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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)

(Stock code: 697)

**DISCLOSEABLE AND
CONNECTED TRANSACTION**

The Board wishes to announce that on 19 April 2004, Central Pro, a wholly-owned subsidiary of the Company, and Shougang Corporation have entered into the Agreement, pursuant to which Central Pro will acquire from Shougang Corporation a 27% interest in the registered capital of the Joint Venture for a consideration of RMB148,500,000 (equivalent to approximately HK\$140,094,340) in cash.

As Shougang Corporation is a connected person of the Company, the Transfer constitutes a discloseable and connected transaction for the Company under Rules 14.06(2) and 14A.13(1)(a) of the Listing Rules and will 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 Transfer, further details relating to the Transfer and a letter from an independent financial adviser to be appointed to advise the Independent Board Committee on the Transfer will be despatched to the Shareholders as soon as practicable.

(1) THE AGREEMENT

Date of the Agreement: 19 April 2004

Parties to the Agreement

Parties: (1) Central Pro; and
(2) Shougang Corporation.

The Transfer

Pursuant to the Agreement, Central Pro will acquire from Shougang Corporation a 27% interest in the registered capital of the Joint Venture (equivalent to RMB148,500,000 in the registered capital of the Joint Venture originally paid by Shougang Corporation). Such interest will not be subject to any restrictions on disposal.

Consideration

The consideration for the Transfer is RMB148,500,000 (equivalent to approximately HK\$140,094,340), which is equivalent to the face value of the 27% interest in the registered capital of the Joint Venture paid by Shougang Corporation. The consideration will become payable by the Company in cash within 20 days from the date on which the conditions for the Transfer are fulfilled. The consideration will be funded by internal resources of the Group.

Conditions to Completion

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

- (1) the Independent Shareholders of the Company approving the Transfer in the Extraordinary General Meeting in accordance with the Listing Rules;
- (2) the board of directors of the Joint Venture having passed a resolution to approve the Transfer;
- (3) the parties and the other shareholders of the Joint Venture having entered the amended joint venture contract and articles of association of the Joint Venture and pursuant to such amendments, allowing Central Pro to appoint 2 directors to the board of the Joint Venture;
- (4) there will be no material changes to the assets, business and financial conditions of the Joint Venture; and
- (5) the relevant PRC authorities having approved the Agreement and the amended joint venture contract and articles of association of the Joint Venture.

If the conditions set out above are not fulfilled by 31 December 2004, or such later date as may be agreed by the parties, the Agreement will terminate and cease to be of any effect.

The Joint Venture

Business

The Joint Venture is a Sino-foreign equity joint venture established in the PRC in March 2003 and is engaged in the design, manufacture and sale of steel plates, its related processed products and by-products. As the Joint Venture will not come into operation until May 2004, no accounts for the Joint Venture have been prepared.

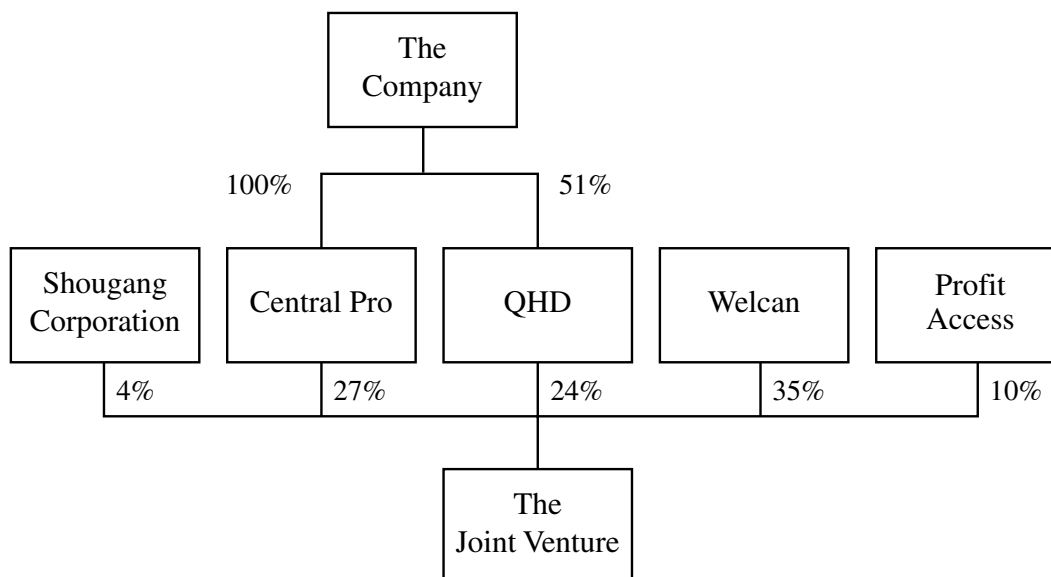
Capital Structure

As at the date of the Agreement, the registered capital of the Joint Venture was RMB550,000,000 and its shareholding was as follows:

