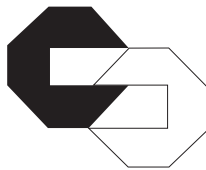


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SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

首長寶佳集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

DISCLOSEABLE TRANSACTION XINHUA METAL SHARE REFORM PLAN

References are made to the Shougang Century's announcements in relation to the Xinhua Metal Share Reform Plan dated 28 March and 28 August 2006.

The Xinhua Metal Share Reform Plan had been proposed by the non-freely transferable shareholders of Xinhua Metal (the "Non-freely Transferable Shareholders") for the conversion of the non-freely transferable shares of Xinhua Metal into shares freely transferable on the Shanghai Stock Exchange. For such conversion, the Non-freely Transferable Shareholders had proposed transferring 3 non-freely transferable shares of Xinhua Metal to each holder of freely transferable shares of Xinhua Metal for every 10 freely transferable shares held by such holders. However, the Xinhua Metal Share Reform Plan had not obtained the approval from the relevant shareholders of Xinhua Metal on 11 April 2006. All the Non-freely Transferable Shareholders have to be in line with the share segregation reforms of the other "A" share companies listed in the PRC by revising to propose to transfer an aggregate of 18,532,800 non-freely transferable shares of Xinhua Metal to the holders of the freely transferable shares of Xinhua Metal on the basis of 3.3 shares (the "Amended Share Reform Plan") rather than 3 shares for every 10 freely transferable shares held by such holders. The Amended Share Reform Plan will, subject to fulfillment of conditions, be carried out on the terms as stated in the announcements by Shougang Century dated 28 March and 28 August 2006 and shall be proposed for approval by the freely transferable shareholders of Xinhua Metal by casting on the internet during the three trading days from 8 to 12 September 2006 and at a physical general meeting to be held on 12 September 2006. Upon obtaining the approval from the relevant shareholders of Xinhua Metal, the application for the trading on the Shanghai Stock Exchange of those freely transferable shares of Xinhua Metal converted from non-freely transferable shares will be submitted subject to the relevant law and regulations of the PRC.

If the Amended Share Reform Plan proceeds, Shougang Century's interest in Xinhua Metal will be diluted from 16.76% to 14.49%, the share interest in Xinhua Metal may decrease from HK\$48,234,000 to HK\$42,426,000, representing a decrease in value of interest of approximately HK\$5,808,000 to the accounts of Shougang Century.

As the profits ratio under Chapter 14 of the Listing Rules of such decrease in shareholding in Xinhua Metal held by Shougang Century represents 8.5% of the profit before taxation of HK\$68,218,000 for the year ended 31 December 2005 as shown in Shougang Century's 2005 annual report, the Amended Share Reform Plan constitutes a discloseable transaction for Shougang Century under Rule 14.06 of the Listing Rules. Shougang Century is required under the Listing Rules to publish this announcement and to issue a circular to its shareholders in respect of the decrease of shareholding in Xinhua Metal pursuant to the Amended Share Reform Plan. A circular containing, among other things, further details of such transaction will be dispatched to the shareholders of Shougang Century as soon as practicable.

