

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)

**CONNECTED TRANSACTION
SUBSCRIPTION OF NEW SHARES
AND RESUMPTION OF TRADING**

The Board is pleased to announce that on 7 October 2003, the Company entered into the Subscription Agreement with the Subscribers for the issue of 350,000,000 new Shares at HK\$0.32 per Share, representing approximately 15.25% of the existing issued share capital of the Company and approximately 13.23% of the issued share capital of the Company as enlarged by the Subscription.

The net proceeds from the Subscription of HK\$110 million are intended to be used as additional general working capital of the Group and for reducing the debt of the Group.

The Directors consider that the Subscription Agreement is negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved. The Directors further consider the Subscription is in the interest of the Company and the Shareholders.

As each of Shougang Holding (being the holding company of Grand Invest International Limited) and Cheung Kong (being the holding company of Max Same Investment Limited) is a substantial shareholder of the Company, the Subscription constitutes a connected transaction for the Company under the Listing Rules. The Company is required to obtain Independent Shareholders' approval in respect of the Subscription under the Listing Rules and Shougang Holding, Cheung Kong, their respective associates and concert parties will abstain from voting at such meeting.

A circular containing, among other things, (a) details of the Subscription Agreement; (b) the letter of advice from the independent financial adviser; (c) the recommendation of the independent board committee of the Company; and (d) notice of the EGM will be despatched to the Shareholders as soon as practicable.

As Shougang Holding together with parties acting in concert with it are interested in an aggregate of approximately 50.37% of the issued share capital of the Company, and the interests of Shougang Holding and its associates in the Company will increase from approximately 39.24% to approximately 45.39% of the issued share capital of the Company upon completion of the Subscription Agreement, a general offer obligation on the part of Shougang Holding and parties acting in concert with it (excluding Cheung Kong) may technically arise as a result of completion of the Subscription Agreement pursuant to Rule 26.1 of the Takeovers Code. An application has been submitted by Shougang Holding to the Executive Director of the SFC for a waiver from any general offer obligation on the part of Shougang Holding which may arise as a result of completion of the Subscription pursuant to Note 6 to Rule 26.1 of the Takeovers Code.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 October 2003 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 October 2003.

THE SUBSCRIPTION AGREEMENT

Date: 7 October 2003

Issuer: the Company

Subscribers: (1) Grand Invest International Limited, a wholly-owned subsidiary of Shougang Holding
(2) Max Same Investment Limited, a wholly-owned subsidiary of Cheung Kong

Number of Subscription Shares

350,000,000 new Shares, representing approximately 15.25% of the existing issued share capital of the Company and approximately 13.23% of the issued share capital of the Company as enlarged by the Subscription. Pursuant to the Subscription Agreement, each of Grand Invest International Limited and Max Same Investment Limited will subscribe 300,000,000 new Shares and 50,000,000 new Shares respectively.

The Subscription Shares will rank pari passu in all respects with the existing Shares in issue as at the issue date of the Subscription Shares including the right to receive all future dividends and distributions which may be declared, made or paid.

Shougang Holding (being the holding company of Grand Invest International Limited) together with its associates are interested in 900,821,925 Shares, representing 39.24% of the issued capital of the Company. Cheung Kong (being the holding company of Max Same Investment Limited) together with its associates are interested in 255,401,955 Shares, representing 11.13% of the issued share capital of the Company. As each of Shougang Holding and Cheung Kong is a substantial shareholder of the Company, the Subscription constitutes a connected transaction for the Company under the Listing Rules.

The Board does not expect any change in the direction or business strategy of the Company as a result of the Subscription.

Subscription Price

HK\$0.32 per Subscription Share, which represents a discount of approximately 15.79% to the last trading price of the Shares of HK\$0.380 as at 6 October 2003 (being the last trading day prior to the issue of this announcement), or a discount of approximately 10.11% to the average last trading prices of the Shares of approximately HK\$0.356 for the 10 trading days up to and including 6 October 2003 (being the last trading day prior to the issue of this announcement).

The Subscription Price in respect of the Subscription Shares will be payable at completion, which is expected to take place on or before 31 December 2003.

Conditions of the Subscription Agreement

The Subscription Agreement is conditional upon the following:

- (a) the listing of, and permission to deal in, the Subscription Shares being granted by the Listing Committee of the Stock Exchange (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (b) the Independent Shareholders having approved the Subscription Agreement and the issue of the Subscription Shares; and
- (c) the Executive Director of the SFC having granted the waiver to Shougang Holding and its concert parties from their obligation to make a general offer for all the Shares not already owned or agreed to be acquired by them upon completion of the Subscription.

If the conditions of the Subscription Agreement are not fulfilled on or prior to 31 December 2003 or such later date as may be agreed in writing between the Company and the Subscribers, the Subscription Agreement will terminate.

