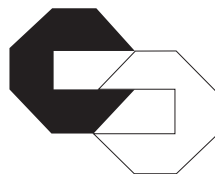

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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



SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

首長寶佳集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

**SUBSCRIPTION FOR NEW SHARES
AND
PROPOSED CONTINUING CONNECTED TRANSACTIONS**

**Independent financial adviser to the Independent Board Committee and the Shareholders of
Shougang Concord Century Holdings Limited**



A letter from the Independent Board Committee is set out on page 17 of this circular. A letter of advice from VC Capital Limited, the independent financial adviser, containing its opinion and advice to the Independent Board Committee and the Shareholders is set out on pages 18 to 27 of this circular.

A notice convening the extraordinary general meeting of Shougang Concord Century Holdings Limited to be held at Concord Rooms 2 & 3, 8/F., Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 6 November 2006 at 10:30 a.m. is set out on pages 34 to 35 of this circular. A form of proxy for use at the extraordinary general meeting is also enclosed with this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrars, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event, not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting should you so wish.

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DEFINITIONS

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

“associate”	has the meaning ascribed thereto in the Listing Rules
“Bekaert”	NV Bekaert SA, a company incorporated under the laws of Belgium
“Bekaert Subscription”	the subscription of 250,000,000 new Shares by Bekaert pursuant to the Bekaert Subscription Agreement at the Bekaert Subscription Price
“Bekaert Subscription Agreement”	the subscription agreement dated 22 September 2006 entered into between the Company and Bekaert as amended and supplemented by a supplemental agreement dated 27 September 2006 between the same parties
“Bekaert Subscription Option”	the option proposed to be granted by the Company to Bekaert to subscribe for new or additional registered capital of JESC subject to the terms and conditions of the Bekaert Subscription Agreement
“Bekaert Subscription Price”	the subscription price of HK\$0.65 per Share
“Bekaert Subscription Shares”	the 250,000,000 new Shares to be issued by the Company to Bekaert in accordance with the Bekaert Subscription Agreement
“Board”	the board of Directors
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning as given in the Listing Rules
“Continuing Connected Transactions”	the entering into the Co-operation Agreements and the transactions contemplated thereunder
“Co-operation Agreements”	the Service Contract and the Supply Contract
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Bekaert Subscription Agreement, the Bekaert Subscription Option, the Co-operation Agreements, the Service Fee Cap and the Sales Cap

DEFINITIONS

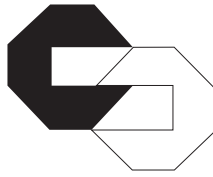
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Business Day”	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board, comprising three independent non-executive Directors, formed specifically to consider and to advise the Shareholders in respect of the Continuing Connected Transactions
“JESC”	Jiaxing Eastern Steel Cord Co., Ltd, a company incorporated under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	12 October 2006, being the latest practicable date prior to the issue of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Qualified Consent(s)”	the consent and/or waiver from banks and financial institutions that have granted credit facilities to members of the Group where such consent and/or waiver is required in connection with the Bekaert Subscription Option pursuant to the terms and conditions of such credit facilities
“RMB”	Renminbi, the lawful currency of the PRC
“Service Contract”	the conditional service contract dated 22 September 2006 entered into between Bekaert and JESC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 7 June 2002
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Contract”	the conditional supply contract dated 22 September 2006 entered into between Bekaert and JESC
“%”	per cent

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated using the exchange rate of HK\$1.00 to RMB1.01766. This exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, or may be exchanged at this or any other rate at all.

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)

(Stock Code: 103)

Directors:

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

Registered office:

5th Floor,
Bank of East Asia Harbour
View Centre,
51-57 Gloucester Road
Wanchai,
Hong Kong

18 October 2006

To the Shareholders

Dear Sir or Madam,

SUBSCRIPTION FOR NEW SHARES AND PROPOSED CONTINUING CONNECTED TRANSACTIONS

1. INTRODUCTION

The Board announced that on 22 and 27 September 2006, the Company entered into the Bekaert Subscription Agreement in relation to the proposed subscription of 250,000,000 new Shares by Bekaert at the subscription price of HK\$0.65 per new Share. In addition, the Company announced that on the same date, Bekaert and JESC entered into two conditional Co-operation Agreements pursuant to which Bekaert will provide certain planning and design services and supply certain materials for the manufacture of steel cord for a period of three years from the date of completion of the Bekaert Subscription Agreement.

