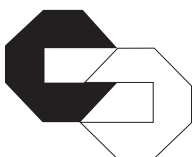

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities 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, or licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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)

**PROPOSALS FOR GRANTING OF GENERAL MANDATES FOR THE ISSUANCE
AND REPURCHASE OF SHARES
AND PROPOSED GRANTING OF SHARE OPTIONS TO THE GRANTEEES
AND REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS
UNDER THE SHARE OPTION SCHEME
AND PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL
AND CHANGES TO THE ARTICLES OF ASSOCIATION**

Independent Financial Advisor to the Independent Board Committee

KIM ENG
CAPITAL

Kim Eng Capital (Hong Kong) Limited

A letter from the board of directors of the Company (as defined herein) is set out on pages 4 to 11 of this circular.

A letter from the Independent Board Committee (as defined herein) is set out on page 12 of this circular.

A letter from the Independent Financial Advisor (as defined herein) is set out on pages 13 to 17 of this circular.

A notice of the annual general meeting of the Company to be held at Salon III & IV, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, on Wednesday, 25th June, 2003 at noon is set out on pages 21 to 26 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 registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 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 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 May, 2003

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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 Salon III & IV, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong, on Wednesday, 25th June, 2003 at noon and the notice of which is set out on pages 21 to 26 of this circular;
“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% of the voting rights by the Company and “Associated Companies” shall be construed accordingly;
“Board”	the board of Directors for the time being or a duly authorised committee thereof;
“business day”	any day on which the Stock Exchange is open for business of dealings 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 and the shares of which are listed on the Stock Exchange;
“Connected Person”	has the meaning ascribed to it in the Listing Rules;
“Directors”	the directors of the Company;
“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(s)”	Mr. Tong Yihui and Mr. Li Shaofeng, particulars of whom are included in the section headed “ Proposed Granting of Share Options to the Grantees ” in this circular;
“Group”	the Company and/or its Subsidiaries;
“HK\$”	Hong Kong dollars;

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent board committee of the Company comprising Mr. Yip Kin Man, Raymond and Mr. Lai Kam Man, duly appointed by the Board to advise the Independent Shareholders in relation to the grant of Share Options to the Grantees;
“Independent Financial Advisor”	Kim Eng Capital (Hong Kong) Limited, a deemed licensed corporation registered under the SFO;
“Independent Shareholders”	Shareholders other than the Grantees and their respective associates;
“Jointly Controlled Entity”	a joint venture whereby the Group and other party/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 and “Jointly Controlled Entities” shall be construed accordingly;
“Latest Practicable Date”	29th May, 2003, 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;
“Share Option Scheme”	the share option scheme adopted by the Company on 7th June, 2002;
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong);
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shares”	shares of HK\$0.10 each in the capital of the Company;
“Shareholder(s)”	shareholder(s) of the Company;
“Share Options”	the options to be granted to the Grantees pursuant to the Share Option Scheme, subject to the approval by the Independent Shareholders at the Annual General Meeting;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

DEFINITIONS

“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;
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Repurchases; and
“%”	per cent..

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
Leung Shun Sang, Tony
Li Shaofeng
Xu Xianghua
Cheng Xiaoyu
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 May, 2003

To Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GRANTING OF GENERAL MANDATES FOR THE ISSUANCE
AND REPURCHASE OF SHARES
AND PROPOSED GRANTING OF SHARE OPTIONS TO THE GRANTEES
AND REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS
UNDER THE SHARE OPTION SCHEME
AND PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL
AND CHANGES TO THE ARTICLES OF ASSOCIATION**

1. GENERAL MANDATES FOR THE ISSUANCE AND REPURCHASE OF SHARES

At the 2002 annual general meeting held on 7th June, 2002, a general mandate was given by the Company to the Board to exercise the powers of the Company to issue new Shares and repurchase Shares. This general mandate will lapse at the conclusion of the forthcoming Annual General Meeting. The Directors propose to seek your approval to renew the general mandate.

LETTER FROM THE BOARD

An ordinary resolution will be proposed as resolution 4 at the Annual General Meeting to grant a general mandate to the Directors to issue new Shares of up to a maximum of 20% of the issued share capital of the Company at the date of the resolution.

Another ordinary resolution will be proposed as resolution 5A at the Annual General Meeting to grant a general mandate to the Directors to repurchase Shares (the “Repurchase Mandate”) on the Stock Exchange of up to a maximum of 10% of the issued share capital of the Company at the date of the resolution. An explanatory statement as required under Rule 10.06(1)(b) of the Listing Rules is set out in the appendix to this circular. The purpose of the explanatory statement is to provide you with all the information reasonably necessary for you to make an informed decision as to whether or not to vote in favor of the resolution approving the Repurchase Mandate and it also forms the memorandum of the terms of the proposed repurchases required under section 49BA(3)(b) of the Companies Ordinance.

