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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)

DISCLOSEABLE AND CONNECTED TRANSACTION

Investment in steel plates business

The Board wishes to announce that on 26 September 2003, Shougang Corporation, QHD, Shougang Holding and AMI have entered into the Agreement, pursuant to which the parties agree to increase the registered capital of the Joint Venture from RMB275,000,000 (approximately HK\$259,187,500) to RMB550,000,000 (approximately HK\$518,375,000) and adjust the shareholding structure of the Joint Venture such that the interest in the Joint Venture held by the Company will increase from 0.36% to 24%. The amount payable by the Company pursuant to the original joint venture contract was RMB1,000,000 (equivalent to approximately HK\$942,500) and pursuant to the Agreement will be RMB131,000,000 (equivalent to approximately HK\$123,467,500).

The Transaction constitutes a discloseable and connected transaction for the Company under Rule 14.23(1)(b) of the Listing Rules and shall be subject to the approval of the Independent Shareholders at the Extraordinary General Meeting at which Shougang Holding and its associates will abstain from voting. A circular containing, amongst other things, a notice convening the Extraordinary General Meeting for approving the Transaction and further details relating to the Transaction and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee on the Transaction shall be despatched to the Shareholders as soon as practicable.

THE AGREEMENT

Date of the Agreement

26 September 2003

Parties to the Agreement

- Parties:
- (1) Shougang Corporation, a state-owned enterprise established in the PRC, which is the beneficial owner of the entire issued capital of Shougang Holding.
 - (2) QHD, a 51% subsidiary of the Company.
 - (3) Shougang Holding, a company incorporated in Hong Kong and is a substantial shareholder of the Company holding an approximately 39% interest in the Company.
 - (4) AMI, a party independent of and not connected with the directors, chief executive, substantial shareholders of the Company, its subsidiaries, or any of their respective associates.

THE JOINT VENTURE

The joint venture contract in relation to the establishment of the Joint Venture was signed on 14 February 2003.

Business

The Joint Venture is engaged in the design, manufacture and sale of steel plates, its related processed products and by-products.

Term

The Joint Venture has a term of 50 years until March 2053.

Capital Structure

Prior to the date of the Agreement, the parties' shareholding in the Joint Venture is as follows:

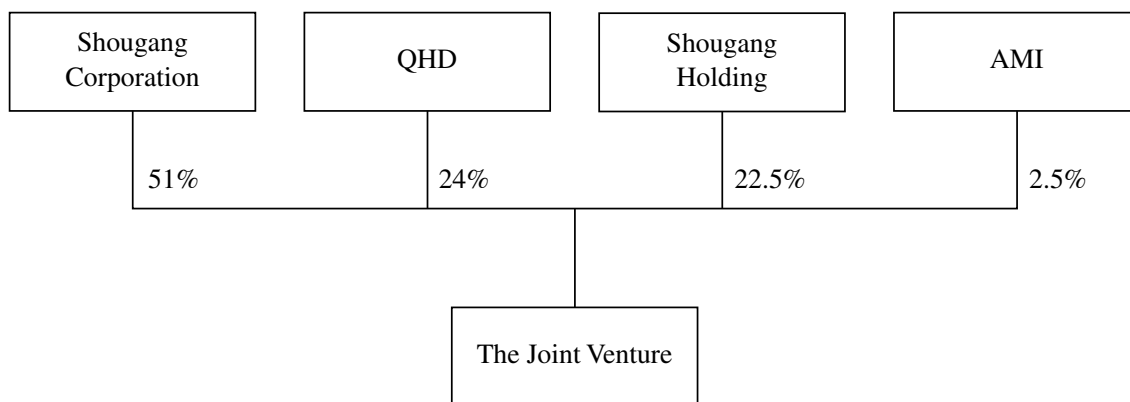
Shareholder	Committed Investment in the Registered Capital of the Joint Venture RMB	% Holding in the Joint Venture
Shougang Corporation	197,522,000	71.83
QHD	1,000,000	0.36
Shougang Holding	62,728,000	22.81
AMI	13,750,000	5.00
Total	<u>275,000,000</u>	<u>100.00</u>

The original registered capital and the total investment of the Joint Venture were RMB275,000,000 and RMB824,970,000 respectively. In accordance with the original joint venture contract, the difference between the registered capital and the total investment would have been funded by borrowings by the Joint Venture. Pursuant to the original joint venture contract, the parties shall contribute 15%, 35% and

50% of their contributions before June 2003, September 2003 and September 2004 respectively. Shougang Corporation, QHD, Shougang Holding and AMI have already contributed RMB98,761,000, RMB500,000, RMB31,364,000 and RMB6,875,000 respectively to the registered capital of the Joint Venture. The parties shall contribute the balance of their respective contributions to the registered capital of the Joint Venture before September 2004.