Details of the Bekaert Subscription Agreement and the Co-operation Agreements are set out in the paragraphs headed “Bekaert Subscription” and the “Co-operation Agreements” respectively.

LETTER FROM THE BOARD

Upon completion of the Bekaert Subscription Agreement, Bekaert will become a substantial Shareholder and therefore a connected person of the Company under the Listing Rules. Accordingly, the Co-operation Agreements will constitute continuing connected transactions subject to reporting, announcement and/or Shareholders' approval requirements under the Listing Rules.

Each of the applicable percentage ratios (other than the profits ratio) for the transactions contemplated by the Co-operation Agreements is greater than 2.5%. Accordingly, such transactions will be subject to reporting and announcement requirements and will require independent Shareholders' approval as set out in Rules 14A.45 to 14A.48 of the Listing Rules.

The Independent Board Committee comprising three independent non-executive Directors, Mr. Yip Kin Man, Raymond, Mr. Law, Yui Lun and Mr. Chu, Kwok Tsu Gilbert, has been formed to consider whether the terms of the Co-operation Agreements and the respective cap amounts in respect of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned and are in the interest of the Company as a whole. VC Capital Limited, the independent financial adviser, has been appointed to advise the Independent Board Committee and the Shareholders in respect of the Continuing Connected Transactions and the respective cap amounts related thereto. No Shareholder is required to abstain from voting on the relevant resolutions to approve the Co-operation Agreements and the proposed Service Fee Cap (as defined below) and the Sales Cap (as defined below).

The purposes of this circular are (i) to provide you with further information relating to the Bekaert Subscription Agreement, the Co-operation Agreements, the Service Fee Cap and the Sales Cap; (ii) to set out the recommendations of the Independent Board Committee to the Shareholders; (iii) to set out the advice of VC Capital Limited to the Independent Board Committee and the Shareholders; and (iv) to give notice of the EGM.

2. BEKAERT SUBSCRIPTION

Bekaert Subscription Agreement

Date	:	22 and 27 September 2006
Subscriber	:	Bekaert, a company incorporated in Belgium. Bekaert and its ultimate beneficial owners are not connected persons of the Company and are independent of and not connected with the directors, chief executive and substantial Shareholders of the Company and its subsidiaries and their respective associates.
Issuer	:	The Company

Bekaert Subscription

Pursuant to the Bekaert Subscription Agreement, the Company has conditionally agreed to allot and issue and Bekaert has conditionally agreed to subscribe in cash for a total of 250,000,000 new Shares at the Bekaert Subscription Price per new Share.

LETTER FROM THE BOARD

The Bekaert Subscription Shares represent approximately 24.36% of the existing issued share capital of the Company and approximately 19.59% of the issued share capital of the Company as enlarged by the Bekaert Subscription.

Bekaert Subscription Price

The subscription price per Bekaert Subscription Share is HK\$0.65 per Share, and the net subscription price per Bekaert Subscription Share, after deducting all relevant costs and expenses, is approximately HK\$0.64 per Share. The Bekaert Subscription Price will be satisfied by cash and was determined after arm's length negotiations between the Company and Bekaert with reference to the average closing price for the past 45 trading days immediately before the date of the Bekaert Subscription Agreement. The Bekaert Subscription Price represented (i) a premium of approximately 8.33% to HK\$0.60 per Share, the closing price of the Shares as of the Latest Practicable Date; (ii) a discount of approximately 1.52% to HK\$0.66 per Share, the average closing price in the five trading days immediately prior to the Bekaert Subscription Agreement; and (iii) a discount of approximately 4.41% to HK\$0.68 per Share, the audited net asset value per Share as at 31 December 2005. The market value of the Bekaert Subscription is approximately HK\$150,000,000, based on the closing price of the Shares as of the Latest Practicable Date.