A separate ordinary resolution, as required by the Listing Rules, to add the aggregate amount of the Shares which may be repurchased pursuant to the authority granted by the aforesaid resolution 5A to the general mandate to the Directors to allot new Shares of up to 20% of the issued share capital of the Company will be proposed as resolution 5B at the Annual General Meeting.

2. PROPOSED GRANTING OF SHARE OPTIONS TO THE GRANTEES

The Board proposes to grant the Share Options to the Grantees. As at the Latest Practicable Date, a total of 765,372,000 Shares were in issue. The following table illustrates the changes in shareholdings of the Grantees with respect to the issued share capital of the Company as at the Latest Practicable Date, assuming exercise in full of the Share Options and/or the share options already granted to the Grantees and with respect to the enlarged share capital of the Company upon exercise in full of the Share Options:

Name	Number of Shares held as at the Latest Practicable Date	Number of share options already granted to the Grantees	Number of Shares to be issued upon exercise	Number of Shares to be issued upon exercise in full of the Share Options to be granted	Shareholding upon exercise in full of the Share Options to be granted and share options already granted to the Grantees with respect to the issued share capital as at the Latest Practicable Date	Shareholding upon exercise in full of the Share Options to be granted and share options already granted to the Grantees with respect to the enlarged issued share capital
Tong Yihui	Nil	7,652,000	38,268,000	6%	5.66%	
Li Shaofeng	Nil	7,652,000	30,614,000	5%	4.76%	

LETTER FROM THE BOARD

The Grantees are executive Directors. Set out below are the brief particulars of the Grantees:

Mr. Tong Yihui, aged 54. Mr. Tong graduated from Yan Shan University in the People's Republic of China. Mr. Tong joined the Group in 1998 and was appointed as Managing Director of the Company in March 2000. Prior to joining the Group, Mr. Tong had held various positions in Shougang Posheng Strip Steel Company Limited, Shenzhen Guan Shen Enterprise Company Limited, Jiaying Eastern Steel Cord Co., Ltd. and Shougang Machinery Design & Research Institute.

Mr. Li Shaofeng, aged 36. Mr. Li holds a Bachelor Degree in Automatic Science from Beijing Technology University. Mr. Li was appointed as Deputy Managing Director of the Company in March 2000. Prior to joining the Group, Mr. Li had held the position of Deputy General Manager in Beijing Shougang Hotel Development Company. He has extensive experience in steel industry management and property development.

Subscription price(s) of the Share Options

The subscription price per Share of the Share Options is HK\$0.365, being the highest of (i) HK\$0.365, the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for traders of Shares on 19th May, 2003, being the date of the passing of the resolutions of the Board approving the grant of the Share Options; (ii) HK\$0.340, the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for traders of Shares for the five business days immediately preceding 19th May, 2003; and (iii) HK\$0.10, being the nominal value of a Share.

Number of options already granted under the Share Option Scheme

As at the Latest Practicable Date, a total of 76,524,000 options have been granted under the Share Option Scheme. The following table illustrates the status of all the share options granted under the Share Option Scheme and other share option scheme of the Company and the Share Options to be granted to the Grantees.

	Number of Shares to be issued pursuant to exercise of options
Options already granted under the Share Option Scheme	76,524,000
Option already granted under share option scheme of the Company other than the Share Option Scheme	Nil
The Share Options to be granted to the Grantees under the Share Option Scheme	<u>68,882,000</u>
Total:	<u><u>145,406,000</u></u>

Reasons and benefits

The Group is principally engaged in the manufacturing and sale of steel cord, the processing and trading of copper and brass products and property investment.

LETTER FROM THE BOARD

The Board considers that the Group has been capitalizing on the expertise and management skills of the Grantees since their joining of the Group. In the opinion of the Board, the Grantees are the key executives involved in devising the Group's overall business direction and are responsible for the strategic planning and business development of the Group. The Grantees have made substantial contribution to the Group. The Group had previously been affected by the Asian financial turmoil and was hard hit by the credit crunch; and as a result, the Group had recorded substantial losses during the years from 1997 to 1999. However, following the implementation of effective strategies and measures including the restructuring exercise of the Group, termination of loss-making businesses, and concentration of the Group's resources on its profitable business such as the manufacturing and sale of steel cords taken by the Group under the management of the Grantees, the Group eventually achieved a turnaround since 2000. The Group's structure has become more streamlined and its operational efficiency has been enhanced. For the year ended 31st December, 2002, the Group reported a net profit attributable to Shareholders of HK\$42,283,000, an increase of approximately 110.8% when compared to the corresponding net profit of HK\$20,061,000 for the year ended 31st December, 2001. Turnover increased by approximately 25.5% from HK\$187,139,000 for the year ended 31st December, 2001 to HK\$234,891,000 for the year ended 31st December, 2002. This much-improved performance came from the outstanding achievement in both turnover and net profit attributable to the manufacturing and sale of steel cord. In fact, the Grantees have played a very important role in achieving such outstanding performance. Furthermore, they are very familiar with the Group's businesses and have extensive experience in tackling any strategical issues for the Group. As the purpose of the Share Option 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, it is therefore proposed that the Share Options be granted to the Grantees for the purposes of redeeming their huge contribution in the past as well as giving incentives to them to further contribute to the Group's future growth and development.