Shareholder	Investment in the registered capital of the Joint Venture (RMB)	Percentage holding in the Joint Venture
Shougang Corporation	170,500,000	31%
QHD	132,000,000	24%
Welcan	192,500,000	35%
Profit Access	55,000,000	10%
Total	<u>550,000,000</u>	<u>100%</u>

Subject to the fulfillment of the conditions set out above, and upon Completion, the shareholding structure of the Joint Venture will be as follows:

Shareholder	Investment in the registered capital of the Joint Venture (RMB)	Percentage holding in the Joint Venture
Shougang Corporation	22,000,000	4%
Central Pro	148,500,000	27%
QHD	132,000,000	24%
Welcan	192,500,000	35%
Profit Access	55,000,000	10%
Total	<u>550,000,000</u>	<u>100%</u>



Upon Completion, the Company will hold 39.24% attributable interest in the Joint Venture.

Board of Directors of the Joint Venture

At Completion, the board of the Joint Venture will comprise 7 directors and Central Pro has the right to appoint 2 directors.

Treatment of the Joint Venture in the accounts of the Company

Before Completion, the Company is indirectly interested in 24% of the Joint Venture through a 51% owned subsidiary, QHD. Accordingly, the Company holds 12.24% attributable interest in the Joint Venture and the Joint Venture has been treated as an investment of the Group. QHD has the right to appoint 1 director to the board of the Joint Venture. After Completion, the Company will hold 39.24% attributable interest in the Joint Venture. Since the Company does not control the board or the management of the Joint Venture, the Joint Venture will not be treated as a subsidiary of the Company.

Reason for the Transfer

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

To further 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 market presence in the PRC.

The Directors (including the independent non-executive Directors) consider that the Transfer has been made on normal commercial terms and after arm's length negotiations. The terms are fair and reasonable so far as the Company and the Shareholders are concerned and that the Transfer is in the interest of the Company and the Shareholders.

CONNECTED TRANSACTION

Shougang Holding is beneficially interested in approximately 52% of the total issued share capital of the Company and is a connected person of the Company. Shougang Holding is a wholly-owned subsidiary of Shougang Corporation. Accordingly, the Transfer constitutes a discloseable and connected transaction for the Company under Rules 14.06(2) and 14A.13(1)(a) of the Listing Rules and will 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.

Shougang Corporation is a state-owned enterprise established in the PRC and is principally engaged in the businesses of steel manufacturing and investment holding.

GENERAL

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

As at the date of this announcement, Wang Qinghai (Chairman), Cao Zhong (Managing Director), Chen Zhouping (Deputy Managing Director), Zhang Wenhui (Deputy Managing Director), Tsoi Wai Kwong, Ip Tak Chuen, Edmond, Leung Shun Sang, Tony, Lai Kam Man, David (independent non-executive Director) and Choy Hok Man, Constance (independent non-executive) are the Directors of the Company.

DEFINITIONS

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

“Agreement”	the agreement dated 19 April 2004, entered into by and between Central Pro and Shougang Corporation for the Transfer
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Central Pro”	Central Pro Investments Limited, a company incorporated in Samoa and a wholly owned subsidiary 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 Transfer
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be convened to approve the Transfer
“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 will 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
“Profit Access”	Profit Access Investments Limited, an independent third party and a shareholder of the Joint Venture
“QHD”	秦皇島首鋼板材有限公司 (Qinhuangdao Shougang Plate Mill Company Limited), 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer”	the acquisition of a 27% interest in the registered capital of the Joint Venture by the Company on terms as set out in the Agreement
“Welcan”	Canada Welcan Kingsway International Investments (Holdings) Limited, an independent third party and a shareholder of the Joint Venture
“%”	per cent.

For illustration purposes, amounts in RMB in this announcement have been translated into HK\$ at RMB1 = HK\$0.9434.

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

Hong Kong, 19 April 2004

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