The Directors (including the independent non-executive Directors) consider that the terms of the Bekaert Subscription Agreement are fair and reasonable under the current market condition and in the interest of the Company and the Shareholders as a whole after taking into consideration the current market price of the Shares on the date of the Bekaert Subscription Agreement and the audited net asset value of the Company of the latest published audited financial statements of the Company respectively.

Ranking of the Bekaert Subscription Shares

The Bekaert Subscription Shares, when fully paid and issued, will rank *pari passu* in all respects with the Shares in issue on the completion date of the Bekaert Subscription including the right to any dividends or distributions after the date of completion of the Bekaert Subscription.

Conditions of the Bekaert Subscription

The Bekaert Subscription is conditional upon the following conditions having been fulfilled or waived on or before 15 December 2006 or such later date as may be agreed between the Company and Bekaert:

- (1) the Bekaert Subscription Agreement (including the issue of the Bekaert Subscription Shares and the grant of the Bekaert Subscription Option by the Company in accordance with its terms) being approved by the Shareholders in accordance with its constitutional documents and the Listing Rules;
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Bekaert Subscription Shares (and such listing and permission not being subsequently revoked prior to the issue of the Bekaert Subscription Shares);

LETTER FROM THE BOARD

- (3) the Co-operation Agreements being duly executed by the relevant parties on the date of the Bekaert Subscription Agreement;
- (4) the Co-operation Agreements and the maximum annual value of each of the Co-operation Agreements for the three financial years being approved by the Shareholders in accordance with its constitutional documents and the Listing Rules, if applicable;
- (5) the nominee of Bekaert being appointed as an executive director of the Company with effect from the completion of the Bekaert Subscription Agreement;
- (6) the nominee of Bekaert being appointed as the deputy general manager and director of JESC with effect from the completion of the Bekaert Subscription Agreement;
- (7) subject to the approval by the relevant regulatory authorities in the PRC, JESC adopting a new articles of association and filing of the same with the relevant regulatory authorities in the PRC for approval; and
- (8) all the Qualified Consent(s) have been obtained.

If any of the conditions set out above have not been satisfied or waived by Bekaert (provided that Bekaert will be entitled to waive any or all of the conditions (5) to (8) above if they are not fulfilled by 15 December 2006 or such later date as may be agreed between the Company and Bekaert) on or before 15 December 2006, or such later date as both the Company and Bekaert may agree, the Bekaert Subscription Agreement will terminate. Apart from condition (3), none of the conditions set out above have been fulfilled as of the Latest Practicable Date.

Bekaert will be entitled, for so long as it remains a Shareholder, to nominate one person designated by it at its sole discretion for appointment as an executive director of the Company and one person designated by it at its sole discretion for appointment as the deputy general manager and director of JESC. Upon completion of the Bekaert Subscription Agreement, as Bekaert will have a representative on the board of directors of JESC who will participate in the management of the operation of JESC, the articles of association of JESC will be amended to reflect the above change.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bekaert Subscription Shares.

Completion of the Bekaert Subscription

Completion of the Bekaert Subscription will take place on the second Hong Kong Business Day following the fulfilment of the above conditions provided that the Bekaert Subscription Agreement has not been terminated in accordance with its terms prior to completion. As the new Shares to be issued pursuant to the Bekaert Subscription will exceed the general mandate granted by the Shareholders at the annual general meeting on 26 May 2006, Shareholders' approval will be required for the Bekaert Subscription and the issue of the Bekaert Subscription Shares. No Shareholder has a material interest in the Bekaert Subscription and therefore no Shareholder is required to abstain from voting on the relevant resolution to approve the Bekaert Subscription Agreement.

LETTER FROM THE BOARD

Use of proceeds

The gross proceeds to be obtained from the Bekaert Subscription will be in the amount of HK\$162,500,000. The net proceeds of approximately HK\$161,000,000, after deducting the payment of all costs and expenses relating to the Bekaert Subscription, will be used entirely for direct and indirect expansion of the existing steel cord business of JESC with the aim of increasing its annual production capacity to the range of between 60,000 tons and 80,000 tons. The Company currently indirectly holds 100% of the equity interest in JESC.