Xinhua Metal Share Reform Plan and Amended Share Reform Plan

Under the Xinhua Metal Share Reform Plan, all the Non-freely Transferable Shareholders including Xinyu Iron & Steel Co., Ltd. 新余鋼鐵有限責任公司 (the controlling shareholder), Jiangxi International Trust & Investment Co., Ltd. 江西國際信托投資股份有限公司, Jiangxi Metallurgical Trading Company 江西省冶金供銷公司 and Vicwah Metal, an indirect wholly owned subsidiary of Shougang Century, are in line with the share segregation reforms of the other “A” share companies listed in the PRC by proposing to transfer an aggregate of 16,848,000 non-freely transferable shares of Xinhua Metal to the holders of the freely transferable shares of Xinhua Metal on the basis of 3 shares for every 10 freely transferable shares held by such holders. However, the Xinhua Metal Share Reform Plan had not obtained approval from the relevant shareholders of Xinhua Metal on 11 April 2006. Vicwah Metal has no choice but to agree with the other Non-freely Transferable Shareholders to proceed with the amendment to the proposal of the Xinhua Metal Share Reform Plan. The Non-freely Transferable Shareholders will offer 3.3 non-freely transferable shares (the “Amended Share Reform Plan”) instead of 3 non-freely transferable shares to the freely transferable shareholders of Xinhua Metal for every 10 freely transferable shares held by such holders of freely transferable shares. As such, the Non-freely Transferable Shareholders have to transfer an aggregate of 18,532,800 non-freely transferable shares of Xinhua Metal to freely transferable shareholders. If the Amended Share Reform Plan proceeds, Shougang Century’s interest in Xinhua Metal will be diluted from 16.76% to 14.49% based on the carrying value of interest in Xinhua Metal as shown in Shougang Century’s 2005 annual report, the share interest in Xinhua Metal may decrease from HK\$48,234,000 to HK\$42,426,000, representing a decrease in value of interest of approximately HK\$5,808,000 to the accounts of Shougang Century. The accounting treatment of such decrease is under study and has not yet been finalised. As such, such decrease may or may not have impact on the profit and loss account to the accounts of Shougang Century subject to the accounting treatment. For illustration purpose, if such decrease affects the profit and loss account to the accounts of Shougang Century, a loss of approximately HK\$5,808,000 will derive from the Amended Share Reform Plan.

The Amended Share Reform Plan will, subject to fulfillment of conditions, be carried out on the terms as stated in the announcements by Shougang Century dated 28 March and 28 August 2006 and shall be proposed for approval by the freely transferable shareholders of Xinhua Metal by casting on the internet during the three trading days from 8 to 12 September 2006 and at a physical general meeting to be held on 12 September 2006. Upon obtaining the approval from the relevant shareholders of Xinhua Metal, the application for the trading on the Shanghai Stock Exchange of those freely transferable shares of Xinhua Metal converted from non-freely transferable shares will be submitted subject to the relevant law and regulations of the PRC.

Conditions of the Amended Share Reform Plan

The Amended Share Reform Plan is conditional upon:

- (a) approval of more than two-thirds of (i) all the shareholders of Xinhua Metal who have cast their votes in respect of the Amended Share Reform Plan and (ii) the holders of all the freely transferable shares of Xinhua Metal who have cast their votes in respect of the Amended Share Reform Plan; and
- (b) completion of all necessary formalities for the purpose of enabling trading on the Shanghai Stock Exchange of those freely transferable shares of Xinhua Metal converted from non-freely transferable shares.

If any of such approvals cannot be obtained, the Amended Share Reform Plan will not be implemented and Shougang Century will issue a further announcement in this respect.

Undertakings

In connection with the Amended Share Reform Plan, Vicwah Metal is obliged to give undertakings as follows:

- (i) the shares of Xinhua Metal held by Vicwah Metal will be subject to a lock-up period of 12 months (“Lock-up Period”) upon such shares becoming freely transferable shares;
- (ii) for 12 months after the Lock-up Period, the number of shares in Xinhua Metal that Vicwah Metal may sell on the Shanghai Stock Exchange not exceed 5% of the entire issued share capital of Xinhua Metal; and
- (iii) for 24 months after the Lock-up Period, the number of shares in Xinhua Metal that Vicwah Metal may sell on the Shanghai Stock Exchange not exceed 10% of the entire issued share capital of Xinhua Metal.

Following the 24 months after the Lock-up Period, Vicwah Metal will be able to dispose of its then shareholding in Xinhua Metal free from any restriction.

Suffice it to point out that the above selling restrictions are applicable to the other Non-freely Transferable Shareholders save for Xinyu Iron & Steel Co., Ltd. 新余鋼鐵有限責任公司 which is agreeable to a lock-up period of 36 months.

