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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)

**TOP-UP PLACING  
AND  
RESUMPTION OF TRADING**

**JPMorgan**   
**Sole Bookrunner**

**CITIC**  **中信証券國際**  
CITIC Securities International  
**Placing Agent**

Pursuant to the Placing and Subscription Agreement dated 25 July 2007 entered into between the Vendor, China Gate, Grand Invest, the Company and the Placing Agents, the Placing Agents have agreed to, on a fully underwritten basis, procure purchasers to acquire, and the Vendor has agreed to sell 800,000,000 existing Shares at the Placing Price of HK\$2.26 per Share.

The Placing Shares represent approximately 13.2% of the existing issued share capital of the Company and approximately 11.6% of the issued share capital of the Company as enlarged by the Subscription. The Placing Price represents (i) a discount of 2.16% to the closing price of HK\$2.31 per Share as quoted on the Stock Exchange on 24 July 2007, the last full trading date immediately preceding the date of the Placing and Subscription Agreement; and (ii) a premium of approximately 7.52% of the average closing price of approximately HK\$2.102 per Share as quoted on the Stock Exchange for the last five trading days up to and including 24 July 2007.

Pursuant to the Placing and Subscription Agreement, the Vendor has also conditionally agreed to subscribe for the Subscription Shares at the Subscription Price. The Subscription Shares represent approximately 13.2% of the existing issued share capital of the Company and approximately 11.6% of the issued share capital of the Company as enlarged by the Subscription.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 25 July 2007 pending the release of this announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 26 July 2007.

## **A. TOP-UP PLACING**

### **Placing and Subscription Agreement**

**Date:** 25 July 2007

#### **Parties:**

- (a) the Vendor;
- (b) China Gate;
- (c) Grand Invest;
- (d) the Company;
- (e) J.P. Morgan Securities Limited (as sole bookrunner); and
- (f) CITIC Securities Corporate Finance (HK) Limited (as a placing agent).

China Gate and Grand Invest are wholly-owned subsidiaries of the Vendor and are the registered holders of the Placing Shares.

Each of the Placing Agents is an independent third party and is not a connected person of each of the Company and the Vendor.

### **Placing Shares**

800,000,000 existing Shares are to be placed, representing approximately 13.2% of the existing issued share capital of the Company and approximately 11.6% of the issued share capital of the Company as enlarged by the Subscription.

### **Placing Price**

The Placing Price of HK\$2.26 per Share was arrived at after arm's length negotiations between the Company, the Vendor and the Placing Agents. It represents: (i) a discount of approximately 2.16% to the closing price of HK\$2.31 per Share as quoted on the Stock Exchange on 24 July 2007, being the last full trading date immediately preceding the date of the Placing and Subscription Agreement; and (ii) a premium of approximately 7.52% of the average closing

price of approximately HK\$2.102 per Share as quoted on the Stock Exchange for the last five trading days up to and including 24 July 2007. The Directors (including the independent non-executive Directors) are of the opinion that the Placing Price is fair and reasonable and in the interests of the Company and the shareholders as a whole.

### **Rights**

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto, including the right to receive all dividends or other distributions declared, made or paid on or after completion of the Placing.

### **Independence of placees**

The Placing Agents will procure as agent of the Vendor purchasers for the Placing Shares. There will be not less than six placees, which will be third parties independent of and not connected with the directors, chief executives or substantial shareholders of the Company and the Vendor or any of their respective subsidiaries or any of their respective associates. It is not expected that any placees will become a substantial shareholder of the Company immediately after the Placing.

### **Completion of the Placing**

Completion of the Placing will be on 30 July 2007 (or such other date as the parties may agree in writing).

### **Subscription Shares**

800,000,000 Subscription Shares will be subscribed by the Vendor (or its wholly-owned subsidiaries), representing approximately 13.2% of the existing issued share capital of the Company and approximately 11.6% of the issued share capital of the Company as enlarged by the Subscription.

### **Subscription Price**

The Subscription Price is equivalent to the Placing Price of HK\$2.26 per Share. The Subscription Shares have a market value of approximately HK\$1,848 million based on the closing price of the Shares of HK\$2.31 on 24 July 2007. The net price of the Subscription Shares is approximately HK\$2.20 per Share.

### **General mandate to issue the Subscription Shares**

The Subscription Shares will be issued pursuant to the general mandate granted by the shareholders of the Company to the Directors at the annual general meeting held on 6 June 2007.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

### **Ranking**

The Subscription Shares shall, when fully paid, rank pari passu in all respects with the existing Shares in issue.

### **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

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

None of the above conditions can be waived and the Subscription cannot be completed unless all the above conditions are fulfilled.

### **Completion of the Subscription**

Completion of the Subscription shall take place on the second Business Day following the fulfilment of all of the above conditions precedent, or such other date as the Company and the Vendor may agree in writing. It is intended that completion of the Subscription will take place no later than 14 days after the date of the Placing and Subscription Agreement, which is 8 August 2007.

### **Lock-up undertakings**

The Vendor has undertaken to the Placing Agents that except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement, for a period of three months from the date of completion of the Placing, it will not (i) offer, lend, pledge, issue, sell, contract to sell, sell or grant any option to sell or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Subscription Shares) or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents.

