



SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

CONNECTED AND DISCLOSEABLE TRANSACTION DISPOSAL OF INTERESTS IN SHANXI SHENGJIA REAL ESTATE DEVELOPING CO., LTD.

The board of directors of the Company announces that on 10 August, 2001, the Vendor entered into an agreement with the Purchaser for the sale of 63% of the equity interest in Shanxi Shengjia for a consideration of RMB13,860,000 (approximately HK\$13,080,000), to be satisfied in cash.

The net profit (after deducting all charges except taxation and excluding extraordinary items) of Shanxi Shengjia exceeds 15% of the net profit (after deducting all charges except taxation and excluding extraordinary items) of the Company as shown in its latest published audited accounts for the year ended 31 December, 2000. The Disposal therefore constitutes a discloseable transaction of the Company under the Listing Rules.

Shanxi Shengjia is currently owned as to 88% by the Vendor and 12% by 晉盛. Assuming completion of the Disposal, the remaining equity interest of the Vendor in Shanxi Shengjia will be 25%. As the Purchaser is 45% owned by 晉盛, the joint venture partner in Shanxi Shengjia, which holds 12% equity interest in Shanxi Shengjia, the Purchaser is considered to be a connected person by virtue of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company under the Listing Rules. Completion of the Disposal is conditional, amongst other things, upon the approval of the transaction by the independent shareholders of the Company at an extraordinary general meeting to be convened.

All the proceeds of the Disposal will be used as general working capital of the Company.

A circular with details of the Disposal and a letter from an independent financial adviser will be sent to the Shareholders as soon as practicable, together with a notice convening an extraordinary general meeting of the Company at which an ordinary resolution will be proposed for the approval of the Disposal.

The Disposal is also subject to the necessary approval from the relevant authorities in the PRC. The Agreement therefore may or may not become unconditional. Shareholders and potential investors should exercise caution before dealing in any shares of the Company.

DETAILS OF THE TRANSACTION

Date of Agreement: 10 August, 2001

Parties:

Vendor: Bogay Investment Limited, a wholly-owned subsidiary of the Company

Purchaser: Shanxi Changda International Trade Co., Ltd.

Under the Agreement, the Vendor has agreed to sell to the Purchaser 63% of the equity interest in Shanxi Shengjia.

Shanxi Shengjia is engaged in the business of real estate development in the PRC and it currently has some residential properties for sale in Taiyuan, Shanxi. It is a sino-foreign equity joint venture established in the PRC with a registered capital of RMB19,000,000 (approximately HK\$17,920,000) and a total investment of RMB19,000,000 (approximately HK\$17,920,000). The equity interest in Shanxi Shengjia is currently owned in the following proportion:

Joint venture party	Percentage of equity interest
The Vendor	88%
晉盛	12%

Assuming completion of the Disposal, the equity interest in Shanxi Shengjia after the Disposal will be owned in the following proportion:

Joint venture party	Percentage of equity interest
The Vendor	25%
晉盛	12%
The Purchaser	63%

The unaudited net tangible asset value of Shanxi Shengjia as at 30 June, 2001 was RMB21,010,000 (approximately HK\$19,820,000).

The audited net profit of Shanxi Shengjia before and after taxation and extraordinary items for the year ended 31 December, 2000 were approximately RMB2,532,000 (approximately HK\$2,389,000) and approximately RMB1,695,000 (approximately HK\$1,599,000) respectively, whereas the audited net profit of Shanxi Shengjia before and after taxation and extraordinary items for the year ended 31 December, 1999 were approximately RMB1,186,000 (approximately HK\$1,119,000) and RMB1,322,000 (approximately HK\$1,247,000) respectively.

Conditions

Completion of the Disposal is conditional upon the following conditions being fulfilled by the parties:

- the approval of the Disposal by independent shareholders of the Company by the passing of an ordinary resolution at a general meeting to be convened and held to approve the Disposal; and
- the obtaining of all relevant authorisations, consents, or approvals of government or regulatory authority required for the completion of the Agreement.

Consideration

The total consideration for the 63% equity interest in Shanxi Shengjia being disposed of is RMB13,860,000, to be satisfied in cash.

The aggregate amount of the Consideration represents a premium of 4.7% to the amount of RMB13,236,000 (approximately HK\$12,487,000) representing 63% of the net tangible asset value of Shanxi Shengjia as shown in the unaudited consolidated accounts of the Company as at 30 June, 2001.

