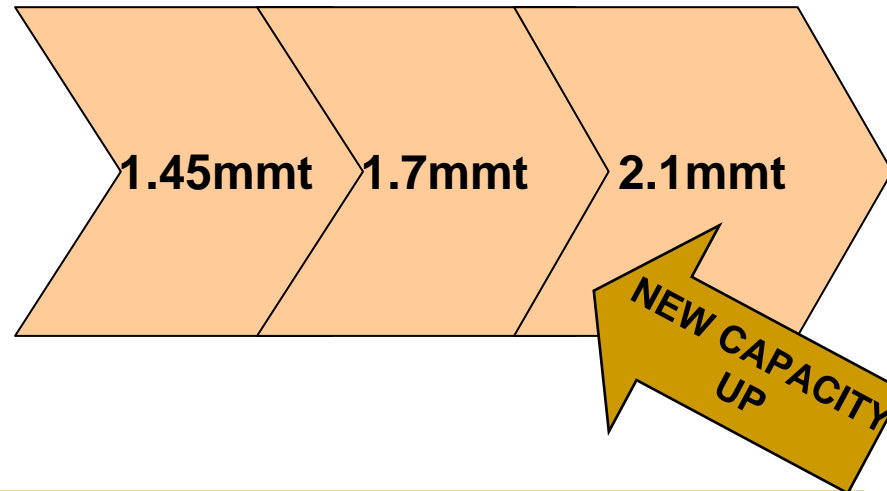
Shouqin only



2008

2009

2010



Shipping

- Charter-out of vessels

SG ENTERPRISE



SG PROSPERITY

- Two capesize vessels at 200,000t each on 15 year leases since Sep-97
- Per vessel straight line daily rate is US\$24,000 and are now leased out at US\$53,000 and US\$203,000* respectively
- A hedge against rise in freight rates

*Voyage charter from July-08, previously \$110,000



Shipping

- Charter-out of vessels

SG ENTERPRISE



SG PROSPERITY

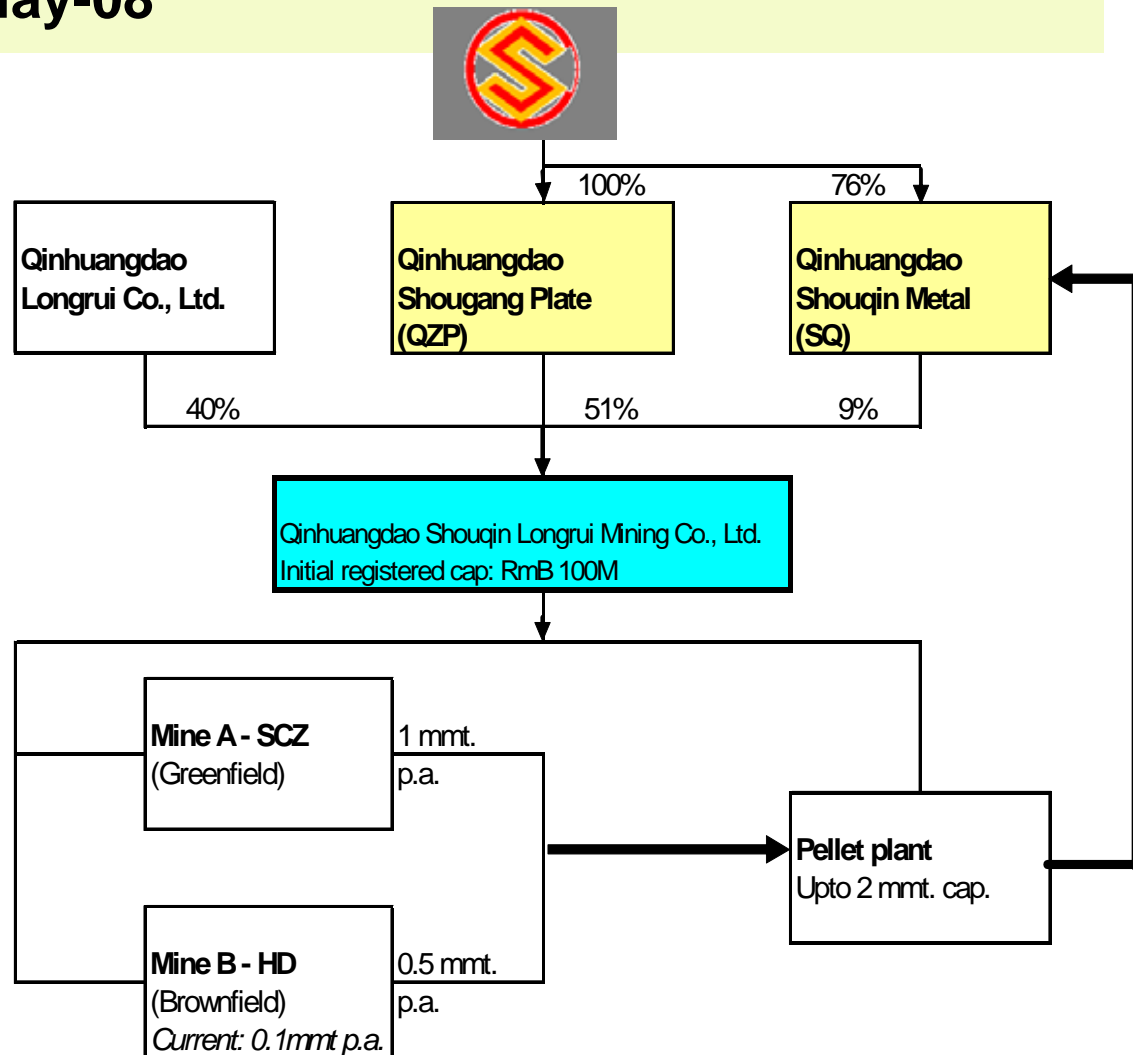
HK\$'M	1H08	1H07	Change
Turnover	239	140	+71%
Gross Profit	155	75	+107%
<i>GP%</i>	<i>64.9%</i>	<i>53.6%</i>	
Profit after tax	159	74	+115%



