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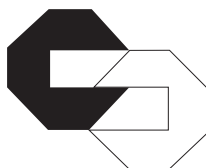
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**If you have sold or transferred all** your shares in Shougang Concord Century Holdings Limited, you should at once hand this circular to the purchaser or to the bank, or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Shougang Concord Century Holdings Limited**

**首長寶佳集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 103)

**DISCLOSEABLE TRANSACTION**

**SHARE REFORM PLAN**

**OF**

**XINHUA METAL PRODUCTS CO., LTD.**

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A letter from the board of directors of Shougang Concord Century Holdings Limited is set out on pages 3 to 10 of this circular.

20 September 2006

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## DEFINITIONS

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

“Amended Share Reform Plan”	the proposal for the conversion of 3.3 non-freely transferable shares for every 10 freely transferable shares held by such freely transferable shareholders of Xinhua Metal
“Board”	Board of directors of the Company
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	12 September 2006, 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
“Non-freely Transferable Shareholders”	the non-freely transferable shareholders of Xinhua Metal
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholder(s) of the Company
“Share Option Scheme”	the Company’s share option scheme adopted on 7 June 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vicwah Metal”	Vicwah Metal Products Company Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly owned subsidiary of the Company

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## DEFINITIONS

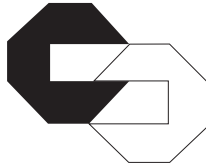
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“Xinhua Metal”	Xinhua Metal Products Co., Ltd., a joint stock limited company incorporated in the PRC, whose shares are listed on the Shanghai Stock Exchange, defined as an associate of the Company in the opinion of the Board
“Xinhua Metal Share Reform Plan”	the proposal for the conversion of 3 non-freely transferable shares for every 10 freely transferable shares held by such freely transferable shareholders of Xinhua Metal

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## LETTER FROM THE BOARD

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

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 103)

*Directors:*

Cao Zhong (*Chairman*)

Li Shaofeng (*Managing Director*)

Tong Yihui (*Deputy Managing Director*)

Leung Shun Sang, Tony

Tang Cornor Kwok Kau

*(Deputy Managing Director)*

Yip Kin Man, Raymond

*(Independent Non-executive Director)*

Law, Yui Lun

*(Independent Non-executive Director)*

Chu, Kwok Tsu Gilbert

*(Independent Non-executive Director)*

*Registered office:*

5/F

Bank of East Asia Harbour View Centre

51-57 Gloucester Road

Wanchai

Hong Kong

20 September 2006

*To Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

### **SHARE REFORM PLAN OF XINHUA METAL PRODUCTS CO., LTD.**

#### **1. INTRODUCTION**

On 30 August 2006, the Company announced that the proposal of the Xinhua Metal Share Reform Plan had not obtained the approval from the freely transferable shareholders of Xinhua Metal and the Xinhua Metal Share Reform Plan should be revised. The Amended Share Reform Plan had been proceeded by the relevant shareholders of Xinhua Metal by casting on the internet during the three trading days from 8 to 12 September 2006 and at a physical general meeting held on 12 September 2006 and the results of which are set out in item 2 below.

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## LETTER FROM THE BOARD

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Under the Amended Share Reform Plan, the Company's interest in Xinhua Metal will be diluted from approximately 16.76% to 14.49%. The decrease in shareholding in Xinhua Metal held by the Company constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. The Company is required by the Listing Rules to issue this circular to provide the Shareholders with further information on such transaction and to give other information in relation to the Company.

### **2. XINHUA METAL SHARE REFORM PLAN, THE AMENDED SHARE REFORM PLAN AND THE VOTING RESULTS**

Under the Xinhua Metal Share Reform Plan, all the Non-freely Transferable Shareholders including Xinyu Iron & Steel Co., Ltd. 新余鋼鐵有限責任公司 (the controlling shareholder), Jiangxi International Trust & Investment Co., Ltd. 江西國際信托投資股份有限公司, Jiangxi Metallurgical Trading Company 江西省冶金供銷公司 and Vicwah Metal, are in line with the share segregation reforms of the other "A" share companies listed in the PRC by proposing to transfer an aggregate of 16,848,000 non-freely transferable shares of Xinhua Metal to the holders of the freely transferable shares of Xinhua Metal on the basis of 3 shares for every 10 freely transferable shares held by such holders. However, the Xinhua Metal Share Reform Plan had not obtained the approval from the relevant shareholders of Xinhua Metal on 11 April 2006. Vichwah Metal has no choice but to agree with the other Non-freely Transferable Shareholders to proceed with the amendment to the proposal of the Xinhua Metal Share Reform Plan. The Non-freely Transferable Shareholders will offer 3.3 non-freely transferable shares instead of 3 non-freely transferable shares to the freely transferable shareholders of Xinhua Metal for every 10 freely transferable shares held by such holders of freely transferable shares. As such, the Non-freely Transferable Shareholders have to transfer an aggregate of 18,532,800 non-freely transferable shares of Xinhua Metal to freely transferable shareholders.

