
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Shougang Concord Century Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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Shougang Concord Century Holdings Limited

(the "Company")

首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

**PROPOSALS FOR GRANTING OF GENERAL MANDATES TO THE ISSUANCE AND
REPURCHASE OF SHARES IN THE COMPANY
AND ADOPTION OF THE NEW SHARE OPTION SCHEME
AND ALTERATION OF THE ARTICLES OF
ASSOCIATION OF THE COMPANY**

A letter from the board of directors of the Company is set out on pages 4 to 8 of this circular.

Notice of the annual general meeting of the Company to be held at Basement 1 Monaco Room, Regal Hongkong Hotel, 88 Yee Wo Street, Casueway Bay, Hong Kong, on Friday, 7th June, 2002 at 10:20 a.m. is set out on pages 19 to 24 of this circular. Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the said meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting should you so wish.

Hong Kong
30th April, 2002

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DEFINITIONS

In this circular, except where the context otherwise requires, the following words and expressions have the following meanings:

“Annual General Meeting”	the Annual General Meeting of the Company to be held at Basement 1 Monaco Room, Regal Hongkong Hotel, 88 Yee Wo Street, Casueway Bay, Hong Kong, on Friday, 7th June, 2002 at 10:20 a.m.; notice of which is set out on pages 19 to 24 of this circular;
“approved independent financial adviser”	such independent financial adviser as approved by the Board;
“Articles”	articles of association of the Company;
“associate”	shall have the meaning ascribed to it in the Listing Rules;
“Associated Company”	a company which is owned or controlled in respect of no less than 20 per cent. of the voting rights by the Company and “Associated Companies” shall be construed accordingly;
“Auditors”	the auditors for the time being of the Company;
“Board”	the board of directors of the Company for the time being or a duly authorised committee thereof;
“Business Day”	a day on which the Stock Exchange is open for the business of dealing in securities;
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong);
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability;
“Connected Person”	has the meaning ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“Existing Scheme”	the existing share option scheme of the Company adopted on 11th March, 1992;

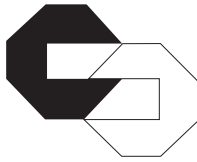
DEFINITIONS

“Eligible Participant”	any director (including executive and non-executive), executive, officer, employee or shareholder of the Company or any of the Subsidiaries or any of the Associated Companies or any of the Jointly Controlled Entities and any supplier, customer, consultant, adviser, agent, partner or business associate who will contribute or have contributed to the Group and “Eligible Participants” shall be construed accordingly;
“Grantee”	any Eligible Participant who accepts the offer of the grant of an Option in accordance with the rules of the New Scheme or (where the context so permits) a person or persons who, in accordance with the laws of succession applicable in respect of the death of such Eligible Participant is, or are entitled to exercise the Option accepted by such Eligible Participant (to the extent not already exercised) in consequence of the death of such Eligible Participant;
“Group”	the Company and/or its Subsidiaries;
“HK\$”	Hong Kong dollars;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Jointly Controlled Entities”	a joint venture whereby the Group and other parties undertake certain economic activities which are subject to joint control and none of the joint venture parties has unilateral control over the economic activities;
“Latest Practicable Date”	25th April, 2002, being the latest practicable date for ascertaining certain information for inclusion in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“New Scheme”	the share option scheme of the Company to be proposed for adoption by the Company at the Annual General Meeting, a summary of the principal terms of the scheme of which is set out in Appendix II on pages 12 to 18 of this circular;
“Offer Date”	in respect of an Option, the date on which Option is offered to Eligible Participant;
“Option”	option(s) granted to the Eligible Participant under the New Scheme and/or other schemes;

DEFINITIONS

“other schemes”	other than the New Scheme, all the schemes involving the grant by the Company or any of the Subsidiaries or any of the Associated Companies or any of the Jointly Controlled Entities of options over Shares or other securities of the Company or any of the Subsidiaries or any of the Associated Companies or any of the Jointly Controlled Entities to, or for the benefit of, specified participants of such schemes or any arrangement involving the grant of options to participants over Shares or other securities of the Company or any of the Subsidiaries or any of the Associated Companies or any of the Jointly Controlled Entities which, in the opinion of the Stock Exchange, is analogous to a share option scheme as described in Chapter 17 of the Listing Rules;
“Scheme Period”	a period commencing on the date on which the New Scheme is adopted by the Shareholders at the Annual General Meeting (the “adoption date”) and ending on the tenth anniversary of the adoption date (both dates inclusive);
“Shares”	shares of HK\$0.10 each in the capital of the Company or, if there has been a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company, shares forming part of the ordinary equity share capital of the Company of such other nominal amount as shall result from any such capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital in the share capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a subsidiary for the time being of the Company within the meaning of the Companies Ordinance whether incorporated in Hong Kong or elsewhere and “Subsidiaries” shall be construed accordingly;
“Substantial Shareholder”	has the meaning ascribed to it in the Listing Rules; and
“Takeover Code”	The Codes on Takeovers and Mergers and Share Repurchases.