The Consideration was arrived at after arm's-length negotiations between the Vendor and the Purchaser. The Directors (including the independent non-executive directors of the Company) are of the opinion that the terms of the Disposal are fair and reasonable.

Completion of the Agreement

Completion of the Agreement will take place after the conditions of the Agreement have been fulfilled and is expected to be in October, 2001.

Payment terms

The first installment of the Purchaser's payment of the Consideration, in the amount of RMB1,000,000 (approximately HK\$943,000), shall be paid by the Purchaser within five days from the date of the Agreement.

The second installment of the Purchaser's payment of the Consideration, in the amount of RMB12,860,000 (approximately HK\$12,130,000), shall be paid by the Purchaser within three months upon the change in the ownership of the equity interest in Shanxi Shengjia after the Disposal has been approved by the independent shareholders of the Company by the passing of an ordinary resolution at a general meeting to be convened and held to approve the Disposal, and by the relevant governmental authorities in the PRC.

Reasons for the Transaction

The Company is an investment holding company and its principal subsidiaries are engaged in the manufacturing of steel cord and processing and trading of copper and brass products.

Shanxi Shengjia, as mentioned above, is involved in the business of real estate development in the PRC. The Company intends to concentrate on its core business of manufacturing of steel cord and processing and trading of copper and brass products and to streamline its business. In line with this strategy, the Company will reduce its interest from 88% to 25% through the Disposal which will further improve its cash flow position. The proceeds of the Disposal will be used as general working capital of the Company.

Connected and Discloseable Transaction

The net profit (after deducting all charges except taxation and excluding extraordinary items) of Shanxi Shengjia exceeds 15% of the net profit (after deducting all charges except taxation and excluding extraordinary items) of the Company as shown in its latest published audited accounts for the year ended 31 December, 2000. The Disposal therefore constitutes a discloseable transaction of the Company under the Listing Rules.

In addition, as the Purchaser is 45% owned by 晉盛, the joint venture partner in Shanxi Shengjia, which holds 12% equity interest in Shanxi Shengjia and is a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Disposal constitutes a connected transaction for the Company. The Vendor may only proceed with the Disposal with the approval of the independent shareholders of the Company passed at an extraordinary general meeting to be held. As far as the Directors are aware, none of the Purchaser, its shareholders and their respective associates (as defined in the Listing Rules) holds any share in the Company. As none of the Shareholders are connected persons interested in the Disposal, no shareholder will be required to abstain from voting on the resolution to be proposed for the approval of the Disposal at the extraordinary general meeting of the Company to be held.

An independent financial adviser will be appointed to give advice to the Independent Board on its recommendation to the independent shareholders concerning the Disposal.

GENERAL

A circular containing details of the Disposal, the letter from the independent financial adviser containing its advice to the Independent Board, the recommendation of the Independent Board and a notice convening the extraordinary general meeting of the Company will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

"Agreement"	the agreement dated 10 August, 2001 between the Vendor and the Purchaser for the sale and purchase of 63% of the equity interest in Shanxi Shengjia;
"Company"	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong on 11 June, 1991 with limited liability, the shares of which are listed on the Stock Exchange;
"Consideration"	the aggregate amount of RMB13,860,000 being the consideration for the sale and purchase of 63% of the total equity interest in Shanxi Shengjia pursuant to the Agreement;
"Directors"	the directors of the Company;
"Disposal"	the disposal by the Vendor of 63% of the equity interest in Shanxi Shengjia to the Purchaser on the terms of the Agreement;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board"	the independent board of the Directors;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China;
"Purchaser"	Shanxi Changda International Trade Co., Ltd.;
"Shareholders"	holders of shares of the Company;
"Shanxi Shengjia"	Shanxi Shengjia Real Estate Developing Co., Ltd., a sino-foreign equity joint venture established in the PRC whose equity interest is currently owned by the Vendor and 晉盛 in the ratio of 88:12;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Vendor"	Bogay Investment Limited, a company incorporated in Hong Kong which is a wholly-owned subsidiary of the Company;
"HK\$"	Hong Kong dollars;
"RMB"	Renminbi, the lawful currency of the PRC; and
"晉盛"	山西省晉盛貿易公司.

By Order of the Board of
Shougang Concord Century Holdings Limited
Li Shaofeng
Deputy Managing Director

Hong Kong, 10 August, 2001

In this announcement, the translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 to RMB1.06.

Please also refer to the published version of this announcement in Hong Kong iMail and Hong Kong Economic Times.