China JV on Iron ore exploration

- Upstream, set up in May-08

- Production to start by end of FY09
- Total planned capex at RmB1.2b. with 60/40 D/E
- <2 yr Payback
- Potentially satisfy 40% of iron ore needs





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Market Outlook

- “Steel market remains strong despite risks to global economy.” – OECD, 23 May 2008
- Strong demand for high end steel to underpin high prices (See Baosteel and Nippon Steel Q4 pricing)
- Demand for heavy plates is comparatively inelastic (infrastructure, heavy machinery and shipbuilding)
- Lower coke and iron ore costs (inputs) are expected

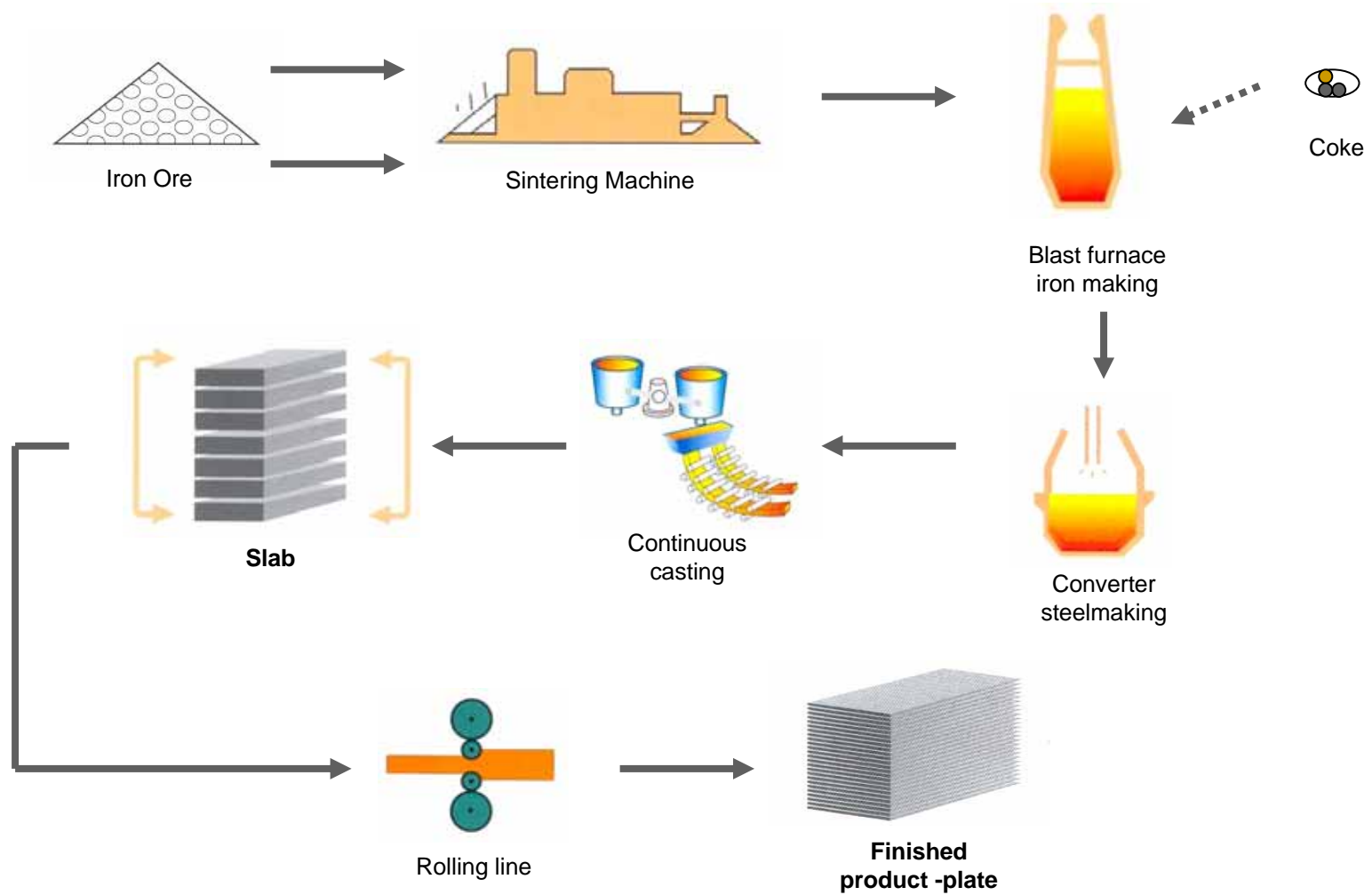


Conclusion

- Good operating results and financial strength
- Progressive increase in heavy plate production
- Securing niche market leadership with quality products; product mix optimization – not solely ship plates
- Putting investors first – better fundamentals and capital discipline



Plate Production Process



SEHK:697 
首長國際企業有限公司
SEOUKANG CONCORD INTERNATIONAL ENTERPRISES
COMPANY LIMITED