LETTER FROM THE BOARD



Shougang Concord Century Holdings Limited

(the "Company")

首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

Executive Directors:

Cao Zhong (*Chairman*)

Tong Yihui

Leung Shun Sang, Tony

Li Shaofeng

Xu Xianghua

Tang Kwok Kau

Registered office:

6/F., Bank of East Asia Harbour View Centre

51-57 Gloucester Road

Wanchai

Hong Kong

Independent non-executive Directors:

Yip Kin Man, Raymond

Lai Kam Man

30th April, 2002

To Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GRANTING OF GENERAL MANDATES TO THE ISSUANCE AND
REPURCHASE OF SHARES IN THE COMPANY
AND ADOPTION OF THE NEW SHARE OPTION SCHEME
AND ALTERATION OF THE ARTICLES OF
ASSOCIATION OF THE COMPANY**

INTRODUCTION

The purpose of this circular is to provide the Shareholders with details regarding the granting of general mandates to the Board to exercise the powers of the Company for the issue of new Shares and the repurchase by the Company of its own Shares, the proposal for the adoption of the New Scheme and the alteration of the Articles.

The Board noted that an announcement was issued by the Stock Exchange on 23rd August, 2001 to introduce certain amendments to Chapter 17 (Equity Securities-Share Option Schemes) of the Listing Rules and that such amendments became effective on 1st September, 2001.

LETTER FROM THE BOARD

The Existing Scheme which permits the Board to grant options to any employee, including any director, of the Group to subscribe for Shares has expired on 10th March, 2002. The Board therefore proposes that the New Scheme be adopted subject to the approval of the Shareholders.

The Board also noted that on 4th January, 2002, certain amendments to the Companies Ordinance came into force which permit the Company to distribute to Shareholders and other entitled person (subject to their consent) summary financial reports in lieu of the relevant financial documents. The new provisions further permit the Company, subject to the consent of the relevant recipient, to publish the relevant financial documents and/or the summary financial report on the Company's computer network in lieu of sending printed copies of those documents. In order to take advantage of the potential cost savings resulting from the amendments of Companies Ordinance and facilitate the Company to send other notices or documents by electronic means, the Board therefore proposes a special resolution at the Annual General Meeting to alter the Articles.

At a meeting of the Board held on 22nd April, 2002, the Board announced, inter alia, the final results of the Company for the year ended 31st December, 2001 and it was resolved, subject to Shareholders' approval, to grant mandates for the issue of new Shares and for the repurchase by the Company of its own Shares, to adopt the New Scheme and to alter the Articles. The purpose of this circular is to provide Shareholders with details of the proposed resolutions to be dealt with at the forthcoming Annual General Meeting.

GENERAL MANDATES

At the Annual General Meeting, separate ordinary resolutions will be proposed to renew the general mandates given to the Board (i) to allot, issue and otherwise deal with Shares not exceeding in aggregate of 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of such resolution; (ii) to repurchase Shares of the Company comprising the aggregate nominal amount of which does not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing of such resolution; and (iii) to add the aggregate nominal amount of the Shares repurchased by the Company to the general mandate to the Directors to allot new Shares of up to 20 per cent. of the issued share capital of the Company.

The mandates to issue and repurchase Shares granted at the annual general meeting held on 15th June, 2001 will lapse at the conclusion of the forthcoming Annual General Meeting. Resolutions Nos. 4 and 5 as set out in the Notice of Annual General Meeting will be proposed at the Annual General Meeting to renew these mandates. With reference to these resolutions, the Board wishes to state that it has no present intention to repurchase any Shares of the Company or to issue any new Shares pursuant to the relevant mandates.

The explanatory statement, required by the Listing Rules to be sent to Shareholders, in connection with the proposed repurchase mandate is set out in Appendix I to this circular. This contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

LETTER FROM THE BOARD

EXISTING SCHEME

The Existing Scheme which permits the Board to grant options to any employee, including any director, of the Group to subscribe for Shares has expired on 10th March, 2002. The Board therefore seeks your approval for the adoption of the New Scheme.