Furthermore, Xinhua Metal is also obliged to undertake to attain a net profit for the year of 2006 which shall be an increase of more than 50% over the net profit for the year of 2005 after negotiation with various parties (including but not limited to the relevant authorities of the PRC) to agree to the proposal of the Amended Share Reform Plan and Vicwah Metal being the minority non-freely transferable shareholder of Xinhua Metal considers this undertaking may be attained in view of the current financial position of Xinhua Metal. However, if such profit is not attained, it is expected the Amended Share Reform Plan may be further revised. The Non-freely Transferable Shareholders may furnish a new proposal for the Amended Share Reform Plan by conversion of more non-freely transferable shares to freely transferable shareholders in accordance with the relevant law and regulations of the PRC while the number of such non-freely transferable shares should be decided following discussion with the relevant parties for such revised share reform. In any event, if more non-freely transferable shares will be transferred, the Amended Share Reform Plan and the additional conversion of non-freely transferable shares will be aggregated pursuant to Rule 14.22 of the Listing Rules and as a result, Shougang Century will re-comply with the Listing Rules requirement and issue a further announcement in this respect.

The profit after taxation (adjusted in accordance with Hong Kong Financial Reporting Standards (“HKFRS”)) for the years ended 31 December 2004 and 2005 and the six months ended 30 June 2005 and 2006 of Xinhua Metal respectively were as follows:

	For the Year Ended 31 December 2005 (Audited) RMB'000	For the Year Ended 31 December 2004 (Audited) RMB'000
Profit after taxation	30,007	24,413
	For the Six Months ended 30 June 2006 (Unaudited) RMB'000	For the Six Months ended 30 June 2005 (Unaudited) RMB'000
Profit after taxation	19,023	13,657

Change in the shareholdings of Xinhua Metal

The shareholdings structure of Xinhua Metal before and after implementation of the Amended Share Reform Plan is set out below:

	Name of Shareholders	Before implementation of the Amended Share Reform Plan		After implementation of the Amended Share Reform Plan	
		<i>No. of shares held</i>	<i>%</i>	<i>No. of shares held</i>	<i>%</i>
1.	Xinyu Iron & Steel Co., Ltd. 新余鋼鐵有限責任公司	84,390,681	43.68	72,979,683	37.77
2.	Vicwah Metal	32,378,824	16.76	28,000,678	14.49
3.	Jiangxi International Trust & Investment Co., Ltd. 江西國際信托投資股份有限公司	19,427,293	10.05	16,800,407	8.69
4.	Jiangxi Metallurgical Trading Company 江西省冶金供銷公司	863,576	0.45	746,806	0.39
5.	Freely transferable shareholders	56,160,000	29.06	74,692,800	38.66
	Total	193,220,374	100.00	193,220,374	100.00

Details of Xinhua Metal and Xinhua Metal Interests

Xinhua Metal is a joint stock limited company incorporated in the PRC. Xinhua Metal is principally engaged in the manufacturing of pre-stressed concrete strands and wires. The shares of Xinhua Metal in issue as at the date hereof consist of 137,060,374 non-freely transferable shares (representing 70.94% of the total issued shares of Xinhua Metal), 16.76% of which are held by Vicwah Metal. The balance of the 56,160,000 shares (representing 29.06% of the total issued shares of Xinhua Metal) are freely transferable "A" shares listed on the Shanghai Stock Exchange.

The profit before and after taxation (adjusted in accordance with HKFRS) for the years ended 31 December 2004 and 2005 of Xinhua Metal were as follows:

	For the Year Ended 31 December 2005 (Audited) RMB'000	For the Year Ended 31 December 2004 (Audited) RMB'000
Profit before taxation	39,872	28,897
Profit after taxation	30,007	24,413

The net asset value of Xinhua Metal (adjusted in accordance with HKFRS) as at 31 December 2004 and 2005 were as follows:

	As at 31 December 2005 (Audited) RMB'000	As at 31 December 2004 (Audited) RMB'000
Net asset value	299,588	288,904

To the best of Shougang Century's directors' knowledge, information and belief and having made all reasonable enquiries, the freely transferable shareholders and the Non-freely Transferable Shareholders including Xinyu Iron & Steel Co., Ltd. 新余鋼鐵有限責任公司 (the controlling shareholder), Jiangxi International Trust & Investment Co., Ltd. 江西國際信託投資股份有限公司, Jiangxi Metallurgical Trading Company 江西省冶金供銷公司 are third parties independent of and not connected with any of the directors, chief executives or substantial shareholders of Shougang Century and its subsidiaries or any of their respective associates.

