



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

(incorporated in Hong Kong with limited liability)
(the "Company")

CONNECTED TRANSACTIONS

The board of directors of the Company announces that during the financial year ended 31st December, 2001, certain associates (as defined in the Listing Rules) of Shougang Corporation had provided spare parts for equipment and machinery to Poh Seng and Qinhuangdao. Besides, certain associates of Shougang Corporation had provided repairing services to Qinhuangdao. On the other hand, Qinhuangdao had provided processing services to certain associates of Shougang Corporation. Details of the aforesaid transactions are set out herebelow. In view that Shougang Corporation is the holding company of Shougang HK which is a controlling shareholder of the Company, such transactions constituted connected transactions for the Company under the Listing Rules.

PARTIES

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| "Poh Seng" | Beijing Shougang Poh Seng Strip Steel Company Limited, a sino-foreign joint venture established in the PRC and owned as to 65% by the Company and 35% by Shougang Corporation |
| "Qinhuangdao" | Qinhuangdao Shougang Plate Mill Company Limited, a sino-foreign joint venture established in the PRC and owned as to 51% by the Company, 39% by Shougang HK, 8% by Shougang Corporation and 2% by an independent third party |
| "Shougang Corporation" | Shougang Corporation, a PRC state-owned enterprise and is the holding company of Shougang HK |
| "Shougang HK" | Shougang Holding (Hong Kong) Limited, a wholly-owned subsidiary of Shougang Corporation and the controlling shareholder of the Company and holding approximately 39.24% of the total issued share capital of the Company |

PROVISION OF SPARE PARTS TO POH SENG

During the financial year ended 31st December, 2001, spare parts for equipment and machinery were provided by certain associates of Shougang Corporation to Poh Seng as follows:

Company Name	Aggregate Amount paid by Poh Seng (excluding value added tax)	
	RMB	HK\$ equivalent
首鋼冶金機械廠	287,512	271,110
首鋼北方機械廠	1,973,470	1,860,887
首鋼軋輥廠	1,158,695	1,092,593
首鋼東華機械廠	702,992	662,887
秦皇島首鋼機械廠	745,609	703,073
首鋼機械工具公司	197,638	186,363
	<u>5,065,916</u>	<u>4,776,913</u>

The aggregate amount paid by Poh Seng represents 0.64% of the audited consolidated net tangible asset value of the Company as at 31st December, 2000 duly adjusted in accordance with Rule 14.04(6) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

PROVISION OF SPARE PARTS TO QINHUANGDAO

During the financial year ended 31st December, 2001, spare parts for equipment and machinery were provided by certain associates of Shougang Corporation to Qinhuangdao as follows:

Company Name	Aggregate Amount paid by Qinhuangdao (excluding value added tax)	
	RMB	HK\$ equivalent
秦皇島首鋼機械廠	3,040,087	2,866,654
首鋼電子技術開發部	180,623	170,319
首鋼東華機械廠	2,408,143	2,270,762
首鋼總公司電機廠	115,289	108,712
	<u>5,744,142</u>	<u>5,416,447</u>

The aggregate amount paid by Qinhuangdao for the spare parts represents 0.72% of the audited consolidated net tangible asset value of the Company as at 31st December, 2000 duly adjusted in accordance with Rule 14.04(6) of the Listing Rules.

PROVISION OF REPAIRING SERVICES TO QINHUANGDAO

During the financial year ended 31st December, 2001, repairing services were provided by certain associates of Shougang Corporation to Qinhuangdao as follows:

Company Name	Aggregate Amount paid by Qinhuangdao (excluding value added tax)	
	RMB	HK\$ equivalent
秦機廠	3,777,201	3,561,717
秦機廠園藝綠化工程處	644,306	607,549
首鋼東華廠秦皇島機械安裝公司	1,270,632	1,198,144
首鋼華盛	1,375,893	1,297,401
	<u>7,068,032</u>	<u>6,664,811</u>

The aggregate amount paid by Qinhuangdao for the repairing services represents 0.89% of the audited consolidated net tangible asset value of the Company as at 31st December, 2000 duly adjusted in accordance with Rule 14.04(6) of the Listing Rules.

PROVISION OF PROCESSING SERVICES BY QINHUANGDAO

During the financial year ended 31st December, 2001, processing services were provided by Qinhuangdao to certain associates of Shougang Corporation as follows:

Company Name	Aggregate Amount received by Qinhuangdao (excluding value added tax)	
	RMB	HK\$ equivalent
首鋼東華廠	711,294	670,716
首鋼機械廠	132,902	125,320
	<u>844,196</u>	<u>796,036</u>

The aggregate amount received by Qinhuangdao for the processing services represents 0.11% of the audited consolidated net tangible asset value of the Company as at 31st December, 2000 duly adjusted in accordance with Rule 14.04(6) of the Listing Rules.

GENERAL INFORMATION

The Company is an investment holding company and its subsidiaries and associated companies are principally engaged in the manufacture and sale of steel products and metallic products, manufacture and sale of electrical, electronic and telecommunications products, property investment and management, and shipping.

The principal business of each Poh Seng and Qinhuangdao is the manufacture of steel strips and steel plates respectively. The above transactions were entered into in the ordinary and usual course of business of the companies concerned on normal commercial terms. The aggregate amounts for the above transactions came up in April 2002 after conducting the audit for the final results of the Company in the first quarter of this year. The directors of the Company including the independent non-executive directors consider that it is in the interests of each Poh Seng and Qinhuangdao to enter into such transactions as such transactions would facilitate the operations of the companies concerned and the transactions are fair and reasonable so far as the shareholders of the Company are concerned. In view that it will be impractical for the Company to disclose and/or obtain shareholders' approval for each and every transaction entered into, an application for a waiver from strict compliance with the requirements as set out in rule 14.25 and/or rule 14.26 of the Listing Rules will be made to the Exchange and a further announcement will be made by the Company in this respect.

As at the date hereof, Shougang HK is interested in approximately 39.24% of the total issued share capital of the Company. In view that Shougang Corporation is the holding company of Shougang HK which is a controlling shareholder of the Company, the above transactions constitute connected transactions for the Company under the Listing Rules. As the transactions fall within Rule 14.25(1) of the Listing Rules, the Company is required to disclose the transactions by way of this announcement and to include the details of the transactions in its next annual report.

By order of the Board
Cao Zhong
Managing Director

Hong Kong, 12th April, 2002

Please also refer to the published version of this announcement in the Hong Kong iMail.