No share options remain outstanding under the Existing Scheme as at the Latest Practicable Date.

NEW SCHEME

A summary of the principal terms of the proposed New Scheme is set out in Appendix II to this circular.

The purpose of the New Scheme is to enable the Group to grant options to selected Eligible Participants as incentives or rewards for their contribution or potential contribution to the Group. The Board considers that it is in line with modern commercial practice that appropriate Eligible Participants determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group, should be given incentives in the form of options to subscribe for Shares. Subject to the adoption of the New Scheme by the Shareholders, the Board intends to exercise its powers under the New Scheme during the Scheme Period with the objective of serving the purposes of the New Scheme as stated above.

Upon adoption of the New Scheme by the Shareholders at the Annual General Meeting, the New Scheme will become operative for the Scheme Period. Under the New Scheme, conditional upon the satisfaction of the events mentioned in the paragraph headed "Conditions of the New Scheme" in Appendix II to this circular, the Board may, at its discretion, invite Eligible Participants, to take up options to subscribe for Shares up to 10 per cent. of the issued share capital of the Company as at the date of Annual General Meeting. Application will be made to the Stock Exchange for the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any Options which may be granted under the New Scheme.

The Board considers that it is not appropriate to state the value of all Options that can be granted under the New Scheme as if they had been granted on the Latest Practicable Date as a number of variables which are crucial for the calculation of the Option value have not been determined. Such variables include the exercise price, exercise period, performance targets set (if any) and other relevant variables. The Board believes that any calculation of the value of any Option which might have been granted on the Latest Practicable Date would be based on a number of speculative assumptions and would therefore not be meaningful but would be misleading to the Shareholders.

Assuming no Shares will be issued or repurchased prior to the date of the Annual General Meeting on which the New Scheme is expected to be adopted by the Shareholders since the Latest Practicable Date, the total number of the Shares in issue as at the date of the Annual General Meeting will be 765,372,000. Pursuant to the New Scheme, options in respect of up to 76,537,200 Shares may be granted under the New Scheme.

None of the Directors are appointed as trustees of the New Scheme or have a direct or indirect interest in the trustees of the New Scheme.

LETTER FROM THE BOARD

An ordinary resolution to adopt the New Scheme will be proposed as Resolution No. 6 as set out in the Notice of Annual General Meeting.

ALTERATION OF ARTICLES

The purpose of the alteration of Articles is (a) to permit the Company to take advantage of new legislation which enables the Company to offer Shareholders the choice to receive a summary financial report (the "Financial Summary") in place of the annual report and accounts of the Company and choice to rely on the copies of these documents published on the Company's website in place of receiving a copy of either document; and (b) to allow the Company to forward any notice or document to Shareholders by electronic means. A special resolution of the alteration of the Articles 129, 131, 134, 135 and the insertion of Article 136(A) will be proposed at the Annual General Meeting. Even if Shareholders vote in favour of this special resolution, they will still be able to elect to receive printed copies of the summary financial reports, with, or in lieu of, the relevant financial documents.

A special resolution, which requires not less than 75 per cent. of the votes cast by Shareholders attending and entitled to vote at the Annual General Meeting to amend the said Articles will be proposed as Resolution No. 7 as set out in the Notice of Annual General Meeting.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the New Scheme and the memorandum of articles of association of the Company will be available for inspection at the registered office of the Company at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong during normal business hours up to and including 7th June, 2002 and will be available for inspection at the Annual General Meeting.

ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is set out in this circular. At the Annual General Meeting, in addition to the ordinary business of the meeting, Resolutions 4, 5, 6 and 7 will be proposed to approve the general mandates for the issue of Shares and the repurchase by the Company of its own Shares, the adoption of the New Scheme and the alteration of the Articles for the purpose of (1) enabling the Company to offer Shareholders the choice to receive the Financial Summary in place of the annual report and accounts and the choice to receive (a) a copy of either the Financial Summary or the annual report and accounts or (b) versions of these documents posted on the Company's website and (2) allowing the Company to forward notice or document to the Shareholders by electronic means as special businesses.