The Group's share of profit before and after taxation of Xinhua Metal for the two financial years ended 31 December 2004 and 2005 were as follows:

	For the Year Ended 31 December 2005 (Audited) HK\$'000	For the Year Ended 31 December 2004 (Audited) HK\$'000
Share of profit before taxation	6,344	4,562
Share of profit after taxation	4,781	3,854

The Group's equity interests in Xinhua Metal as at 31 December 2004 and 2005 were as follows:

	As at 31 December 2005 (Audited) HK\$'000	As at 31 December 2004 (Audited) HK\$'000
The Group's equity interests in Xinhua Metal	48,234	45,620

The basis of valuation of the Group's interests in Xinhua Metal is at book value using the equity method of accounting.

If the Amended Share Reform Plan proceeds (on the basis of 3.3 shares for every 10 shares), Shougang Century's interest in Xinhua Metal will be diluted from 16.76% to 14.49% and based on the carrying value of interest in Xinhua Metal as shown in Shougang Century's 2005 annual report, the share of the interest in Xinhua Metal by Shougang Century may decrease from HK\$48,234,000 to HK\$42,426,000, representing a decrease in value of interest of approximately HK\$5,808,000 to the accounts of Shougang Century. This decrease represents approximately 0.60% of Shougang Century's audited total asset value as at 31 December 2005 and 8.5% of the profit before taxation of HK\$68,218,000 for the year ended 31 December 2005 as disclosed in its 2005 annual report.

Reasons for the Amended Share Reform Plan

Vicwah Metal (a minority shareholder holding non-freely transferable shares of Xinhua Metal) has no choice but to agree with the other Non-freely Transferable Shareholders to proceed with the proposal of the Amended Share Reform Plan for the conversion of non-freely transferable shares of Xinhua Metal into shares freely transferable on the Shanghai Stock Exchange for the purpose of compliance with the prevailing share segregation reform of the securities market of the PRC. Vicwah Metal is required to observe the procedures prescribed under the relevant documents including the “Guidelines of the State Council for Promoting the Reform and Opening-up and Sustained Development of the Capital Market 《關於推進資本市場改革開放和穩定發展的若干意見》” promulgated by the State Council People’s Republic of China, “Guiding Opinions on the Non-tradable Share Reform of Listed Companies 《關於上市公司股權分置改革的指導意見》” jointly promulgated by the China Securities Regulatory Commission (“CSRC”), State-Owned Assets Supervision and Administration Commission of the State Council, Ministry of Finance People’s Republic of China, the People’s Bank of China and Ministry of Commerce People’s Republic of China, and the “Administrative Measures on the Non-tradable Share Reform of Listed Companies 《上市公司股權分置改革管理辦法》” promulgated by CSRC; otherwise, Xinhua Metal may be in an adverse position due to the possibility of marginalization of not carrying out the Amended Share Reform Plan.

