



SHOUGANG CONCORD  
INTERNATIONAL  
ENTERPRISES COMPANY LIMITED  
首長國際企業有限公司

**SHOUGANG CONCORD INTERNATIONAL EXECUTES  
UPSTREAM ACQUISITION BY ENTERING INTO A CHINA  
MINING JV**

[Hong Kong, 13 June 2008] Shougang Concord International Enterprises Co., Ltd. (the “Company”) announced that it has established a Joint Venture in China on iron ore exploration and pelletization, known as Qinhuangdao Shouqin Longrui Mining Co., Ltd. (“QSLM” 秦皇島首秦龍匯礦業有限公司). Qinhuangdao Shougang Plate Mill Co., Ltd., wholly owned subsidiary of the Company, owns 51% interest; while Qinhuangdao Shouqin Metal Materials Co., Ltd., held as to 76% by the Company, owns 9% interest, the remaining 40% is held by Qinhuangdao Longrui Group, a domestic mining and iron ore trading company. Effective holding by the Company in QSLM is thus approximately 56.8%.

QSLM has an initial paid up capital of RmB100 million. Current plan entails annual production of approximately 1.5 mmt. concentrate from its mines in Qinlong County of Qinhuangdao City in 2 years’ time with up to 2mmt. pelletizing facilities. The mines are close to our manufacturing plants and thus help us enjoy the advantage of low logistic cost. The current planned total capital expenditure (including mining rights and construction) of the entire project is approximately RmB1.2 billion, more than half of which shall be satisfied by a combination of bank financing and shareholders’ loans, the balance represents equity contributions by the existing shareholders, with us bearing not more than RmB350 million in total. Based on initial estimates, the payback period of the investment is <2 years.

“The project is another step forward for the Company to secure the all important upstream resources,” claimed Managing Director Mr. Cao Zhong, “the output from the Joint Venture can secure a substantial part of Shouqin’s needs for iron ore pellets.”

Iron ore is one of the most important raw materials in steel manufacturing process and can easily constitute 1/3 of the production cost. Prices have escalated in the recent years due to massive demand from emerging economies including China. The benchmark price of Brazilian iron ore has increased by 65-71% year-on-year in 2008, where a similar increase is observed in the spot market in China.

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