Bekaert Subscription Option

Subject to the completion of the Bekaert Subscription Agreement, the occurrence of any of the triggering events as set out below and the approval by the Shareholders pursuant to the Listing Rules (if required) and by the relevant governmental or regulatory authority, Bekaert will be entitled to subscribe for new or additional registered capital of JESC for an amount not more than or equal to the total Subscription Price for the Bekaert Subscription Shares provided that:

- (1) at the time of exercising such right to acquire equity interest in JESC:
 - (i) Bekaert beneficially holds not less than 125,000,000 Shares; and
 - (ii) the Service Contract has not been terminated or suspended by Bekaert within a period of 3 years from completion of the Bekaert Subscription Agreement otherwise than as a result of breach on the part of JESC.
- (2) the resulting equity interest in JESC to be held by Bekaert or its nominee will in no circumstances exceed 49% and JESC will remain a subsidiary of the Company whose financial results will continue to be capable of being consolidated with that of the Company in accordance with the applicable accounting standards; and
- (3) without prejudice to (2) above, the level of Bekaert's equity interest in JESC will be based on the valuation of JESC to be agreed between the Company and Bekaert or failing such agreement, such valuation will be determined by an independent appraiser appointed by agreement between the parties.

The "triggering events" are:

- (a) any of the Company's subsidiaries engaged in the copper and brass business has, within a period of three (3) consecutive years, suffered an aggregate net loss of more than HK\$15,000,000 during which Bekaert is a Shareholder;

LETTER FROM THE BOARD

- (b) Shougang Holding (Hong Kong) Limited ceasing to be, directly or indirectly, the single largest beneficial Shareholder (with all shares in the Company beneficially owned by Shougang Holding (Hong Kong) Limited and/or its subsidiaries respectively being deemed to be shares beneficially owned by Shougang Holding (Hong Kong) Limited for this purpose), save for circumstances beyond control of the Company and/or its controlling Shareholder (including, without limitation, as a result of any hostile takeover by Bekaert or any third party) and provided reasonable measures (excluding measures to contest any such hostile takeover by launching a competing bid) have been taken by the Company and/or controlling Shareholder to try to prevent such circumstances to occur;
- (c) JESC has committed a material breach of any of the Co-operation Agreements or any future agreements that may be entered into between Bekaert and JESC and, in the case of breach capable of remedy, has failed to remedy such breach within sixty (60) days of the written request of Bekaert. Material breach will, as an illustration, include but not be limited to, the dissemination or misappropriation of any technology of Bekaert, breach of confidentiality and default in payment;
- (d) the Group has in any financial year used more than HK\$10,000,000 own resources and more than HK\$40,000,000 external debt financing for investment projects in (existing or new) non-steel cord businesses without the prior consent of the director nominated by Bekaert by voting in favour of such investments held at a board meeting held to consider the same;
- (e) any member of the Group issues securities or instrument relating to the Shares to, or merges with, or sells substantially all of its assets to any competing entities which engage in business of manufacturing and/or selling steel wire and/or steel cord products as may be agreed from time to time; and
- (f) any amendment to the articles of association of JESC without Bekaert's prior written consent while Bekaert remains a Shareholder or the effective exclusion of Bekaert's nominee while he is a director of JESC from the conduct of the business of the board or from the management of JESC.

The exercise of the Bekaert Subscription Option may constitute a notifiable and connected transaction to the Company and the Company, which is subject to the Listing Rules requirements, will comply with the relevant requirements under the Listing Rules, including the issue of the announcement and seeking Shareholders' approval (if necessary) upon the exercise of the Bekaert Subscription Option. The subscription for new registered capital of JESC pursuant to exercise of the Bekaert Subscription Option may be subject to the approval by the Shareholders pursuant to the Listing Rules (if required).