Before the proposal of Xinhua Metal Share Reform Plan, Vicwah Metal had endeavored to take the following measures to act for the best interest of its shareholders as a whole:

- (1) recommending to the board of directors of Xinhua Metal other options/proposals which are more fair and reasonable to Vicwah Metal in place of Xinhua Metal Share Reform Plan under the prescribed requirement of share segregation reform of the PRC securities market;
- (2) comparing other plans of share reform practitioners in the securities market for concluding a share reform proposal which is applicable to Xinhua Metal; and
- (3) advising to having any other arrangement which can minimize the pecuniary loss (if any) arising from Xinhua Metal Share Reform Plan on the books and accounts of Vicwah Metal;

but these efforts were not adopted due to the practical limitation of the Central Government policy imposed on share segregation reform of the PRC securities market. Hence, Vicwah Metal eventually agreed with the other Non-freely Transferable Shareholders to proceed with the proposal of the Xinhua Metal Share Reform Plan and also the Amended Share Reform Plan as well. Since all the Non-freely Transferable Shareholders have to comply with the aforesaid policy imposed on share segregation reform of the PRC securities market, Vicwah Metal, the minority shareholder of Xinhua Metal have to accept the decrease in value of interest in Xinhua Metal by approximately HK\$5,808,000 after the Amended Share Reform Plan.

View of the Board on the Amended Share Reform Plan

Whilst Shougang Century had endeavoured to propose other share reform schemes, which the directors believed were fair and reasonable to Shougang Century, in its capacity as a minority non-freely transferable shareholder of Xinhua Metal, such schemes were not accepted by Xinhua Metal. The terms of the Amended Share Reform Plan are the best that the directors could attain in light of the requirements set forth by the relevant PRC authorities and acceptable to the “A” shareholders of Xinhua Metal, and cause the least amount of financial impact to Shougang Century. In this sense, the directors (including independent non-executive directors) consider the terms of this discloseable transaction are to the best interest of the shareholders of Shougang Century as a whole.

Furthermore, the implementation of the Amended Share Reform Plan in the long run may provide Shougang Century with more flexibility in dealing with the interest in Xinhua Metal after the transfer restrictions have been removed.

General

The Group is principally engaged in the manufacturing of steel cords and trading and processing of copper and brass products. Shougang Century through its wholly owned subsidiary, Vicwah Metal to hold 16.76% interest in Xinhua Metal as at the date hereof. Vicwah Metal is an investment holding company for mainly holding equity interest in Xinhua Metal.

As the profits ratio under Chapter 14 of the Listing Rules of such decrease in shareholding in Xinhua Metal held by Shougang Century represents approximately 8.5% of the profit before taxation of HK\$68,218,000 for the year ended 31 December 2005 as shown in Shougang Century’s 2005 annual report, the Amended Share Reform Plan constitutes a discloseable transaction for Shougang Century

under Rule 14.06 of the Listing Rules. Shougang Century is required under the Listing Rules to publish this announcement and to issue a circular to its shareholders in respect of the decrease of shareholding in Xinhua Metal pursuant the Amended Share Reform Plan. A circular containing, among other things, further details of such transaction will be dispatched to the shareholders of Shougang Century as soon as practicable.

Definitions

“Amended Share Reform Plan”	the proposal for the conversion of 3.3 non-freely transferable shares for every 10 freely transferable shares held by such freely transferable shareholders of Xinhua Metal
“Board”	Board of directors of Shougang Century
“Group”	Shougang Century and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shougang Century”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vicwah Metal”	Vicwah Metal Products Company Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of Shougang Century
“Xinhua Metal”	Xinhua Metal Products Co., Ltd., a joint stock limited company incorporated in the PRC whose shares are listed on the Shanghai Stock Exchange, defined as an associate of Shougang Century in the opinion of the Board
“Xinhua Metal Share Reform Plan”	the proposal for the conversion of 3 non-freely transferable shares for every 10 freely transferable shares held by such freely transferable shareholders of Xinhua Metal

By order of the Board
Shougang Concord Century Holdings Limited
Tang Cornor Kwok Kau
Deputy Managing Director

Hong Kong, 30 August 2006

As at the date of this announcement, the Board comprises the following directors:

Mr. Cao Zhong (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Tong Yihui (Deputy Managing Director), Mr. Leung Shun Sang, Tony, Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Law, Yui Lun (Independent Non-executive Director) and Mr. Chu, Kwok Tsu Gilbert (Independent Non-executive Director).

Please also refer to the published version of this announcement in South China Morning Post, and Hong Kong Economic Times.