A form of proxy for the Annual General Meeting is enclosed herewith. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company's share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the said meeting. Completion of a form of proxy will not preclude you from attending and voting at the said meeting in person.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief there are not other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Board is of the opinion that the proposals referred to above are in the best interests of the Company and therefore recommend you to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,
Cao Zhong
Chairman

This appendix serves as the explanatory statement required under Rule 10.06(1)(b) of the Listing Rules to provide you with the information necessary for your consideration of the proposed Share repurchase mandate to be granted to the Directors. It also forms the memorandum of the terms of the proposed repurchase required under section 49BA(3)(b) of the Companies Ordinance.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued Share capital of the Company, comprised of 765,372,000 Shares. On the basis that no further Shares are repurchased before the conclusion of the Annual General Meeting to be held on Friday, 7th June, 2002 and that no further Shares are issued prior to the Annual General Meeting, the Company would be allowed to repurchase a total of 76,537,200 Shares.

2. REASONS FOR REPURCHASES

The Board believes that it is in the best interests of the Company and the Shareholders as a whole to have a general authority from Shareholders to enable the Board to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per share and will only be made when the Board believes that such repurchases will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of Hong Kong. The Companies Ordinance provides that the amount of capital repaid in connection with a Share repurchase may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase to such an extent allowable under the Companies Ordinance.

The Board proposes that repurchases of Shares be financed from the Company's internal resources or existing banking facilities.

There might be material adverse impact on the working capital or gearing position of the Company as compared with the position as disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2001 in the event that the proposed share repurchase was to be carried out in full at any time during the proposed repurchase period. However, the Board does not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Board are from time to time appropriate for the Company unless the Board considers that such repurchases are in the best interests of the Company notwithstanding such material adverse effect.

4. SHARE PRICES

The highest and lowest prices at which Shares have been traded on the Stock Exchange during each of the previous twelve months were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2001		
April	0.395	0.228
May	0.420	0.310
June	0.540	0.380
July	0.400	0.260
August	0.305	0.250
September	0.270	0.177
October	0.280	0.200
November	0.320	0.250
December	0.270	0.235
2002		
January	0.255	0.208
February	0.235	0.202
March	0.250	0.208

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applied, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates has any present intention to sell any Shares to the Group.

No other Connected Persons have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the repurchase mandate is approved by the Shareholders.

6. HONG KONG CODES ON TAKEOVERS AND MERGERS AND SHARE REPURCHASES

If on exercise of the powers to repurchase Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of rule 32 of the Takeover Code. As a result, a Shareholder or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rules 26 and 32 of the Takeover Code.

As at the Latest Practicable Date, Shougang Concord International Enterprises Company Limited ("Shougang International") is beneficially interested in approximately 36.56 per cent. of the issued share capital of the Company. In the event that the repurchase mandate is exercised in full and no further Shares are issued or repurchased during the proposed repurchase period, the beneficial interest of Shougang International in the issued share capital of the Company will increase by more than 2 per cent. to approximately 40.6 per cent. and, therefore, Shougang International may be required under the Takeover Code to make an offer to acquire all of the issued Shares. The Directors have no present intention to exercise the power to repurchase Shares to such extent as would result in a takeover obligation on the part of Shougang International.

7. REPURCHASE OF SHARES BY THE COMPANY

During the six months preceding the date of this circular, neither the Company nor any of its Subsidiaries has otherwise purchased, sold or redeemed any of the Company's listed Shares during the period.

The following is a summary of the principal terms of the rules of the New Scheme proposed to be adopted at the Annual General Meeting:

NEW SCHEME

1. Purpose

The purpose of the New Scheme is to enable the Board to grant options to Eligible Participants as incentives or rewards for their contribution to the Group or potential contribution to the Group.

2. Who may join

The Directors may, at their discretion, invite any Eligible Participants to take up Options to subscribe for Shares at a price calculated in accordance with paragraph (3) below for such number of Shares as they may determine in accordance with the terms of the New Scheme.

Options may be granted with a remittance in favour of the Company of HK\$1.00 and will entitle the Grantee to subscribe for Shares.

3. Option price for subscription of Shares

The subscription price per Share in relation to an option shall be a price to be determined by the Board and shall be no less than the highest of:

- (a) the official closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange on the date on which the Option is offered to an Eligible Participant, which must be a Business Day; or
- (b) the official average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Business Days immediately preceding the Offer Date; or
- (c) the nominal value of the Shares on the Offer Date.

