

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)
(Stock Code: 697)

**CANCELLATION OF SHARE PREMIUM
AND CAPITAL RESERVE ACCOUNTS**

The Cancellation previously approved by the Shareholders became effective on 1 September 2005.

This announcement is made further to the Company's announcements dated 19 May 2005 and 13 June 2005 respectively, and a circular dated 20 May 2005 to the Shareholders regarding the Cancellation (the "Circular"). The Cancellation was duly approved as a special resolution by the Shareholders at the extraordinary general meeting held on 13 June 2005. Terms defined in the Circular shall have the same meanings when used herein.

The High Court made an order confirming the Cancellation on 1 September 2005 pursuant to section 60 of the Companies Ordinance (the "Confirming Order"). The Confirming Order was duly registered by the Registrar of Companies in Hong Kong on 1 September 2005 and, accordingly, the Cancellation became effective on the same day. As a result, the share premium account of the Company has been reduced by HK\$1,412,855,741.98 and the capital reserve account of the Company has been reduced by HK\$1,800,000,000. An amount of HK\$2,920,201,029.67 arising from such reduction has been applied towards the elimination of the Accumulated Losses and the remaining balance of HK\$292,654,712.31 has been credited to the Company's special capital reserve account.

Implementation of the Cancellation will not, of itself, alter the underlying assets, business, operations, management, financial position (other than as regards payment of the related expenses) or the share capital of the Company, nor will it, of itself, involve payment to the Shareholders of any amount of the credit arising from the Cancellation.

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

2 September 2005

As at the date of this announcement, the board of directors of the Company comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Managing Director), Mr. Chen Zhouping (Deputy Managing Director), Mr. Luo Zhenyu (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond, Mr. Leung Shun Sang, Tony, Ms. Choy Hok Man, Constance, Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Kwan Bo Ren, Dick (Independent Non-executive Director) and Mr. Wong Kun Kim (Independent Non-executive Director).