LETTER FROM THE BOARD

Anti-Dilution

Subject to completion of the Bekaert Subscription Agreement and so long as Bekaert remains a Shareholder, if the Company intends to issue or grant any new Shares, options or other securities of any nature whatsoever (other than any share options to be granted by the Company pursuant to any share option scheme adopted by the Company and Shares issued pursuant to exercise of such options) (together “**Securities**”):

- (a) to any party (other than Bekaert or its affiliates or nominee) which is not a connected person (as defined in the Listing Rules) of the Company or any of its associates (as defined in the Listing Rules), the Company, which is subject to the Listing Rules requirements, shall, immediately after the completion of such issue or grant of Securities (the “**Completed Issue**”), offer to Bekaert for subscription such number of Securities which would enable Bekaert to maintain its level of shareholding in the Company as at the completion of the Bekaert Subscription notwithstanding the Completed Issue and the terms and conditions offered to Bekaert shall be the same as that for the Completed Issue; and
- (b) to a connected person (as defined in the Listing Rules) of the Company (other than Bekaert or its affiliates or nominee) or any of its associates (as defined in the Listing Rules), the Company, which is subject to the Listing Rules requirements, shall offer to Bekaert for subscription such number of Securities which would enable Bekaert to maintain its level of shareholding in the Company as at the completion of the Bekaert Subscription notwithstanding the issuance of the Securities (excluding Securities that are offered and accepted by Bekaert pursuant to this provision) and the terms and conditions offered to Bekaert shall be the same as that intended for any such proposed issue of Securities.

The Company will comply with the relevant requirements of the Listing Rules, including the announcement and independent Shareholders’ approval requirement in Chapter 14A of the Listing Rules (if necessary) if Bekaert subscribes for new Shares or other securities of the Company pursuant to the anti-dilution provision as set out above.

Restriction on further issue of Shares

The Company undertakes to Bekaert that it will not issue any Shares or equity securities or any other securities convertible into Shares or equity securities from the date of the Bekaert Subscription Agreement and ending on the last day of six (6) months following the completion date of the Bekaert Subscription Agreement, provided that such restriction will not be applicable to the Shares to be issued pursuant to the exercise of any share options under the Share Option Scheme.

LETTER FROM THE BOARD

Subscriber Lock-up

Subject to the completion of the Bekaert Subscription Agreement, Bekaert undertakes that it will not encumber, offer, sell, contract to sell, transfer, pledge or otherwise dispose of, directly or indirectly, the Bekaert Subscription Shares, enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Subscription Shares for a period of 24 months from the completion of the Bekaert Subscription provided that such restriction:

- (a) will cease to apply if any of the triggering events referred to in the section headed “Bekaert Subscription Option” above occur; and
- (b) will not apply to a transfer of the Bekaert Subscription Shares to any subsidiary of Bekaert or to any other party with the prior written consent of the Company.

Controlling Shareholder and Key Officers Lock-up

In connection with the Bekaert Subscription, subject to the completion of the Bekaert Subscription Agreement, Shougang Holding (Hong Kong) Limited and two Directors, namely, Cao Zhong and Li Shaofeng, respectively undertake to Bekaert that they will not sell, transfer or otherwise dispose of their existing and any future interest in the Shares or other securities of the Company for a period commencing from the date of the Bekaert Subscription Agreement and ending 24 months after the closing of the Bekaert Subscription Agreement, or, in the case of Directors, the date on which the Director ceases to be a director of any member of the Group, whichever is earlier.

Changes of shareholding structure of the Company

The changes of the shareholding structure of the Company as a result of the Bekaert Subscription are as follows:

Shareholders	As at the Latest Practicable Date and immediately before completion of the Bekaert Subscription		Immediately after completion of the Bekaert Subscription	
	No. of Shares	Approximate Percentage %	No. of Shares	Approximate Percentage %
Shougang Holding (Hong Kong) Limited	452,851,179 (<i>Note</i>)	44.13	452,851,179	35.49
Bekaert	–	–	250,000,000	19.59
Public	573,215,377	55.87	573,215,377	44.92

Note: The number of Shares represents the shareholding in the Company held by Shougang Holding (Hong Kong) Limited and its controlled corporations (as defined under the SFO) as recorded in the register as required under the SFO.

LETTER FROM THE BOARD

3. CO-OPERATION AGREEMENTS

Upon completion of the Bekaert Subscription Agreement, Bekaert will become a substantial Shareholder and therefore a connected person of the Company under the Listing Rules. Accordingly, any continuing transactions between any members of the Group and any member of Bekaert will constitute continuing connected transactions subject to reporting, announcement and/or Shareholders' approval requirements under the Listing Rules.