The Board also considers that the grant of the Share Options represents a bonus incentive to the Grantees for the purpose of motivating them to continue to work for the benefit of the Group by offering them an opportunity to subscribe for Shares.

Valuation of Share Options

The Board considers that it is inappropriate to estimate the value of the Share Options to be granted to the Grantees as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. Given the Company's small market capitalization of approximately HK\$280 million and the market value of share options of the Company is not readily available, the Board believes that any estimation of the value of the Share Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

Conditions of the grant of the Share Options

The total number of Shares to be allotted and issued upon exercise in full of the Share Options and all options granted under the Share Option Scheme will exceed 10% of the entire issued capital of the Company as at the date of approval of the Share Option Scheme.

LETTER FROM THE BOARD

Moreover, the respective number of Shares to be allotted and issued to each of the Grantees upon exercise in full of the respective Share Options will exceed 1% of the entire issued capital of the Company as at the date of the grant of the Share Options.

Pursuant to the provisions set out in Rules 17.03(3) and 17.03(4) of the Listing Rules, the grant of the Share Options shall be subject to the approval of the Independent Shareholders. Accordingly, the Grantees and their respective associates will abstain from voting at the Annual General Meeting.

Approval of the grant of the Share Options

At the Annual General Meeting, the Board will seek approval from the Independent Shareholders by way of an ordinary resolution as resolution 6, for the grant of the Share Options to the Grantees and the allotment and issue of the Shares which fall to be allotted and issued upon exercise in full of the Share Options.

Application for listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in the Shares which may fall to be issued upon the exercise of the Share Options to be granted to the Grantees.

3. REFRESHMENT OF THE 10% GENERAL LIMIT ON GRANT OF OPTIONS UNDER THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable the Company to grant options to Eligible Participants who will contribute or has contributed to the Group.

Up to the Latest Practicable Date, particulars of the options granted under the Share Option Scheme are set out below:

Options outstanding	76,524,000
Options cancelled	Nil
Options lapsed	Nil
Options exercised	Nil
Options granted (including exercised, outstanding, cancelled or lapsed)	<u>76,524,000</u>
Number of Shares in issue as at, 7th June, 2002, the date of adoption of the Share Option Scheme	<u>765,372,000</u>

As at the Latest Practicable Date, options carrying the rights to subscribe for up to a total of 76,524,000 Shares have been granted under the Share Option Scheme. The options had been granted to Eligible Participants as reward for their contribution to the Group. Unless the 10% general limit on grant

LETTER FROM THE BOARD

of options under the Share Option Scheme is “refreshed”, only up to 13,200 Shares may be issued pursuant to the grant of further options under the Share Option Scheme.

It is therefore proposed that subject to the approval of the Shareholders at the Annual General Meeting and such other requirements prescribed under the Listing Rules, the general limit on grant of options under the Share Option Scheme will be refreshed to 10% of the Shares in issue as at the date of the approval by the Shareholders at the Annual General Meeting and options previously granted under the Share Option Scheme and any share option scheme(s) of the Company (including the Share Options if granted to the Grantees and those outstanding, cancelled, lapsed in accordance with such scheme(s) or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

The refreshment of the 10% general limit on grant of options under the Share Option Scheme will enable the Company to grant further options to Eligible Participants as incentive or rewards for their contribution to the Group.

Pursuant to the Listing Rules, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company or any of its subsidiaries if this will result in the 30% limit being exceeded. As at the Latest Practicable Date, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme represent approximately 10% of the Shares presently in issue.

As at the Latest Practicable Date, there were 765,372,000 Shares in issue. Assuming that no further Shares will be issued or repurchased prior to the date of approving the refreshed limit by the Shareholders, the maximum number of options that can be granted by the Company under the refreshed limit would be 76,537,200 Shares, representing 10% of the Shares in issue as at the date of the Annual General Meeting.

Conditions

As required by the Share Option Scheme and the Listing Rules, an ordinary resolution as resolution 7 set out in the notice of Annual General Meeting will be proposed at the Annual General Meeting to approve the “refreshed” limit of the Share Option Scheme such that the total number of securities which may be issued upon exercise of all options to be granted under the Share Option Scheme and all other share option scheme of the Company if the “refreshed” limit is approved must not exceed 10% of the total number of Shares in issue as at the date of approval of the refreshed limit.

The adoption of the refreshed limit of the Share Option Scheme is conditional upon:

- (a) the Shareholders passing an ordinary resolution to approve the refreshment of the 10% general limit on grant of options under the Share Option Scheme at the Annual General Meeting; and
- (b) the Stock Exchange granting the approval of the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options granted under the Share Option Scheme up to the refreshed limit.

LETTER FROM THE BOARD

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of the Annual General Meeting) which may fall to be issued upon the exercise of any options that may be granted under the Share Option Scheme up to the refreshed limit.

4. PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL

The authorized share capital of the Company consists of 1,000,000,000 Shares, of which 765,372,000 Shares were in issue as at the Latest Practicable Date. The Board proposes to increase the authorized share capital of the Company from HK\$100,000,000 to HK\$200,000,000 by the creation of additional 1,000,000,000 Shares. The proposed increase in authorized share capital of the Company is subject to the approval by the Shareholders at the Annual General Meeting as resolution 8 set out in the notice of Annual General Meeting. Apart from the proposed subscription of new Shares and proposed placement of new Shares announced by the Company in announcement dated 7th May, 2003, the Directors have no present intention of issuing any part of that increased capital.

5. PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION

With the coming into effect of the SFO from 1st April, 2003, the SDI Ordinance was repealed. As the Articles have certain references to the SDI Ordinance, the Directors proposed to amend the Articles so as to bring the Articles in line with the changes brought upon by the enactment of the SFO.

A separate special resolution, as required by the Listing Rules, to amend the Articles will be proposed at the Annual General Meeting as resolution 9 set out in the notice of Annual General Meeting.

6. 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 3 to 9 will be proposed to approve the appointment of Deloitte Touche Tohmatsu as auditors of the Company, the general mandates for the issue of Shares and repurchase by the Company of its own Shares, the grant of the Share Options to the Grantees, the refreshment of the 10% general limit on grant of options under the Share Option Scheme, the increase of authorized share capital of the Company and the alteration of the Articles.

Resolution no. 3 in respect of the appointment of Deloitte Touche Tohmatsu as auditors of the Company is proposed after the Company has received a special notice from a member of the Company pursuant to Sections 116C and 132(1) of the Companies Ordinance proposing the resolution no. 3 to be passed at the Annual General Meeting.

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 registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, 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 no 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. Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders as to voting at the Annual General Meeting regarding the grant of the Share Options to the Grantees. Your attention is also drawn to the letter of advice from the Independent Financial Advisor which contains, among others, its advice to the Independent Board Committee in relation to the grant of the Share Options and the principal factors and reasons considered by it in concluding its advice. The letter of advice from the Independent Financial Advisor is set out on pages 13 to 17 of this circular. Accordingly, the Board recommends the Shareholders and as the case may be the Independent Shareholders to vote in favour of the resolutions to implement the proposals at the Annual General Meeting. The Grantees and their respective associates will abstain from voting in the relevant resolution approving the grant of the Share Options pursuant to the requirements of the Listing Rules.

Yours faithfully,
For and on behalf of the Board
Cao Zhong
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Shougang Concord Century Holdings Limited

首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

30th May, 2003

To the Shareholders

Dear Sirs,

PROPOSED GRANT OF SHARE OPTIONS TO THE GRANTEES

We refer to the circular to the Shareholders dated 30th May, 2003 (the “Circular”), in which this letter is contained. Unless the context requires otherwise, capitalized terms used in this letter shall have the same meanings given to them in the section headed “Definitions” in the Circular.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders on whether the proposed grant of Share Options to the Grantees are fair and reasonable as far as the Company and the Shareholders are concerned.

We wish to draw your attention to the letter of advice from Kim Eng Capital (Hong Kong) Limited, the Independent Financial Advisor as set out on pages 13 to 17 of this Circular and the letter from the Board as set out on pages 4 to 11 of this Circular.

Having considered, among others, the principal factors and reasons considered by and the opinion of, Kim Eng Capital (Hong Kong) Limited as set out in its letter of advice, we consider the proposed grant of Share Options to the Grantees is in the interests of the Company and the Shareholders as a whole and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution in relation to the grant of Share Options to the Grantees set out in the notice convening the Annual General Meeting set out on pages 21 to 26 of this Circular, to be proposed at the Annual General Meeting.

Yours faithfully,

For and behalf of the Independent Board Committee

Yip Kin Man, Raymond

Lai Kam Man

Independent non-executive Director Independent non-executive Director

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

KIM ENG

C A P I T A L

KIM ENG CAPITAL (HONG KONG) LIMITED

Room 1901, Bank of America Tower,
12 Harcourt Road,
Central, Hong Kong

*To the Independent Board Committee of
Shougang Concord Century Holdings Limited*

30th May, 2003

Dear Sirs,

PROPOSED GRANTING OF SHARE OPTIONS TO THE GRANTEEES

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in respect of the terms of the proposed grant of Share Options to the Grantees (the “Grant”), details of which are set out in the letter from the Board (the “Letter”) contained in this document (the “Document”) dated 30th May, 2003 issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Document unless the context requires otherwise.

On 19th May, 2003, the Board proposes to grant the Share Options to the Grantees. The respective number of Shares to be allotted and issued to each of the Grantees upon exercise in full of the respective Share Option will exceed 1% of the entire issued share capital of the Company as at the date of the grant of the Share Options. In the event that the Grantees exercise the Share Options to be granted and share options already granted to the Grantees in full, the aggregate shareholding of the Grantees will represent about 10.42% of the enlarged issued share capital of the Company. Pursuant to the provisions set out in Rules 17.03(3) and 17.03(4) of the Listing Rules, the Grant shall be subject to the approval of the Independent Shareholders. Accordingly, the Grantees and their respective associates will abstain from voting at the Annual General Meeting.