## B. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholdings of the Company before and after the Placing and Subscription are summarised as follows:

Shareholder	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription (Note 2)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Shougang Holding and its associates (Note 1)	2,730,956,686	44.9	1,930,956,686	31.7	2,730,956,686	39.7
Cheung Kong (Holdings) Limited ("Cheung Kong") and its associates (Note 1)	<u>455,401,955</u>	<u>7.5</u>	<u>455,401,955</u>	<u>7.5</u>	<u>455,401,955</u>	<u>6.6</u>
Aggregate shareholding of Shougang Holding and Cheung Kong and their associates	<u>3,186,358,641</u>	<u>52.4</u>	<u>2,386,358,641</u>	<u>39.2</u>	<u>3,186,358,641</u>	<u>46.3</u>
Argepa S. A. and its associates	929,000,000	15.3	929,000,000	15.3	929,000,000	13.5
The Placees (Note 3)	–	–	800,000,000	13.2	800,000,000	11.6
Other public shareholders	<u>1,960,498,573</u>	<u>32.3</u>	<u>1,960,498,573</u>	<u>32.3</u>	<u>1,960,498,573</u>	<u>28.6</u>
<b>Total</b>	<b><u>6,075,857,214</u></b>	<b><u>100.0</u></b>	<b><u>6,075,857,214</u></b>	<b><u>100.0</u></b>	<b><u>6,875,857,214</u></b>	<b><u>100.0</u></b>

Note: (1) Shougang Holding and Cheung Kong formed a consortium in 1992 to acquire the Company and are concert parties. Shougang Holding and Cheung Kong were together interested in more than 50% of the issued share capital of the Company for the 12 month period immediately prior to the Placing and Subscription Agreement.

(2) Assuming no new Shares will be issued save for the Subscription Shares.

(3) The Placees form part of the public shareholders.

## C. REASON FOR THE PLACING

The Placing and the Subscription are effected to enable the Company to raise funds while broadening the shareholder's base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing and Subscription Agreement are fair and reasonable and are in the interests of the Company and the shareholders as a whole are concerned.

The net proceeds from the Subscription are estimated to be approximately HK\$1,760 million and will be applied as to approximately HK\$600 million as additional capital for Qinhuangdao Shouqin Metal Materials Co. Ltd. (“Shouqin”), a 76% owned subsidiary of the Company, for product quality improvement facilities, as to approximately HK\$150 million as additional capital for Shouqin for deep processing facilities for plates, and the balance of the proceeds will be used as general working capital of the Group or other projects as may be identified by the Company.

#### **D. CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

The following are the details of the fund raising activities of the Company in the past 12 months:

<b>Date of Announcement</b>	<b>Capital Raising Activity</b>	<b>Proceeds Raised (HK\$ million)</b>	<b>Actual Use of Proceeds</b>
29 May 2007	Placing of 200,000,000 Shares	197	applied as general working capital of the Group as announced in the announcement dated 29 May 2007

#### **E. GENERAL**

The Group is principally engaged in the manufacture, sale and trading of steel products, shipping operations and electricity generation.

#### **F. RESUMPTION OF TRADING**

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#### **DEFINITIONS**

“associates”	has the meaning ascribed to it under the Listing Rules
“Business Day”	a day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“China Gate”	China Gate Investments Limited, a wholly-owned subsidiary of the Vendor
“Company”	Shougang Concord International Enterprises Company Limited, a company incorporated in Hong Kong, the securities of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Directors”	directors of the Company
“Grand Invest”	Grand Invest International Limited, a wholly-owned subsidiary of the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange and any amendments thereto
“Placing”	the placing of the Placing Shares pursuant to the Placing and Subscription Agreement
“Placing Agents”	J.P. Morgan Securities Limited, a corporation licensed to carry on type 1 (dealing in securities), type 6 (advising on securities) and type 7 (providing automated trading services) regulated activities under the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) and CITIC Securities Corporate Finance (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	the placing and subscription agreement dated 25 July 2007 between the Vendor, China Gate, Gand Invest, the Company and the Placing Agents
“Placing Price”	HK\$2.26 per Placing Share
“Placing Shares”	800,000,000 existing Shares
“PRC”	the People’s Republic of China and for the purpose of this announcement shall exclude Hong Kong, the Macau Special administrative Region and Taiwan
“Shares”	ordinary shares of HK\$0.20 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the conditional subscription by the Vendor of the Subscription Shares pursuant to the Placing and Subscription Agreement
“Subscription Price”	HK\$2.26 per Share, the equivalent of the Placing Price

“Subscription Shares”	800,000,000 new Shares to be subscribed by the Vendor pursuant to the Placing and Subscription Agreement
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Vendor” or “Shougang Holding”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong, the controlling shareholder of the Company and for the purpose of the Placing and the Subscription, shall include its wholly-owned subsidiaries

By Order of the Board  
**SHOUGANG CONCORD INTERNATIONAL  
ENTERPRISES COMPANY LIMITED**  
**Cao Zhong**  
*Managing Director*

25 July 2007

*As at the date of this announcement, the Board comprises Mr. Wang Qinghai (Chairman), Mr. Cao Zhong (Managing Director), Mr. Chen Zhouping (Deputy Managing Director), Mr. Zhang Wenhui (Deputy Managing Director), Mr. Luo Zhenyu (Deputy Managing Director), Mr. Ip Tak Chuen, Edmond (Non-executive Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Ms. Kan Lai Kuen, Alice (Independent Non-executive Director), Mr. Wong Kun Kim (Independent Non-executive Director) and Mr. Leung Kai Cheung (Independent Non-executive Director).*