The Amended Share Reform Plan had been proceeded by the relevant shareholders of Xinhua Metal by casting on the internet during the three trading days from 8 to 12 September 2006 and at a physical general meeting held on 12 September 2006. According to the voting results of the resolution on the Amended Share Reform Plan was approved by (i) 99.06% of all the shareholders of Xinhua Metal who have cast their votes; and (ii) 89.95% of all the freely transferable shareholders of Xinhua Metal who have cast their votes, the application for the trading on the Shanghai Stock Exchange of those freely transferable shares of Xinhua Metal converted from non-freely transferable shares will be submitted subject to the relevant law and regulations of the PRC accordingly.

#### **Conditions of the Amended Share Reform Plan**

The Amended Share Reform Plan is conditional upon:

- (a) approval of more than two-thirds of (i) all the shareholders of Xinhua Metal who have cast their votes in respect of the Amended Share Reform Plan; and (ii) the holders of all the freely transferable shares of Xinhua Metal who have cast their votes in respect of the Amended Share Reform Plan; and

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## LETTER FROM THE BOARD

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- (b) completion of all necessary formalities for the purpose of enabling trading on the Shanghai Stock Exchange of those freely transferable shares of Xinhua Metal converted from non-freely transferable shares.

As at the Latest Practicable Date, condition (a) was fulfilled and Xinhua Metal is in the process of completing all necessary formalities as stated in condition (b) above.

### **Undertakings**

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

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

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

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

Furthermore, Xinhua Metal is also obliged to undertake to attain a net profit (prepared under PRC accounting standards) for the year of 2006 which shall be an increase of more than 50% over the net profit for the year of 2005 after negotiation with various parties (including but not limited to the relevant authorities of the PRC) to agree to the proposal of the Amended Share Reform Plan and Vicwah Metal being the minority non-freely transferable shareholder of Xinhua Metal considers this undertaking may be attained in view of the current financial position of Xinhua Metal. Xinhua Metal considers that making such undertaking can strengthen the confidence of its shareholders and investors in their investment and the terms and conditions of the Amended Share Reform Plan will be more acceptable by the freely transferable shareholders of Xinhua Metal. In all, this arrangement can facilitate the implementation of the Amended Share Reform Plan. However, if such profit is not attained, it is expected the performance of the shares in Xinhua Metal on the Shanghai Stock Exchange will be negatively affected and a public apology might be required to be made by the management of Xinhua Metal. Nevertheless, the Board does not rule out the possibility that the Amended Share Reform Plan may be further revised. The Non-freely Transferable Shareholders may furnish a new proposal for the Amended Share Reform Plan by

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## LETTER FROM THE BOARD

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conversion of more non-freely transferable shares to freely transferable shareholders in accordance with the relevant law and regulations of the PRC while the number of such non-freely transferable shares should be decided following discussion with the relevant parties for such revised share reform. In any event, if more non-freely transferable shares will be transferred, the Amended Share Reform Plan and the additional conversion of non-freely transferable shares will be aggregated pursuant to Rule 14.22 of the Listing Rules and as a result, the Company will re-comply with the requirement of Listing Rules and issue a further announcement in this respect.

### 3. CHANGES IN SHAREHOLDINGS STRUCTURE OF XINHUA METAL

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

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

### 4. INFORMATION OF XINHUA METAL AND XINHUA METAL INTERESTS

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



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## LETTER FROM THE BOARD

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

	<b>For the year ended 31 December 2005</b>	<b>For the year ended 31 December 2004</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	39,872	28,897
Profit after taxation	30,007	24,413

	<b>For the six months ended 30 June 2006</b>	<b>For the six months ended 30 June 2005</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	28,886	20,737
Profit after taxation	19,023	13,657

The net asset value of Xinhua Metal (audited by certified public accountants in the PRC and adjusted by the management of the Company in accordance with HKFRS) as at 31 December 2004 and 2005 were as follows:

	<b>As at 31 December 2005</b>	<b>As at 31 December 2004</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	299,588	288,904