As the independent financial adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee in relation to the Grant.

BASIS OF OUR OPINION

In forming our opinion, we have relied on the information and representations as contained in the Document and have assumed that all information and representations made or referred to in the Document were true, accurate and complete at the time when they were made and continue to be true, accurate and complete as at the date of this Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and as contained in the Document were reasonably made by them after

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

their due enquiry and careful consideration and that there are no other facts the omission of which would make any statement in the Document misleading in any respect. Notwithstanding the aforesaid, we consider that we have reviewed sufficient information to reach a reasonably informed view to justify our reliance on the accuracy of the information contained in the Document as aforesaid and to provide reasonable grounds for our advice. Furthermore, we have no reason to doubt the truth, accuracy and/or completeness of the information and representations as provided to us by the Directors. We have not, however, conducted any independent in-depth investigation into any of the business affairs, financial position and/or future prospects of the Group nor have we carried out any independent verification of the information supplied therefore.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the terms of the Grant, we have taken into consideration the following principal factors and reasons:

1. Number of Shares to be issued upon full exercise of the Share Options proposed to be granted to each Grantee

The following table illustrates the changes in shareholdings of the Grantees with respect to the issued share capital of the Company as at the Latest Practicable Date, assuming exercise in full of the Share Options and/or the share options already granted to the Grantees and with respect to the enlarged share capital of the Company upon exercise in full of the Share Options:

Name	Number of Shares held as at the Latest Practicable Date	Number of share options already granted to the Grantees	Number of Shares to be issued upon exercise in full of the Share Options to be granted	Shareholding upon exercise in full of the Share Options and share options already granted to the Grantees with respect to the issued share capital as at the Latest Practicable Date	Shareholding upon exercise in full of the Share Options and share options already granted to the Grantees with respect to the enlarged issued share capital
Tong Yihui	Nil	7,652,000	38,268,000	6%	5.66%
Li Shaofeng	Nil	7,652,000	30,614,000	5%	4.76%

As stated in the table, the number of Shares to be allotted and issued upon exercise of the Share Options proposed to be granted to each Grantee exceeds the 1% limit set out in Rule 17.03(4) of the Listing Rules. In the event that the Grantees exercise the Share Options to be granted and share options already granted to the Grantees in full, the aggregate shareholding of the Grantees will represent about 10.42% of the enlarged issued share capital of the Company.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

When considering the benefit that may be conferred on any individual upon the granting of share options, an important consideration is the resultant effect of applying a limit of 1% of the number of the issued securities. Clearly, a larger company (in terms of number of shares in issue and market capitalization) is able to confer a larger benefit to any particular individual (within the 1% limit) than a smaller company. As a result, the limit of 1% is more restrictive in absolute terms for a smaller company as to what benefit may be conferred on any particular individual.

With a total market capitalization of approximately only HK\$280 million as at the Latest Practicable Date, the benefits that may be conferred under the 1% limit will also be amongst the smallest of any company listed on the Stock Exchange. In view of the Company's small market capitalization, it is the desire of the Directors to award a larger and more meaningful percentage to the Grantees to provide sufficient incentive for them to continue contribution to the Company.

Therefore, the Company seeks to obtain approval for the Grant. We concur with the Directors' view on the aforesaid rationale.

2. Experience and background of the Grantees

The experience and background of the respective Grantees are set out below:

Mr. Tong Yihui, aged 54, graduated from Yan Shan University in the People's Republic of China. Mr. Tong joined the Group in 1998 and was appointed as Managing Director of the Company in March 2000. Prior to joining the Group, Mr. Tong had held various positions in Shougang Posheng Strip Steel Company Limited, Shenzhen Guan Shen Enterprise Company Limited, Jiaxing Eastern Steel Cord Co., Ltd. and Shougang Machinery Design & Research Institute.

Mr. Li Shaofeng, aged 36, holds a Bachelor Degree in Automatic Science from Beijing Technology University. Mr. Li was appointed as Deputy Managing Director of the Company in March 2000. Prior to joining the Group, Mr. Li had held position of Deputy General Manager in Beijing Shougang Hotel Development Company. He has extensive experience in steel industry management and property development.

The Board considers that the Group has been capitalizing on the expertise and management skills of the Grantees since their joining of the Group. In the opinion of the Board, the Grantees are the key executives involved in devising the Group's overall business direction and are responsible for the strategic planning and business development of the Group. Based on the information and representations provided by the Directors, we concur with the Directors' view.