In order to give the Joint Venture a higher production capacity and a more solid capital base to carry out its business, the parties to the Agreement have agreed to increase the registered capital of the Joint Venture from RMB275,000,000 (approximately HK\$259,187,500) to RMB550,000,000 (approximately HK\$518,375,000) and adjust its shareholding structure such that the interest in the Joint Venture held by the Company will increase from 0.36% to 24%. The parties to the Joint Venture plans to increase the total investment amount of the Joint Venture to RMB1,650,000,000 (approximately HK\$1,555,125,000) and the difference between the increased registered capital and the total investment will be funded by borrowings by the Joint Venture. It is expected that a revised joint venture contract reflecting such terms will be entered into before Completion. Subject to the fulfillment of the conditions set out below, upon Completion, the shareholding structure of the Joint Venture shall be as follows:

Shareholder	Additional Investment in the Joint Venture RMB	Revised Committed Investment in the Registered Capital of the Joint Venture RMB	% Holding in the Joint Venture upon Completion
Shougang Corporation	82,978,000	280,500,000	51.00
QHD	131,000,000	132,000,000	24.00
Shougang Holding	61,022,000	123,750,000	22.50
AMI	0	13,750,000	2.50
Total	<u>275,000,000</u>	<u>550,000,000</u>	<u>100.00</u>



Conditions to Completion

Completion of the Agreement is conditional upon fulfillment of the following conditions:

- (1) the parties to the Agreement having obtained their relevant approvals in respect of the Agreement;
- (2) all necessary approvals and registrations in accordance with PRC law having been obtained in respect of the increase in the registered capital of the Joint Venture and adjustment in its shareholding; and
- (3) if necessary, the Independent Shareholders having approved the Agreement at the Extraordinary General Meeting in accordance with the requirements under the Listing Rules.

If the conditions set out above are not fulfilled by 31 December 2003, or such other date as may be agreed, the parties agreed that the Agreement shall terminate and cease to be of any effect.

Board of Directors of the Joint Venture

The composition of the board of the Joint Venture will remain unchanged after Completion and will be made up by a 6-member board. Shougang Corporation shall have the right to appoint three directors, and QHD, Shougang Holding and AMI shall each have the right to appoint one director.

Consideration

The Company has already contributed RMB500,000 to the registered capital of the Joint Venture through internal resources. Pursuant to the original joint venture contract, the Company is required to contribute another RMB500,000 to the registered capital of the Joint Venture before September 2004, which will be funded by internal resources of the Group.

The additional contribution to be made by QHD pursuant to the Agreement shall be RMB131,000,000 (equivalent to approximately HK\$123,467,500) and shall be funded by internal resources of the Group. The parties to the Joint Venture have not yet determined the schedule for contributing the additional capital to the Joint Venture. It is expected that the parties will agree on such terms prior to Completion of the Transaction.

Treatment of the Joint Venture in the accounts of the Group

As the Joint Venture was only established in March 2003, no accounts for the Joint Venture have been prepared. The Joint Venture has not yet commenced production and no profit has been recognised since its formation. The Joint Venture is an equity joint venture established in the PRC and its dividend as declared by the board of the Joint Venture will be shared by the parties in accordance with their respective interests in the registered capital of the Joint Venture.

Before Completion, the Company is indirectly interested in 0.36% of the Joint Venture, and after Completion, the Company will be indirectly interested in 24% of the Joint Venture. The Company also has the right to appoint one director to the board of directors of the Joint Venture. Given such shareholding and board structure, the Joint Venture will be treated as an investment of the Group and will not be treated as a subsidiary in the Group's accounts both before and after Completion.

Reason for the Transaction

The Group is principally engaged in the manufacture, sale and trading of steel products, manufacturing and installation of kitchen and laundry equipment, shipping and electricity generation.

In order to enhance the Group's position in the manufacture and sale of steel products in the PRC, the Board believes that the investment in the Joint Venture enables the Group to further extend its product range and market presence in the PRC and that through the increase in the registered capital, the Joint Venture will have a higher production capacity and a more solid capital case to carry out its business.

The Directors (including the independent non-executive Directors) consider that the Transaction has been made on normal commercial terms and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Transaction is in the interest of the Company and the Shareholders.

CONNECTED TRANSACTION

QHD is a 51% subsidiary of the Company. Shougang Holding is interested in approximately 39% of the total issued share capital of the Company, and Shougang Holding is a wholly-owned subsidiary of Shougang Corporation. Accordingly, the Transaction constitutes a discloseable and connected transaction for the Company under Rule 14.23 (1)(b) of the Listing Rules and shall be subject to the approval of the Independent Shareholders at the Extraordinary General Meeting at which Shougang Holding and its associates will abstain from voting.

GENERAL

An Independent Board Committee shall be formed to advise the Independent Shareholders on the Transaction. A circular containing, amongst other things, a notice convening the Extraordinary General Meeting for approving the Transaction and further details relating to, amongst other things, the Transaction and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee on the Transaction shall be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise requires:

“Agreement”	the agreement dated 26 September 2003, entered into by and between Shougang Corporation, QHD, Shougang Holding and AMI for the Transaction
“AMI”	Atlanta Minmetals, Inc., a company incorporated under the laws of the State of Georgia, the United States of America
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company

“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange
“Completion”	completion of the Transaction
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened to approve the Transaction
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Shareholders”	the Shareholders other than Shougang Holding and its associates
“Independent Board Committee”	the committee of the Directors comprising the independent non-executive Directors which shall be formed to advise the Independent Shareholders in respect of the connected transaction
“Joint Venture”	秦皇島首秦金屬材料有限公司 (Qinhuangdao Shouqin Metal Materials Co., Ltd.), a Sino-foreign joint venture enterprise in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“QHD”	Qinhuangdao Shougang Plate Mill Co., Ltd., a company incorporated in the PRC, in which the Company is interested in 51% of its registered capital, and is a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	holder(s) of Shares
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Shougang Corporation”	Shougang Corporation, a state-owned enterprise established in the PRC and is the beneficial owner of the entire issued capital of Shougang Holding
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong and is a substantial shareholder of the Company

“Transaction”	the investment by QHD in the Joint Venture on terms as set out in the Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1 = HK\$0.9425.

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

Hong Kong, 29 September 2003

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