(I) Service Contract

Pursuant to the Service Contract entered into between JESC and Bekaert, Bekaert or one of its subsidiaries in Asia which engages in the manufacture or sale of steel cord in the PRC will provide certain services to JESC for a period of three years from the date of completion of the Bekaert Subscription Agreement. The Service Contract is conditional upon the completion of the Bekaert Subscription Agreement (and hence also upon the terms of the Service Contract and the Service Fee Cap (as defined below) being approved by the independent Shareholders).

The Service Contract provides a framework for the services which may be requested by the Company from time to time in relation to the expansion of the business of JESC. In respect of the type of services to be provided by Bekaert to JESC, it is envisaged that they would encompass, among other things, the planning and design to increase the annual production capacity of JESC to 60,000 tons within three years ending 31 December 2008 and with the aim to further increase to 80,000 tons in the future, and more specifically to advise during the engineering design stage of the expansion of the plant as well as to provide services in relation to the construction activities following the design stage. As described above, the expansion of the production capacity to 60,000 tons which is expected to be completed by the fourth quarter of 2007 based on the Company's production plan and is expected to be sustained at the same level in 2008 as part of the Co-operation Agreements, is for the purpose of increasing the annual production of JESC, and the expansion of the plant will be adjacent to the existing plant. The services to be provided by Bekaert such as technical advice, assistance and support in relation to planning and design, will aid in the increase in production capacity of JESC through improvement in JESC's operational efficiency. The current production capacity of JESC is approximately 30,000 tons per annum. No services contemplated under the Service Contract has been provided by Bekaert to the Company in the past.

The service fees charged by Bekaert in respect of the provision of services will be on an hourly basis to be agreed upon between the parties and will be determined based on normal commercial terms through arm's length negotiation. No premium will be charged by Bekaert. The services to be provided under the Service Contract are tailored for and specific to the Company and therefore market rate from third parties is not available.

The service fees will be satisfied by cash. Payment will be made by JESC to Bekaert no later than 30 days from the end of the month stated in Bekaert's invoice which will be issued on a quarterly basis. Any amount payable by JESC to Bekaert that remains unpaid on its due date shall automatically and without notice bear interest at a monthly rate of 1%, calculated on the basis of the actual number of days lapsed over a period of 30 days.

The maximum aggregate annual fees for the provision of services under the Service Contract to JESC for each of the three years ending 31 December 2008 is estimated to be RMB300,000, RMB1,500,000 and RMB3,000,000 respectively (equivalent to approximately HK\$295,000, HK\$1,474,000 and HK\$2,948,000 respectively) (together the "Service Fee Cap").

LETTER FROM THE BOARD

In determining the Service Fee Cap, the Directors, with the assistance of the management of JESC, estimated the number of Bekaert's experts, the number of working days per each expert and the number of working hours per day that would be required to fulfil the technical and operating needs for the increase in annual production capacity of JESC to 60,000 tons within three years and calculated based on the existing average hourly rate of the employees of JESC of similar grades. The servicing hours is arrived at based on the estimated number of employees that will be assigned to provide technical and other operational support and the estimated working hours to be spent by these employees. The Directors estimate that the annual production capacity of JESC will remain at 30,000 tons in 2006 and will gradually increase to 60,000 tons by the end of 2007, and maintain that level throughout 2008 after the annual production capacity reaches 60,000 tons. In this regard, the number of servicing hours required by JESC in 2008 will be much higher than the same in 2007.

(II) Supply Contract

Pursuant to the Supply Contract entered into between JESC and Bekaert, Bekaert agrees to sell and deliver certain materials (including brass coated wire) which are used for the manufacture of steel cord which in turn is used for the reinforcement of radial tyres which are used in passenger cars, heavy and light trucks, to JESC for a period of three years from the date of completion of the Bekaert Subscription Agreement. The Supply Contract is conditional upon the completion of the Bekaert Subscription Agreement (and hence also upon the terms of the Supply Contract and the Sales Cap (as defined below) being approved by the independent Shareholders). The Supply Contract is a new contract to the Company and no material has been provided by Bekaert to the Company in the past.

The sales prices will be reviewed and agreed upon between the parties every quarter and will be determined based on normal commercial terms through arm's length negotiation, after taking into account the production costs of JESC in producing similar semi-finished products. The supply of this kind of materials for sale is rare in the market and hence no market price is available for comparison.