4. Maximum number of Shares

- (a) The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Scheme and any other schemes of the Company must not exceed 30 per cent. of the Shares in issue from time to time.
- (b) Subject always to the overall limit specified in paragraph 4(a) above:
 - (i) the Board may grant Options under the New Scheme, generally and without further authority, in respect of such number of Shares which may be issued upon exercise of all Options to be granted under the New Scheme and any other schemes in aggregate not exceeding 10 per cent. of the issued share capital of the Company as at the date of approval of the New Scheme (the “Scheme Mandate Limit”) (being 76,537,200 Shares as at the Latest Practicable Date, assuming that there is no issue and repurchase of Shares between the Latest Practicable Date and the date of approval of the New Scheme). For the avoidance of doubt, Options lapsed in accordance with the New Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit;
 - (ii) the Scheme Mandate Limit may be renewed by obtaining approval of the Shareholders at a general meeting provided that such renewed limit shall not exceed 10 per cent. of the Shares in issue as at the date of approval of such limit (the “Refreshed Mandate Limit”). Options previously granted under the New Scheme (including those Options which are outstanding, cancelled or lapsed in accordance with the New Scheme or exercised options) shall not be counted for the purposes of calculating the Refreshed Mandate Limit; and
 - (iii) the Board may issue Options in excess of the 10 per cent. limit to specified Eligible Participants subject to having first obtained the authority to do so by obtaining approval of Shareholders at a general meeting.

5. Maximum entitlement of each Eligible Participant

Unless approved by the Shareholders at a general meeting, the total number of Shares issued and to be issued upon the exercise of Options granted to each Eligible Participant (including both exercised and outstanding options) in any 12-month period shall not exceed one per cent. of the issued share capital of the Company in issue. Any further grant of Options in excess of such limit must be separately approved by Shareholders with such Eligible Participant and his associates abstaining from voting.

6. Options granted to Connected Persons

- (a) Where any offer of the grant of Options is proposed to be made to a Connected Person of the Company or his associate, such offer shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options).
- (b) If a grant of Option to a Substantial Shareholder of the Company or independent non-executive Director or their respective associates will result in the Shares in respect of all the Options granted and proposed to be granted (whether exercised, cancelled or outstanding) to such person in the 12-month period up to and including the proposed date of such grant of the Option:
 - (i) representing in aggregate over 0.1 per cent. of the issued share capital of the Company; and
 - (ii) having an aggregate value, based on the official closing price of the Shares at the date of each grant, in excess of HK\$5,000,000,

such offer of the grant of Options must be approved by the Shareholders in general meeting by way of poll with all the Connected Persons of the Company abstaining from voting except that any Connected Person may vote against such resolution provided that he has informed the Company of his intention to do so in time for inclusion in the relevant circular to the Shareholders for such intention.

7. Restriction on the time of grant of Option

An offer of the grant of an Option must not be made after a price sensitive development has occurred or a price sensitive matter has been the subject of a decision, until such price sensitive information has been published in the newspapers or any other means as accepted by the Stock Exchange from time to time. In particular, during the period of one month immediately preceding the earlier of:

- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with paragraph 12 of its listing agreement) for the approval of the Company's interim or annual results; and
- (b) the deadline for the Company to publish its interim or annual results announcement under its listing agreement,

and ending on the date of the results announcement, no Option may be granted.

8. Time of exercise of an Option

There is no general requirement that an Option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular Option. The date of grant of any particular Option is the date when the duplicate offer document constituting acceptance of the Option duly signed by the Grantee, together with a remittance in favour of the Company of HK\$1.00 by way of consideration is received by the Company, such date must be on or before the 60th day after the Option is offered to the relevant Grantee. The period during which an Option may be exercised will be determined by the Board at its absolute discretion, save that no Option may be exercised more than 10 years after it has been granted. No Option may be granted more than 10 years after the date of approval of the New Scheme.

9. Performance Targets

The Board has the discretion to require a particular grantee to achieve certain performance targets specified at the time of grant before any Option granted under the New Scheme can be exercised.

10. Cancellation of Options

Any cancellation of any Option which has been duly granted in accordance with the New Scheme and has neither lapsed nor been exercised in full shall be conditional on the approval by the Board and the Grantee(s) concerned. In the event that the Directors elect to cancel Options of the Grantee which have been granted and have neither lapsed nor been exercised in full and issue new Options to the same Grantee, the issue of such new Options shall be made with available unissued Options (excluding the cancelled Options) within the Scheme Mandate Limit or the Refreshed Mandate Limit, as the case may be.

11. Rights are personal to Grantee

An Option is personal to the Grantee and the Grantee may not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or attempt to do so.

