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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)

**PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES
AND RESUMPTION OF TRADING**

Placing Agent

Deutsche Bank



DEUTSCHE BANK AG, HONG KONG BRANCH

On 1 March 2004, the Placing Agent agreed to place, on a fully-underwritten basis, 300,000,000 existing Shares at a price of HK\$0.66 per Share on behalf of Shougang Holding and Shougang Holding entered into a conditional agreement with the Company for the subscription of 300,000,000 new Shares at the same price per Share. The 300,000,000 Shares represent approximately 9.33% of the existing issued share capital of the Company and approximately 8.53% of the issued share capital of the Company as enlarged by the Subscription.

The Placing Shares will be placed by the Placing Agent to not less than six independent placees. The Placing is unconditional.

The shareholding of Shougang Holding in the issued share capital of the Company will be reduced from approximately 56.56% to approximately 47.23% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 47.23% to approximately 51.73% upon completion of the Placing and the Subscription.

Completion of the Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

The Placing and the Subscription are effected to enable the Company to raise funds. The costs and expenses in respect of the Placing and the Subscription amount to approximately HK\$12 million. The net price per Placing Share (after deducting the relevant costs and expenses) under the Placing and the Subscription amount to HK\$0.62. The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$140 million for the Company's investments in its existing steel businesses and as to the balance of HK\$46 million for general working capital purposes.

At the request of the Company, trading in the securities of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 2 March 2004 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the securities of the Company on the Stock Exchange with effect from 9:30 a.m. on 3 March 2004.

PLACING AGREEMENT DATED 1 MARCH 2004

Vendor:

Shougang Holding is a substantial shareholder of the Company and is ultimately beneficially and wholly owned by Shougang Corporation.

As at the date of this announcement, Shougang Holding holds 1,819,386,496 Shares, representing approximately 56.56% of the existing issued share capital of the Company, which comprises 3,216,975,025 Shares.

Placing Agent:

The Placing is arranged by Deutsche Bank AG, Hong Kong Branch. The Placing Agent and its beneficial owner(s) are independent of and not connected with Shougang Holding, its beneficial owner, the directors, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as such term is defined in the Listing Rules).

Number of Shares to be placed:

300,000,000 existing Shares, representing approximately 9.33% of the existing issued share capital of the Company and which are to be placed by the Placing Agent. The Placing Shares are beneficially held by Shougang Holding.

Placees:

Not less than six placees who are independent of and not acting in concert or connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries, or any of their respective associates (as defined in the Listing Rules).

Placing Price:

The Placing Price has been determined to be HK\$0.66 per Share, representing a discount of 7.04% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on 1 March 2004, the last trading day prior to the release of this announcement and representing a discount of approximately 10.93% to the average closing price of HK\$0.741 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 1 March 2004. The Placing Price is determined after arm's length negotiation between the Placing Agent and the placees and is accepted by Shougang Holding in view of the market conditions. In view of the present market sentiment, the Directors consider that the Placing Price is fair and reasonable.

Rights:

The Placing Shares are sold free from any lien, charge, encumbrance or third-party right and together with all rights attaching thereto including the right to receive all rights, dividends and distributions declared, paid or made in respect thereof on or after the date of the Placing Agreement.

Independence of the Placing Agent and the placees:

The Placing Agent and the placees procured by it are independent of Shougang Holding or its associates (as defined under the Listing Rules). They are also independent of and not acting in concert with or connected with the directors, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Completion of the Placing:

3 March 2004 (or such later date as the parties may mutually agree).

SUBSCRIPTION AGREEMENT DATED 1 MARCH 2004**Subscriber:**

Shougang Holding, which is beneficially owned by Shougang Corporation, or its nominee.

Issuer:

The Company

Number of new Shares to be subscribed for:

300,000,000 new Shares to be subscribed by Shougang Holding representing approximately 9.33% of the existing issued share capital of the Company and approximately 8.53% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price:

The price per new Share to be subscribed will be equivalent to the price payable to Shougang Holding in respect of each Placing Share.

The Company will bear all the costs and expenses, in the amount of approximately HK\$12 million incurred in respect of the Placing and the Subscription and will reimburse Shougang Holding for all costs and expenses incurred by it in relation to the Placing.

Mandate to issue the new Shares:

The Subscription Shares are to be issued under the general mandate granted to the Directors pursuant to the resolution of the shareholders of the Company passed on 25 June 2003.