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

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## LETTER FROM THE BOARD

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

	<b>For the year ended 31 December 2005 (Audited) HK\$'000</b>	<b>For the year ended 31 December 2004 (Audited) HK\$'000</b>
Share of profit before taxation	6,344	4,562
Share of profit after taxation	4,781	3,854

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

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

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

Under the Amended Share Reform Plan, the Company's interest in Xinhua Metal will be diluted from approximately 16.76% to 14.49% and based on the carrying value of interest in Xinhua Metal as shown in the Company's 2005 annual report, the share of the interest in Xinhua Metal by the Company may decrease from HK\$48,234,000 to HK\$42,426,000, representing a decrease in value of interest of approximately HK\$5,808,000 to the accounts of the Company. This decrease represents approximately 0.6% of the Company's audited total asset value as at 31 December 2005 and 8.5% of the profit before taxation of HK\$68,218,000 for the year ended 31 December 2005 as disclosed in its 2005 annual report.

### 5. REASONS FOR AND BENEFITS OF THE AMENDED SHARE REFORM PLAN

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

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## LETTER FROM THE BOARD

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

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

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

### **6. FINANCIAL EFFECTS OF THE AMENDED SHARE REFORM PLAN**

Under the Amended Share Reform Plan, the Company's interest in Xinhua Metal will be diluted from approximately 16.76% to 14.49% and based on the carrying value of interest in Xinhua Metal as shown in the Company's 2005 annual report, the share interest in Xinhua Metal may decrease from HK\$48,234,000 to HK\$42,426,000, representing a decrease in value of interest of approximately HK\$5,808,000 to the accounts of the Company. Although the accounting treatment of such decrease has not yet been finalised, to be prudent, the Directors will treat such decrease as a loss of approximately HK\$5,808,000 to the profit and loss account to the accounts of the Company. However, the Directors considered that such estimate loss as a result of the Amended Share Reform Plan has the least impact on the Group which the Directors could attain.

### **7. VIEW OF THE BOARD ON THE AMENDED SHARE REFORM PLAN**

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

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

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## LETTER FROM THE BOARD

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### 8. GENERAL

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

As the profits ratio under Chapter 14 of the Listing Rules of such decrease in shareholding in Xinhua Metal held by the Company represents approximately 8.5% of the profit before taxation of HK\$68,218,000 for the year ended 31 December 2005 as shown in the Company's 2005 annual report, the Amended Share Reform Plan constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules.

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

## 1. 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 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.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests or short positions of Directors in the share capital of the Company

As at the Latest Practicable Date, save for the interests of the Directors in shares and the share options held by some of the Directors as shown below, none of the Directors had any interests and short positions in the shares, debentures or underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

#### Long position in shares

##### (i) Ordinary shares of HK\$0.10 each of the Company

Name of Director	Total number of shares held	Approximate % with respect to total number of issued share capital as at the Latest Practicable Date	Capacity
Tang Cornor Kwok Kau ("Mr. Tang")	2,496,000	0.24%	Beneficial owner (Note)

*Note:* Those shares were beneficially owned by Mr. Tang and in which of 200,000 shares were also jointly owned by his wife.

## (a) Interests and short positions of Directors in the share capital of the Company (continued)

## Long position in shares (continued)

## (ii) Share options granted to the Directors under the Share Option Scheme

As at the Latest Practicable Date, the share options granted by the Company to the Directors are as follows:

Name of Director	Options to subscribe for shares of the Company				Capacity in which interests are held	Approximate % of the issued share capital as at the Latest Practicable Date
	Number of share options held as at the Latest Practicable Date	Date of grant (Note b)	Exercise period	Exercise price per share (HK\$)		
Cao Zhong	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	6.34
	57,350,000 (Note a)	2/10/2003	2/10/2003 to 1/10/2013	0.780		
	<u>65,002,000</u>					
Li Shaofeng	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	3.73
	30,614,000 (Note a)	25/6/2003	25/6/2003 to 24/6/2013	0.365		
	<u>38,266,000</u>					
Tong Yihui	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	4.48
	38,268,000 (Note a)	25/6/2003	25/6/2003 to 24/6/2013	0.365		
	<u>45,920,000</u>					
Leung Shun Sang, Tony	4,592,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	1.19
	3,060,000	12/3/2003	12/3/2003 to 11/3/2013	0.325		
	4,592,000	25/8/2003	25/8/2003 to 24/8/2013	0.740		
	<u>12,244,000</u>					
Mr. Tang	<u>1,000,000</u>	25/8/2003	25/8/2003 to 24/8/2013	0.740	Beneficial owner	0.10
Yip Kin Man, Raymond	382,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	0.07
	382,000	25/8/2003	25/8/2003 to 24/8/2013	0.740		
	<u>764,000</u>					

**(a) Interests and short positions of Directors in the share capital of the Company (continued)****Long position in shares (continued)**

Other than the holdings and option holdings disclosed above, none of the Directors, chief executives and their associates had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporations at the Latest Practicable Date.