12. Rights on ceasing to be an Eligible Participant

If the Grantee is an Eligible Participant and ceases to be so:

- (i) by reason of the termination of his relationship with the Company and/or any of the Subsidiaries and/or any of the Associated Companies and/or any of the Jointly Controlled Entities on any one or more of the grounds that he has been guilty of serious misconduct, or has committed any act of bankruptcy or is unable to pay his or her debts or has become insolvent or has made any arrangement or has compromised with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or in relation to an employee of the Company and/or any of the Subsidiaries and/or any of the Associated Companies and/or any of the Jointly Controlled Entities (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at

common law or pursuant to any applicable laws or under the Grantee's service contract with the Company or the relevant Subsidiary or the relevant Associated Company or the relevant Jointly Controlled Entity an Option shall lapse automatically and not be exercisable on the earliest of such cessation date.

- (ii) for any reason other than on his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph 12(i) above, the Grantee may exercise the Option up to his or her entitlement at the date of cessation of being an Eligible Participant (to the extent not already exercised) up to the date of such cessation (which date shall be, in relation to a Grantee who is an Eligible Participant by reason of his or her employment with the Company or any of the Subsidiaries or any of the Associated Companies or any of the Jointly Controlled Entities, the last actual working day with the Company or the relevant Subsidiary or the relevant Associated Company or the relevant Jointly Controlled Entity whether salary is paid in lieu of notice or not) or such longer period as the Board may determine from the date of cessation to exercise the Option in full (to the extent not already exercised), failing which the Option will lapse; and
- (iii) by reason of death and none of the events which would be a ground for termination of his or her relationship with the Company and/or any of the Subsidiaries and/or any of the Associated Companies and/or any of the Jointly Controlled Entities under paragraph 12(i) arises, the legal representative(s) to the Grantee shall be entitled within a period of 12 months or such longer period as the Board may determine from the date of death to exercise the Option in full (to the extent not already exercised), failing which the Option will lapse.

13. Ranking of Shares

The Shares to be allotted upon the exercise of an Option will not carry voting rights until completion of the registration of the Grantee (or such other person nominated by the Grantee) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of Options will rank *pari passu* with and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the other fully-paid Shares in issue on the date of issue.

14. Effect of alterations to capital

In the event of any capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company, the number or nominal amount of Shares comprised in each Option and/or the subscription price may be adjusted in such manner as the Board (having received a statement in writing from the Auditors or an approved independent financial advisor of the Company that in their opinion the adjustments proposed are fair and reasonable) may deem appropriate, provided always that an Grantee shall have the same proportion of the equity capital of the Company as that to which he was entitled before such adjustments and no increase shall be made in the aggregate subscription price relating to any Option.

15. Rights on a general offer

If a general offer is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Grantee (or his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional. Upon the lapse of said period and the Option has not been exercised shall thereupon cease and determine, and any outstanding offer of an Option to him shall lapse.

16. Rights on winding up

In the event of an effective resolution being passed for the voluntary winding-up of the Company, the Grantee (or his or her legal personal representatives) may by notice in writing to the Company within 21 days after the date of such resolution elect to be treated as if the Option (to the extent not already exercised) had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and shall accordingly be entitled to receive out of the assets available in the liquidation *pari passu* with the holders of Shares such sum as would have been received in respect of the Shares the subject of such election reduced by an amount equal to the subscription price which would have been payable in respect thereof. If such resolution is duly passed, all Options shall, to the extent that they have not been exercised, thereupon cease and determine, all outstanding offers of Options shall lapse.

17. Rights on comprise or arrangement

Subject to the periods specified in paragraph 12(iii), if a general offer by way of a scheme of arrangement is made to all the holders of Shares and the scheme has been approved by the necessary number of holders of Shares at the requisite meetings, the Grantee (or his or her legal personal representatives) may, thereafter (but before such time as shall be notified by the Company and in any case, before the scheme becomes effective) exercise the Option to its full extent or to the extent specified in such notice. Upon such arrangement becoming effective, all Options shall lapse except insofar as exercised under this paragraph, all outstanding offers of Options shall lapse.

18. Conditions of the New Scheme

The New Scheme shall take effect subject to the Shareholders passing an ordinary resolution to approve the New Scheme at the Annual General Meeting and is conditional on the Stock Exchange granting approval of the listing of and permission to deal in any Shares which may be issued and allotted pursuant to the exercise of the Options in accordance with the terms and conditions of the New Scheme.

19. Duration of the New Scheme

The New Scheme will remain in force for a period of 10 years commencing on the date of adoption of the New Scheme.