3. Contributions of the Grantees to the Group

The Group is principally engaged in the manufacturing and sale of steel cord, the processing and trading of copper and brass products and property investment. The Grantees have made substantial contribution to the Group. The Group had previously been affected by the Asian financial turmoil and was hard hit by the credit crunch; and as a result, the Group had recorded substantial losses during the years from 1997 to 1999. However, following the implementation of effective strategies and measures,

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

including the exercise of restructuring of the Group, termination of loss-making businesses, and concentration of the Group's resources on its profitable business such as the manufacturing of steel cords, taken by the Group under the management of the Grantees, the Group eventually achieved a turnaround since 2000. The Group's structure has become more streamlined and its operational efficiency has been enhanced.

The following table set out the performance of the Group in the past five years:

	For the year ended 31st December				
	2002	2001	2000	1999	1998
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Net profit/(loss) attributable					
to shareholders	42,283	20,061	4,739	(72,564)	(199,520)
Net asset value	444,489	393,659	370,784	330,250	387,494

We have been given to understand that the Grantees have played a very important role in achieving the outstanding performance of the Group and they are familiar with the Group's businesses and have extensive experience in tackling any strategical issues for the Group. The Board believes that the further development of the Group is also highly dependent on the future contribution of the Grantees. As the purpose of the Share Option 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, it is therefore proposed that Share Options be granted to the Grantees for the purposes of redeeming their huge contribution in the past as well as giving incentives to them to further contribute to the Group's future growth and development. Based on the information and representations provided by the Directors, we concur with the Directors' view on the Grant can serve the purpose as reward for the Grantees' past contribution to the Group as well as giving the future incentive to the Grantees.

4. Valuation of Share Options

As stated in the "Letter from the Board", the Directors consider that it is inappropriate to estimate the value of the Share Options to be granted to the Grantees as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. Given the Company's small market capitalization of approximately HK\$280 million and the market value of share options on the Shares is not readily available, the Board believes that any estimation of the value of the Share Options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to the Shareholders.

We have discussed with the Directors relating to the basis for determination of valuation of the Share Options and understand the difficulties faced by the Directors. Given that the Company has complied with Listing Rules disclosure requirement regarding valuation of the Share Options, we believe that the Directors' view as stated in the above paragraph is reasonable.

LETTER FROM INDEPENDENT FINANCIAL ADVISOR

5. Dilution effects

After discussion with the Directors, we have been given to understand that the basis for determination of the exercise price of the Share Options of HK\$0.365 each is in compliance with Note (1) to Rule 17.03(9) of the Listing Rules and accordingly, the exercise price is fixed at the higher of : (i) the closing price of the Shares of HK\$0.365 as stated in the Stock Exchange's daily quotations sheet on the date of grant, which is 19th May, 2003; (ii) the average closing price of the Shares of HK\$0.34 as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares of HK\$0.10 each.

As indicated in the letter from the Board, immediately upon full exercise of the Share Options, the number of Shares in issue shall increase by 9% and as a result, the Shareholders other than the Grantees are expected to be diluted by 8.3% accordingly. Based on (i) the information and representation provided by the Directors about the past and potential future contribution of the Grantees to the Group; (ii) the exercise price of HK\$0.365 each of the Share Option which was determined in accordance with the requirements of Note 1 of Rule 17.09(3) of the Listing Rules; and (iii) HK\$0.365 per Share to be received by the Company upon exercise of the Share Options by the Grantees, we believe that such dilution effect is acceptable.

6. Benefits of using Share Options as an incentive scheme

We have been given to understand that the Directors have carefully considered various means of incentives other than the Share Options including the payment of cash bonus, introduction of sales based commissions and incremental increase in the base salaries. The Directors consider that under the current difficult market conditions and the present status of the Hong Kong and global economies, it is preferable for the Company to conserve as much as its cash resources as possible. The Board also considers that the grant of the Share Options represents a bonus incentive to the Grantees for the purpose of motivating them to continue to work for the benefit of the Group by offering them an opportunity to subscribe for Shares. Accordingly, we concur with the Directors' view that it is in the interests of the Company to undertake methods of providing staff incentives that do not require utilisation of cash resources, such as the granting of the Share Options to the Grantees.

RECOMMENDATION

Having considered the principal factors and reasons set out in this letter, we are of the view that the Grant is in the interest of the Company and its Shareholders as a whole. We, accordingly, advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution in relation to the Grant to be proposed at the Annual General Meeting.

Yours faithfully,
For and on behalf of
Kim Eng Capital (Hong Kong) Limited
Winnie Kong
Director

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 765,372,000 Shares of HK\$0.10 each. On the basis that no further Shares are repurchased before the conclusion of the Annual General Meeting 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 Directors believe that it is in the best interests of the Company and the Shareholders to have a general authority from Shareholders to enable the Directors 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 Directors believe 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 Directors propose 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, 2002 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 Directors do 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 Directors are from time to time appropriate for the Company unless the Directors consider 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>
2002		
May	0.440	0.255
June	0.400	0.300
July	0.380	0.240
August	0.295	0.210
September	0.280	0.245
October	0.250	0.207
November	0.250	0.215
December	0.275	0.210
2003		
January	0.270	0.214
February	0.355	0.260
March	0.350	0.295
April	0.375	0.305

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 Company or its Subsidiaries.