As Shougang Holding together with parties acting in concert with it are interested in an aggregate of approximately 50.37% of the issued share capital of the Company, and the interests of Shougang Holding and its associates in the Company will increase from approximately 39.24% to approximately 45.39% of the issued

share capital of the Company upon completion of the Subscription Agreement, a general offer obligation on the part of Shougang Holding and parties acting in concert with it (excluding Cheung Kong) may technically arise as a result of completion of the Subscription Agreement. An application has been submitted by Shougang Holding to the Executive Director of the SFC for a waiver from any general offer obligation on the part of Shougang Holding which may arise as a result of completion of the Subscription pursuant to Note 6 to Rule 26.1 of the Takeovers Code.

Reason for the Subscription

The Directors consider that the Subscription represents an opportunity to strengthen the capital base of the Company and reduce the debts of the Group. The net proceeds from the Subscription of HK\$110 million are intended to be used as to HK\$96 million for reducing the debt of the Group and the balance as additional general working capital of the Company.

As at 30 June 2003, the Group's current liabilities amounted to approximately HK\$690,229,000.

The Company has not conducted any fund raising activities in the past 12 months.

The Directors consider that the Subscription Agreement including the Subscription Price has been negotiated on an arm's length basis and agreed on normal commercial terms between the parties involved. Having taken into consideration of the net asset value per Share as at 30 June 2003 and the results of the Group, the Directors consider the Subscription is in the interest of the Company and the Shareholders.

Business of the Group

The Company and its subsidiaries are principally engaged in the business of manufacturing, sale and trading of steel products, manufacturing and installation of kitchen and laundry equipment, shipping and electricity generation.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Name of Shareholder	The number of Shares held and the approximate percentage of shareholding as at the date of this announcement	The number of Shares held and the approximate percentage of shareholding upon completion of the Subscription
Shougang Holding and its associates	900,821,925 (39.24%)	1,200,821,925 (45.39%)
Cheung Kong and its associates	----- 255,401,955 (11.13%)	----- 305,401,955 (11.54%)
Sub-total for the Concert Group (<i>Note</i>)	----- 1,156,223,880 (50.37%)	----- 1,506,223,880 (56.93%)
Public Shareholders	----- 1,139,322,574 (49.63%)	----- 1,139,322,574 (43.07%)
TOTAL:	----- 2,295,546,454 (100%)	----- 2,645,546,454 (100%)

Note: Shougang Holding and Cheung Kong together with parties acting in concert with them are deemed to be members of a concert group (the "Concert Group") in respect of the Company under the Takeovers Code. Shougang Holding together with parties acting in concert with it have been interested in an aggregate of approximately 50.37% of the issued share capital of the Company for the past 12 months.

CONNECTED TRANSACTION

As each of Shougang Holding (being the holding company of Grand Invest International Limited) and Cheung Kong (being the holding company of Max Same Investment Limited) is a substantial shareholder of the Company, the Subscription constitutes a connected transaction for the Company under the Listing Rules. The Company is required to obtain Independent Shareholders' approval in respect of the Subscription under the Listing Rules and Shougang Holding, Cheung Kong, their respective associates and concert parties will abstain from voting at such meeting.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

An independent financial adviser will be appointed to advise the independent board committee of the Company on the fairness and reasonableness of the terms of the Subscription.

A circular containing, among other things, (a) details of the Subscription Agreement; (b) the letter of advice from the independent financial adviser; (c) the recommendation of the independent board committee of the Company; and (d) notice of the EGM will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 7 October 2003 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 9 October 2003.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the following meanings:

“associate”	as defined in the Listing Rules
“Board”	board of Directors
“Cheung Kong”	Cheung Kong (Holdings) Limited, a company incorporated in Hong Kong whose securities are listed on the Stock Exchange
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong whose shares are listed on the Stock Exchange
“Directors”	directors of the Company (including the independent non-executive directors of the Company)
“EGM”	extraordinary general meeting of the Company to approve, amongst others, the Subscription Agreement and the issue of the Subscription Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Shougang Holding, Cheung Kong and their respective associates and concert parties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFC”	Securities and Futures Commission
“Shares”	ordinary shares of HK\$0.20 each in the capital of the Company
“Shareholders”	holders of Shares
“Shougang Corporation”	Shougang Corporation, a state-owned enterprise established in the PRC
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong whose shares are beneficially owned by Shougang Corporation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Grand Invest International Limited and Max Same Investment Limited
“Subscription”	the subscription by the Subscribers for the Subscription Shares on the terms and subject to the conditions set out in the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company and the Subscribers dated 7 October 2003 in respect of the Subscription
“Subscription Price”	HK\$0.32 per Subscription Share

“Subscription Shares” an aggregate of 350,000,000 new Shares to be subscribed by the Subscribers
“Takeovers Code” Hong Kong Code on Takeovers and Mergers
“HK\$” Hong Kong Dollar, the lawful currency of Hong Kong

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

Hong Kong, 8 October 2003

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any of the statements in this announcement misleading.

“Please also refer to the published version of this announcement in The Standard”.