Ranking of the new Shares:

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription:

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

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

Completion of the Subscription:

Completion of the Subscription will take place upon the fulfillment of all conditions listed above and within 14 days from the date of the Placing Agreement which is 14 March 2004 (or such later date as the parties may mutually agree and always be subject to full compliance with the Listing Rules).

REASON FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS OF THE SUBSCRIPTION

The Directors consider that the Placing represents an opportunity to raise capital for the Company whilst broadening the shareholder base and the capital base of the Company. In light of prevailing market conditions, the Directors are of the view that the Placing and the Subscription represents the most favourable option currently available to the Company. The Placing and the Subscription are effected to raise funds for the Company.

The net price per Placing Share (after deducting the relevant costs and expenses) under the Placing and the Subscription amount to HK\$0.62. The Company intends to use the estimated net proceeds of the Subscription of approximately HK\$140 million for the Company's investment in its existing steel businesses and as to the balance of HK\$46 million for general working capital purposes.

As set out in the announcement of the Company dated 27 February 2004, the Company is considering and negotiating certain investment opportunities in line with its core businesses from connected persons (as defined in the Listing Rules) and independent third parties. However, no decision or agreement has been made as at the date of this announcement.

SHOUGANG HOLDING'S INTEREST IN THE COMPANY

The shareholding of Shougang Holding in the issued share capital of the Company will be reduced from approximately 56.56% to approximately 47.23% upon completion of the Placing but before completion of the Subscription and will be increased from approximately 47.23% to approximately 51.73% upon completion of the Placing and the Subscription.

CHANGES TO THE SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

The shareholding of Shougang Holding, the placees under the Placing and the public before the Placing, after the Placing but before the Subscription, and after the Subscription are approximately as follows:

	Immediately before the Placing and the Subscription	Immediately after the Placing but before the Subscription	Immediately after the Placing and the Subscription
Shougang Holding and its associates	approximately 56.56% being 1,819,386,496 Shares	approximately 47.23% being 1,519,386,496 Shares	approximately 51.73% being 1,819,386,496 Shares
placees	—	approximately 9.33% being 300,000,000 Shares	approximately 8.53% being 300,000,000 Shares
Cheung Kong (Holdings) Limited and its associates	approximately 9.49% being 305,401,955 Shares	approximately 9.49% being 305,401,955 Shares	approximately 8.68% being 305,401,955 Shares
Other public shareholders	approximately 33.95% being 1,092,186,574 Shares	approximately 33.95% being 1,092,186,574 Shares	approximately 31.05% being 1,092,186,574 Shares
Total	100% being 3,216,975,025 Shares	100% being 3,216,975,025 Shares	100% being 3,516,975,025 Shares

GENERAL INFORMATION

The Group is an investment holding company. 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.

Save for the subscription of new Shares by Grand Invest International Limited and Max Same Investment Limited (details of which have been disclosed in the announcement of the Company dated 8 October 2003 and the circular of the Company dated 29 October 2003), there has been no other fund raising activity of the Company for the past 12 months. Of approximately HK\$106 million of the net proceeds, an amount of HK\$96 million has been applied to reduce the debts of the Group and an amount of HK\$10 million has been used for general working capital of the Group, which is in line with the original intention of the use of proceeds as set out in the announcement of the Company dated 8 October 2003 and the circular of the Company dated 29 October 2003.

RESUMPTION OF TRADING

At the request of the Company, trading in the securities of the Company on the Stock Exchange has been suspended from 9:30 a.m. on 2 March 2004 pending release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the securities of the Company on the Stock Exchange with effect from 9:30 a.m. on 3 March 2004.

DEFINITIONS

“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placement of 300,000,000 existing Shares to not less than six independent placees at the Placing Price
“Placing Agent”	Deutsche Bank AG, Hong Kong Branch, a deemed licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 1 March 2004 between Shougang Holding and the Placing Agent in respect of the Placing

“Placing Price”	the placing price of HK\$0.66 per Share
“Placing Shares”	300,000,000 existing Shares
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Shougang Corporation”	Shougang Corporation, a state-owned enterprise in the People’s Republic of China
“Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by Shougang Holding
“Subscription Agreement”	the subscription agreement dated 1 March 2004 between the Company and Shougang Holding in respect of the Subscription
“Subscription Shares”	300,000,000 new Shares
“HK\$”	Hong Kong dollars

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

Hong Kong, 2 March 2004

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