No other Connected Persons of the Company 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. THE CODES ON TAKEOVERS AND MERGERS AND SHARE REPURCHASES

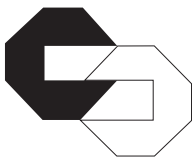
If on exercise of the powers to repurchase Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of rule 32 of the Takeovers Code. As a result, a Shareholder or 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 Takeovers Code.

As at the Latest Practicable Date, Shougang Concord International Enterprises Company Limited (“Shougang International”) was beneficially interested in approximately 36.56% 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% to approximately 40.6% and, therefore, Shougang International may be required under the Takeovers Code to make an offer for all the issued Shares of the Company. 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 otherwise purchased, sold or redeemed any of the Company’s listed Shares during the period.

NOTICE OF ANNUAL GENERAL MEETING



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 the Annual General Meeting of the Company will be held at Salon III & IV, Grand Hyatt Hong Kong, 1 Harbour Road, Hong Kong on Wednesday, 25th June, 2003 at noon 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, 2002.
2. To re-elect the retiring directors (note (2)).
3. To appoint Deloitte Touche Tohmatsu as auditors of the Company in place of Ernst & Young, the retiring auditors of the Company to hold office until the conclusion of the next annual general meeting and to authorize the board of directors to fix their remuneration (note (3)).

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 authorize 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;
- (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

NOTICE OF ANNUAL GENERAL MEETING

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% 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;
- (b) in addition, the approval in paragraph (a) above shall authorize 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;

NOTICE OF ANNUAL GENERAL MEETING

(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% 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 though fit, pass the following resolution as an ordinary resolution:

“THAT share options (the “Share Options”) be and are hereby granted to the following persons to subscribe for shares (“Option Shares”) of HK\$0.10 each in the capital of the Company (with the respective number of Options Shares to be allotted and issued upon exercise of the respective Share Options set opposite their respective names) at the subscription price of HK\$0.365 per Option Share at any time commencing from the respective dates of acceptance of the offer pursuant to the rules of the share option scheme adopted by the Company on 7th June, 2002.

Name of Grantee	Number of Shares to be allotted and issued upon exercise in full of the Share Options
Tong Yihui	38,268,000
Li Shaofeng (note (4))	30,614,000”

NOTICE OF ANNUAL GENERAL MEETING

7. 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 of Hong Kong Limited granting listing of, and permission to deal in, the shares of HK\$0.10 each (“Shares”) in the share capital of the Company to be issued pursuant to the exercise of options which may be granted under the New Scheme Limit (as defined below), the refreshment of the scheme limit of the Company’s share option scheme adopted on 7th June, 2002, up to 10% of the number of Shares in issue as at the date of passing this resolution (“New Scheme Limit”) be and is hereby approved and any director of the Company be and is hereby authorized to do such act and execute such document to effect the New Scheme Limit.”

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

“THAT the authorized share capital of the Company be increased from HK\$100,000,000 divided into 1,000,000,000 shares of HK\$0.10 each to HK\$200,000,000 divided into 2,000,000,000 shares of HK\$0.10 each by the creation of additional 1,000,000,000 shares of HK\$0.10 each in the share capital of the Company.”

9. 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 as follows:

- (a) by deleting the expression “Disclosure of Interests Ordinance” in Article 1(1);
- (b) by inserting after the expression “clear days” in Article 1(1) the following new expression:

“Directors” the directors of the Company;

- (c) by deleting the expression “Group” in Article 1(1);

- (d) by inserting after the expression “holder” in Article 1(1) the following new expression:

“members” members of the Company;

- (e) by inserting after the expression “secretary” in Article 1(1) the following new expression:

“Securities subject to paragraph (3) of this Article, the Securities and
and Futures Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
Ordinance”

NOTICE OF ANNUAL GENERAL MEETING

- (f) by altering Article 37(1) in the following manner:

deleting the words “section 18 of the Disclosure of Interests Ordinance” in the second line and substituting therefor the words “section 329 of the Securities and Futures Ordinance”;

- (g) by altering Article 37(3) in the following manner:

deleting the words “section 18 of the Disclosure of Interests Ordinance” in the ninth line and substituting therefor the words “section 329 of the Securities and Futures Ordinance”;

- (h) by altering Article 37(4) in the following manner:

deleting the words “section 18 of the Disclosure of Interests Ordinance” in the second line and substituting therefor the words “section 329 of the Securities and Futures Ordinance”;

- (i) by altering Article 37(5)(a) in the following manner:

deleting the words “section 18 of the Disclosure of Interests Ordinance” in the fifth line and substituting therefor the words “section 329 of the Securities and Futures Ordinance”;

- (j) by altering Article 37(5)(b) in the following manner:

deleting the words “section 18 of the Disclosure of Interests Ordinance” in the first and second lines and substituting therefor the words “section 329 of the Securities and Futures Ordinance”;

- (k) by altering Article 37(6) in the following manner:

deleting the words “section 24 of the Disclosure of Interests Ordinance” in the first line and substituting therefor the words “the Securities and Futures Ordinance”;