20. Alteration of the New Scheme

The New Scheme may be altered in any respect by resolution of the Board except that:

- (a) any alteration to the advantage of the Grantees or the Eligible Participants (as the case may be) in respect of the matters contained in Rule 17.03 of the Listing Rules;
- (b) any material alteration to the terms and conditions of the New Scheme or any change to the terms of Options granted (except any alterations which take effect automatically under the terms of the New Scheme),

shall first be approved by the Shareholders in general meeting provided that if the proposed alteration shall adversely affect an Option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the Grantees' approval in accordance with the terms of the New Scheme. The amended terms of the New Scheme shall still comply with the Chapter 17 of the Listing Rules and any change to the authority of the Board in relation to any alteration to the terms of the New Scheme must be approved by Shareholders in general meeting.

21. Termination

The Company may by resolution in general meeting at any time terminate the New Scheme and in such event no further Option shall be offered but the provisions of New Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Scheme. Options granted prior to such termination at the time of termination shall continue to be valid and exercisable in accordance with the New Scheme.

22. Lapse of Options

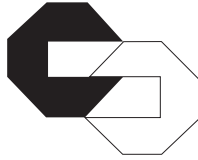
An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph 8 above;
- (ii) the date on which the Grantee commits a breach of paragraph 11 above, if the Board shall exercise the Company's right to cancel the Option;
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph 12 above; and
- (iv) the expiry of any of the relevant periods referred to in paragraph 15, 16 or 17 above.

23. Disclosure in annual and interim reports

The Company will disclose details of the New Scheme in its annual and interim reports including the number of options, date of grant, exercise price, exercise period, vesting period and (if appropriate) a valuation of options granted during the financial year/period in accordance with the Listing Rules in force from time to time.

NOTICE OF ANNUAL GENERAL MEETING



Shougang Concord Century Holdings Limited

(the "Company")

首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Basement 1 Monaco Room, Regal Hongkong Hotel, 88 Yee Wo Street, Casueway Bay, Hong Kong on Friday, 7th June, 2002 at 10:20 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the report of the directors of the Company and the audited accounts of the Company for the year ended 31st December, 2001.
2. To re-elect the retiring directors (note (2)).
3. To re-appoint Ernst & Young as auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorise the board of directors to fix their remuneration.

AS SPECIAL BUSINESS

4. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"THAT:

- (a) subject to paragraph (c) below, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and it is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries and/or any of its associated companies and/or any of its jointly controlled entities or any eligible participant pursuant to the scheme of shares or rights to acquire shares of the Company, or (iv) any scrip dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or any class thereof (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any territories outside Hong Kong).”

5. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

A. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors during the Relevant Period of all the powers of the Company to repurchase issued shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and that the exercise by the directors of the Company of all the powers of the Company to repurchase such shares subject to and in accordance with all applicable laws or the requirements of the Rules Governing the Listing of Securities on the Stock Exchange, be and it is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) in addition, the approval in paragraph (a) above shall authorise the directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors;
- (c) the aggregate nominal amount of shares of the Company repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this resolution, and the authority pursuant to paragraph (a) shall be limited accordingly; and
- (d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; and
- (iii) the revocation or variation of this resolution by any ordinary resolution of the shareholders of the Company in general meeting.”

B. “**THAT** conditional upon the passing of the ordinary resolution 5A above, the aggregate nominal amount of the shares in the Company which are repurchased by the Company pursuant to and in accordance with the said ordinary resolution 5A shall be added to the aggregate nominal amount of the shares in the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with the ordinary resolution 4 above.”

6. To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the shares of the Company falling to be issued pursuant to the new share option scheme (the “Share Option Scheme”), the terms of which are set out in the document marked “A” produced to the Annual General Meeting and signed by the Chairman for the purpose of identification, the rules of the Share Option Scheme be and the same are hereby approved and adopted and that the directors of the Company be and they are hereby authorised to grant options to subscribe for shares of the Company pursuant to the exercise of subscription rights under any option granted thereunder and take all such steps as may be necessary or desirable to implement such Share Option Scheme.”

NOTICE OF ANNUAL GENERAL MEETING

7. To consider and, if thought fit, pass the following resolution as a special resolution:

“**THAT** the articles of association of the Company be and are hereby amended in the following manner:

(a) by deleting the existing Article 129 in its entirety and substitute therefor the following:-

“129 (1) The Board shall from time to time in accordance with the provisions of the Ordinance cause to be prepared and laid before the Company at its annual general meeting such balance sheet and every document required by the Ordinance to be annexed to the balance sheet and profit and loss account or income and expenditure account. The Board may also cause to be prepared any other financial documents (including but without limitation any summary financial report) as the Board thinks fit.

