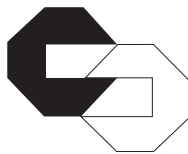

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



Shougang Concord Century Holdings Limited
首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

**PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT
TO ELIMINATE ACCUMULATED LOSS**

A notice convening an extraordinary general meeting of the Company to be held at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong on Thursday, 23 January 2003 at 11:00 a.m., is set out on pages 6 to 7 of this circular.

Whether or not you intend to attend the extraordinary general meeting, you are requested to complete the form of proxy enclosed with this circular in accordance with the instructions printed thereon and return the same to the Company's registered office at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting should you so desire.

23 December 2002

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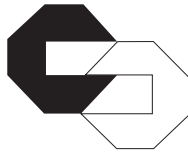
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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“Accumulated Loss”	an amount of HK\$149,098,345.19, being the audited accumulated loss of the Company as at 31 December 2001
“Board”	the board of Directors
“Company”	Shougang Concord Century Holdings Limited (首長寶佳集團有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Court”	the High Court of Hong Kong
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be held at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong on Thursday, 23 January 2003 at 11:00 a.m., notice of which is set out on pages 6 to 7 of this circular, to consider and, if thought fit, to approve the resolution relating to the Share Premium Reduction
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share Premium Account”	the share premium account of the Company
“Share Premium Reduction”	the proposed reduction of the Share Premium Account as described in this circular
“Shares”	shares of HK\$0.10 each in the capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



Shougang Concord Century Holdings Limited 首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

Executive Directors:

Cao Zhong (*Chairman*)
Tong Yihui (*Managing Director*)
Leung Shun Sang, Tony
Li Shaofeng
Xu Xianghua
Tang Kwok Kau

Registered Office:

6th Floor
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

23 December 2002

To the Shareholders

Dear Sir or Madam,

PROPOSED REDUCTION OF SHARE PREMIUM ACCOUNT TO ELIMINATE ACCUMULATED LOSS

INTRODUCTION

It was announced on 4 December 2002 that the Board intended to put forward a proposal to the Shareholders to reduce the Share Premium Account. The purpose of this circular is to provide you with further information in relation to such proposal and to convene the EGM to be held on Thursday, 23 January 2003 to consider and, if thought fit, approve the Share Premium Reduction.

SHARE PREMIUM REDUCTION

It is proposed that, subject to the conditions set out below, a sum of HK\$149,098,345.19 standing to the credit of the Share Premium Account shall be reduced and applied towards the elimination of the Accumulated Loss.

LETTER FROM THE BOARD

Reasons for the Share Premium Reduction

As at 31 December 2001, the amount standing to the credit of the Share Premium Account was approximately HK\$357,000,000 and the Accumulated Loss as at 31 December 2001 was HK\$149,098,345.19. It is proposed that the amount standing to the credit of the Share Premium Account be reduced by the sum of HK\$149,098,345.19 and the same amount of credit arising from such reduction be applied towards the elimination of the Accumulated Loss.

It is expected that after the elimination of the Accumulated Loss, the Company will be in a position to consider to make distribution to its Shareholders from its future profits. The Company at present does not have any intention to make any distribution. However, the Board will look into, amongst other factors, the future capital expenditure and working capital needs of the Group when making the decision of such distribution.

The Board considers that it is in the best interests of the Company and the Shareholders as a whole to implement the Share Premium Reduction.

Effect of the Share Premium Reduction

The effect of the Share Premium Reduction on the components of the shareholders' funds of the Company is set out below:

	Audited balance before the Share Premium Reduction as at 31 December 2001 (HK\$'000)	Pro-forma upon the Share Premium Reduction becoming effective (HK\$'000)
Shareholders' funds		
Issued share capital	76,537	76,537
Share Premium Account	357,181	208,082
Capital reserve	23,990	23,990
Capital redemption reserve	463	463
Accumulated Loss	(149,099)	–
	<hr/>	<hr/>
Total	309,072	309,072
	<hr/> <hr/>	<hr/> <hr/>

Save for the expenses to be incurred in relation to the Share Premium Reduction, the Board considers that the implementation of the Share Premium Reduction will not, of itself, alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders in the underlying assets of the Group.