- (l) by altering Article 54 in the following manner:

deleting the words “board of Directors” in the first line and substituting therefor the word “Board”;

- (m) by altering Article 77 in the following manner:

inserting the words “or persons” between the words “such person” and “as it thinks fit” in the second line, inserting the words “or representatives” between the words “its representative” and “at any meeting” in the second line and deleting the word “the” first appearing in the fourth line and substituting therefor the word “a”;

NOTICE OF ANNUAL GENERAL MEETING

- (n) by altering Article 101 in the following manner:

deleting the word “director” in both the first line and the second line and substituting therefor the word “Director”;

- (o) by altering Article 108 in the following manner:

deleting the words “board of Directors” in the second line and substituting therefor the word “Board”; and

- (p) by altering Article 133(2) in the following manner:

deleting the words “section 18 of the Disclosure of Interests Ordinance” in the fourth line and substituting therefor the words “section 329 of the Securities and Futures Ordinance”.

By Order of the Board
Chan Lai Yee
Company Secretary

Hong Kong, 30th May, 2003

Notes:

- (1) A member entitled to attend and vote at the above meeting is entitled to appointed 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 registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting.
- (2) With respect to resolution 2, Messrs. Tong Yihui, Li Shaofeng and Leung Shun Sang, Tony 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.
- (3) With respect to resolution 3, the change of auditors is due to the retirement of Ernst & Young and the proposed appointment of Deloitte Touche Tohmatsu as the new auditors in place of Ernst & Young by a member of the Company.
- (4) Resolution 6 is a specific grant of share options to Messrs. Tong Yihui and Li Shaofeng. This grant is independent from and not included in resolution 7, by which resolution the Shareholders approve the New Scheme Limit in addition to the specific grant of share options stated in resolution 6.



Shougang Concord Century Holdings Limited

(the "Company")

首長寶佳集團有限公司

(incorporated in Hong Kong with limited liability)

FORM OF PROXY

I/We _____
of _____ being the registered holder(s)
of _____ shares⁽¹⁾ of HK\$0.10 each in the capital of the Company,
hereby appoint _____ of _____
_____ or failing him the Chairman of the meeting as my/our proxy to vote for me/us on
my/our behalf at the Annual General Meeting of the Company to be held at Salon III & IV, Grand Hyatt Hong Kong,
1 Harbour Road, Hong Kong on Wednesday, 25th June, 2003, at noon and at any adjournment thereof. The proxy
will vote on the under-mentioned resolutions, as indicated.

	RESOLUTIONS	FOR	AGAINST
1.	To receive the Report of the Directors of the Company and the Audited Accounts of the Company for the year ended 31st December, 2002.		
2.	A. To re-elect Mr. Tong Yihui as director.		
	B. To re-elect Mr. Li Shaofeng as director.		
	C. To re-elect Mr. Leung Shun Sang, Tony as director.		
3.	To appoint Deloitte Touche Tohmatsu as auditors of the Company in place of Ernst & Young, the retiring auditors of the Company, to hold office until the conclusion of the next annual general meeting and to authorize the board of directors to fix their remuneration.		
4.	To pass Resolution 4 of the Notice of Annual General Meeting (the "Notice") – to give a general mandate to the directors to issue and dispose of additional shares not exceeding 20% of the issued share capital of the Company.		
5.	A. To pass Resolution 5A of the Notice – to give a general mandate to the directors to repurchase shares not exceeding 10% of the issued shares of the Company.		
	B. To pass Resolution 5B of the Notice – to add conditional upon the passing of ordinary resolution 5A above, the number of repurchased shares to the general mandate given to the directors to allot additional shares.		
6.	To pass Resolution 6 of the Notice – to grant share options to subscribe for 68,882,000 shares of HK\$0.10 each of the Company to Messrs. Tong Yihui and Li Shaofeng.		
7.	To pass Resolution 7 of the Notice – to refresh the 10% general limit on grant of options under the share option scheme adopted on 7th June 2002.		
8.	To pass Resolution 8 of the Notice – to increase the authorized share capital of the Company from HK\$100,000,000 to HK\$200,000,000.		
9.	To pass Resolution 9 of the Notice – to amend the Articles of Association of the Company to bring them in line with the changes brought upon by the enactment of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).		

Date: _____

Signature: _____

Notes:

1. Please insert the number of shares of HK\$0.10 each in the Company registered in your name(s). If no number is inserted, this form of proxy will be deemed to relate to all the shares in the Company registered in your name(s).
2. Please indicate with an "X" in the relevant box which way you wish your votes to be cast. If no indication is given, the proxy will vote or abstain at his discretion.
3. In order to be valid, a form of proxy must be lodged at the Company's share registrars, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time for holding the meeting.
4. In the case of joint holders the vote for the senior who tenders a vote, whether in person or by proxy, will 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.
5. A shareholder is entitled to appoint a proxy of his own choice. The proxy need not be a member of the Company.