(2) Subject to paragraph (3) of this Article, copies of the relevant financial documents (or a copy of the summary financial report in place of a copy of those documents from which the report is derived) together with any other reports as may be required by the Ordinance shall, not less than twenty-one days before the date of the meeting, be sent to every member and holder of debentures of the Company and to the auditors of the Company. However, this Article shall not require copies of those documents to be sent to any person of whose address the Company is unaware or to more than one of the joint holders of any shares or debentures.

(3) Where a member of, or debenture holder of, the Company has, in accordance with the Ordinance and other applicable laws, rules and regulations binding on the Company from time to time, consented to treat the publication of the relevant financial documents and/or the summary financial report and/or any other reports on the Company’s computer network as discharging the Company’s obligation under the Ordinance to send copies of the relevant financial documents and/or the summary financial report and/or such reports, then subject to compliance with the publication and notification requirements of all applicable laws, rules and regulations from time to time, by the Company on the Company’s computer network of the relevant financial documents and/or the summary financial report and/or any other reports of the Company at least twenty-one days before the date of the meeting shall, in relation to each such member or debenture holder of the Company, be deemed to discharge the Company under paragraph (2) of this Article.

(4) Notwithstanding paragraph (3) of this Article, if all or any of the shares in or debentures of the Company are listed or dealt in on any stock exchange, there shall be forwarded to the secretary of that stock exchange such number of copies of each of those documents as may be required by the regulations of that stock exchange.

NOTICE OF ANNUAL GENERAL MEETING

- (5) For the purpose of this Article, “relevant financial documents” and “summary financial report” shall have the meaning ascribed to them in the Ordinance.”;
- (b) by deleting the existing Article 131 in its entirety and substitute therefor the following:
- “131 (1) The Company may give any notice to a member either personally or by sending it by post in a prepaid envelope or wrapper addressed to the member at his registered address or by leaving it at his registered address or by leaving it at that address or (in the case of a notice) Published in the Newspapers.
- (2) A member whose registered address is not within Hong Kong may either give to the Company an address within Hong Kong or an address outside Hong Kong and notices may be sent to him at either address.
- (3) Subject to applicable laws, rules and regulations binding on the Company from time to time, and unless the Board shall otherwise in its absolute discretion consider not appropriate for any purpose or purposes under these Articles, any notice or document to be given or issued under these Articles may also be served by the Company on any member by using electronic means in the manner prescribed under applicable laws, rules and regulations or such other designated electronic means as may be agreed between the Company and the relevant member from time to time.
- (4) In the case of sending notices or other documents by electronic means under this Article, the Board may make it subject to such terms and conditions as it shall in its absolute discretion consider appropriate in the circumstances.
- (5) In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.”;
- (c) by adding “or transmitted by electronic means in accordance with Article 131(3)” after “if Published in the Newspapers” in Article 134.”;
- (d) by adding “or transmitted by electronic means in accordance with Article 131(3)” after “if Published in the Newspapers” in Article 135.”; and

NOTICE OF ANNUAL GENERAL MEETING

(e) by inserting the following Article after Article 136 as new Article 136(A):

“136 (A) Subject to applicable laws, rules and regulations binding on the Company from time to time, any notice or document sent by electronic means in accordance with Article 131(3) shall be deemed to have been served or delivered at the expiration of twenty-four (24) hours after the time it was first sent and in proving such service or delivery it shall be conclusive to prove that the address used for the electronic communication was the address supplied for that purpose and the electronic communication was properly despatched, unless the Company is aware that there has been a failure of delivery of such notice or document following at least two (2) attempts in which case such notice or document shall be sent to the member by post provided that the date of deemed service or delivery shall be twenty-four (24) hours from the despatch of the original electronic communication in accordance with this Article.””

By Order of the Board
Chan Lai Yee
Company Secretary

Hong Kong, 30th April, 2002

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. Forms of proxy must be lodged at the Company's share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than 48 hours before the time for holding the meeting.
- (2) With respect to resolution 2, Messrs. Cao Zhong, Tang Kwok Kau, Lai Kam Man and Yip Kin Man, Raymond will retire from office, pursuant to the articles of association of the Company and being eligible, they offer themselves for re-election at the above meeting.