LETTER FROM THE BOARD

Conditions of the Share Premium Reduction

The Share Premium Reduction is conditional upon the following being fulfilled:

- (a) the passing of a special resolution to approve the Share Premium Reduction at the EGM;
- (b) the Court making an order confirming the Share Premium Reduction (the “Order”) pursuant to Section 60 of the Companies Ordinance; and
- (c) the registration by the Registrar of Companies of Hong Kong of an office copy of the Order together with such other documents as may be required pursuant to Section 61 of the Companies Ordinance.

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective immediately following the registration of the Order together with such other documents as may be required.

The Company has been advised by its legal advisers that the time required for the grant of the Order is dependent upon the Court’s availability for the necessary hearing dates which cannot be fixed until after the passing of the special resolution to approve the Share Premium Reduction. It is therefore not possible at this stage to ascertain the date on which the Court hearing of the petition for the confirmation by the Court of the Share Premium Reduction will take place.

Further announcements will be made by the Company to inform the Shareholders of the result of the Court hearing and the effective date of the Share Premium Reduction.

EGM

Notice of the EGM is set out on pages 6 to 7 of this circular and a proxy form for use at the EGM is enclosed for your attention. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy to the Company’s registered office at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time of the EGM, or any adjournment thereof.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

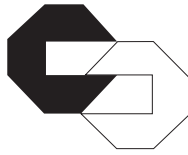
LETTER FROM THE BOARD

RECOMMENDATIONS

The Board considers that the Share Premium Reduction is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders shall vote in favour of the special resolution to approve the Share Premium Reduction to be proposed at the EGM.

Yours faithfully
For and on behalf of
Shougang Concord Century Holdings Limited
Tong Yihui
Managing Director

NOTICE OF THE EGM



Shougang Concord Century Holdings Limited **首長寶佳集團有限公司**

(incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Shougang Concord Century Holdings Limited (the “Company”) will be held at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong on Thursday, 23 January 2003 at 11:00 a.m., for the purpose of considering and, if thought fit, passing, with or without modifications, the resolution set out below as a special resolution:

SPECIAL RESOLUTION

“**THAT**, subject to and conditional upon (a) the Court of First Instance of the High Court of Hong Kong (the “Court”) making an order confirming the Share Premium Reduction (as defined below); and (b) the filing with and registration by the Registrar of Companies of Hong Kong of an office copy of the Order together with such other documents as may be required pursuant to Section 61 of the Companies Ordinance, all confirming the Share Premium Reduction and the compliance with any conditions as may be imposed by the Court in relation to the Share Premium Reduction:

- (A) the share premium account of the Company, as it shall stand at the close of business on the day immediately prior to the date of this extraordinary general meeting of the Company at which this special resolution is considered, be reduced by the amount of HK\$149,098,345.19 and that such amount be credited and applied in full towards the elimination of the full amount of the accumulated loss in the amount of HK\$149,098,345.19 recorded in the accumulated loss account of the Company as at 31 December 2001 as shown in the audited accounts of the Company for the year ended 31 December 2001 (the “Share Premium Reduction”); and
- (B) the directors of the Company be and are hereby authorised generally to do or procure to be done on behalf of the Company all such things they may in their discretion consider appropriate or desirable to effect and implement the Share Premium Reduction.”

By Order of the Board
Shougang Concord Century Holdings Limited
Tong Yihui
Managing Director

Hong Kong, 23 December 2002

NOTICE OF THE EGM

Registered Office:

6th Floor
Bank of East Asia Harbour View Centre
51-57 Gloucester Road
Wanchai
Hong Kong

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the EGM convened by the above notice is entitled to appoint one proxy to attend and vote on his behalf. A shareholder of the Company who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company.
- (2) To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power of attorney or authority, must be deposited with the Company's registered office at 6th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof.
- (3) Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM convened or any adjournment thereof and in such event, the authority of the proxy shall be deemed to be revoked.
- (4) In the case of joint holders of any share, any one of such persons may vote at the EGM either personally or by proxy in respect of such share but if more than one of such joint holders are present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose seniority will be determined by the order in which the names stand in the register of members in respect of the joint holding.