*Notes:*

- (a) Share options granted were in excess of the individual limit and the approval from shareholders of the Company was obtained in general meetings held on 25 June 2003 and 2 October 2003.
- (b) The vesting period of the share option is from the date of grant to the end of the exercise period.

The above share options are unlisted cash settled options granted pursuant to the adoption of the Share Option Scheme. Upon exercise of the share options in accordance with the Share Option Scheme, ordinary shares of HK\$0.10 each in the share capital of the Company are issuable.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and the substantial shareholders were as follows:**

As at the Latest Practicable Date, so far as was known to the Directors, the following had an interest or long position or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO which were required pursuant to section 336 of the SFO, to be entered in the register referred therein or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital:

**Long position in shares**

<b>Name of shareholder</b>	<b>Total number of shares/ underlying shares held</b>	<b>Approximate % with respect to total number of issued share capital as at the Latest Practicable Date</b>	<b>Capacity</b>
Richson Limited (“Richson”)	148,537,939	14.48	Beneficial owner
Fair Union Holdings Limited (“Fair Union”)	286,655,179	27.94	Beneficial owner and deemed interest <sup>(1)</sup>
Shougang Concord International Enterprises Company Limited (“Shougang International”)	286,655,179	27.94	Deemed interest <sup>(2)</sup>
Able Legend Investments Limited (“Able Legend”)	126,984,000	12.38	Beneficial owner <sup>(3)</sup>
Shougang Holding (Hong Kong) Limited (“Shougang HK”)	443,707,179	43.24	Deemed interest <sup>(4)</sup>
Cao Zhong	65,002,000	6.34	Beneficial owner <sup>(5)</sup>

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and the substantial shareholders were as follows: (continued)**

**Long position in shares (continued)**

*Notes:*

- (1) Fair Union is beneficially interested in 135,721,936 shares and is deemed to be interested in the 148,537,939 shares held by Richson and the 2,395,304 shares held by Casula Investments Limited (“Casula”) as Richson and Casula are its wholly owned subsidiaries.
- (2) Shougang International is deemed to be interested in the 135,721,936 shares held by Fair Union, the 148,537,939 shares held by Richson and the 2,395,304 shares held by Casula as Richson and Casula are wholly owned by Fair Union, a wholly owned subsidiary of Shougang International.
- (3) Able Legend is beneficially interested in 126,984,000 shares.
- (4) Shougang HK is deemed to be interested in the 126,984,000 shares and the 21,998,000 shares held by Able Legend and Prime Success Investments Limited (“Prime Success”) respectively as Able Legend and Prime Success are its wholly owned subsidiaries and is deemed to be interested in the 8,070,000 shares held by Lyre Terrace Management Limited, a subsidiary of Shougang Concord Grand (Group) Limited (“Shougang Grand”) and Shougang HK is the controlling shareholder of Shougang Grand. It is also deemed to be interested in the 135,721,936 shares held by Fair Union, the 148,537,939 shares held by Richson and the 2,395,304 shares held by Casula as it is the controlling shareholder of Shougang International.
- (5) Mr. Cao Zhong is deemed to be interested in 65,002,000 shares as he holds 65,002,000 underlying shares of the Company as attached share options granted to him by the Company. The details of his share options are stated under the heading “Interests or short positions of Directors in the share capital of the Company” hereabove.

**3. DIRECTORS’ INTERESTS IN CONTRACTS**

- (a) As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.
- (b) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2005 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to the Company or any member of the Group, or were proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (c) Save as disclosed herein, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular and which is significant in relation to the business of the Group.

**4. DIRECTORS’ INTERESTS IN COMPETING BUSINESSES**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors and their respective associates was considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group or have any other conflicts of interest with the Group pursuant to the Listing Rules.



**5. LITIGATION**

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or claims of material importance known to the Directors to be pending or threatened by or against any member of the Group.

**6. MISCELLANEOUS**

- (a) The secretary of the Company is Ms. Chan Lai Yee, a fellow of each of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. She also holds a Bachelor of Law Degree from the University of London, a Master of Corporate Finance and a Master of Arts in Language and Law.
- (b) The qualified accountant of the Company is Mr. Wu Siu Man, a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is situated at 5th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong.
- (d) The share registrars of the Company is Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.