The maximum aggregate annual amount of sales of materials to JESC for each of the three years ending 31 December 2008 is expected to be RMB1,000,000, RMB100,000,000 and RMB250,000,000, respectively (equivalent to approximately HK\$983,000, HK\$98,265,000 and HK\$245,662,000, respectively) (together the "**Sales Cap**"). Based on the Company's production plan, the approximate number of tons of brass coated wire to be purchased by JESC from Bekaert for each of the three years ending 31 December 2008 is expected to be 133 tons, 13,324 tons and 33,310 tons respectively.

In determining the Sales Cap, the Directors, after consulting with the management of JESC, estimated the additional tonnage required to be supplied by Bekaert in order to meet the increase in the annual production capacity of JESC from 30,000 tons to 60,000 tons within three years ending 31 December 2008. Based on the Company's production plan, which was determined based on the growth of the radial tyre market, the Directors are of the opinion that JESC has demand for the finished products (steel cords). The Directors arrived at the Sales Cap based on the weighted average production costs of JESC in producing similar products and the approximate number of tons of materials to be purchased from Bekaert on the assumption that the annual production capacity of JESC will reach approximately 60,000 tons in 2007 and maintain that level in 2008. Nevertheless, the actual tonnage required will be reviewed from time to time and agreed upon by both parties. Based on the Company's production plan

LETTER FROM THE BOARD

which was determined based on the growth of the radial tyre market and the Company's financial resources, the Directors estimate that the annual production capacity of JESC will remain at 30,000 tons in 2006 and will gradually increase to 60,000 tons by the end of 2007, and maintain that level throughout 2008 after the annual production capacity reaches 60,000 tons. In this regard, the number of tons of materials to be purchased from Bekaert in 2008 will be much higher than in 2007.

The Directors consider that the entering into of the Co-operation Agreements is in the ordinary course of business of the Group and that the terms of such agreements are determined on an arm's length basis with Bekaert. Accordingly, the Directors are of the view that the terms and conditions of the Co-operation Agreements (including the Service Fee Cap and the Sales Cap) are fair and reasonable, on normal commercial terms and in the interests of the Group and the Shareholders as a whole. The sales prices will be satisfied by cash. Payment will be made by JESC to Bekaert no later than 60 days from the date of Bekaert's invoice. Any money due and payable to Bekaert under the Supply Contract shall bear interest at the rate which is the prime lending rate for RMB announced by the People's Bank of China on the date payment is due until payment is made in full.

Compliance with the Listing Rules requirements

Based on the Service Fee Cap and the Sales Cap on an aggregated basis, each of the applicable percentage ratios (other than the profits ratio) for the transactions contemplated by the Co-operation Agreements is greater than 2.5%. Accordingly, in accordance with Rule 14A.35 of the Listing Rules, such transactions will be subject to reporting and announcement requirements and will require independent Shareholders' approval as set out in Rules 14A.45 to 14A.48 of the Listing Rules.

If the Service Fee Cap and the Sales Cap are subsequently expected to be exceeded, the Company will re-comply with the relevant provisions of the Listing Rules in accordance with Rule 14A.36 of the Listing Rules.

Pursuant to Rule 13.39(6) of the Listing Rules, the Independent Board Committee has been established to advise the Shareholders, and VC Capital Limited has been appointed to advise the Independent Board Committee and the Shareholders, on whether the terms of the Co-operation Agreements and the proposed Service Fee Cap and Sales Cap under the Co-operation Agreements are fair and reasonable and in the interests of the Shareholders as a whole. The EGM will be convened and held to approve the Co-operation Agreements and the proposed Service Fee Cap and the Sales Cap. The voting in relation to the Co-operation Agreements and the proposed Service Fee Cap and the Sales Cap will be taken by poll. No Shareholder is required to abstain from voting on the relevant resolution to approve the Co-operation Agreements and the proposed Service Fee Cap and the Sales Cap.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE BEKAERT SUBSCRIPTION AGREEMENT AND THE CO-OPERATION AGREEMENTS

Bekaert is one of the leading steel cord manufacturers in the PRC with a significant global presence. By partnering with Bekaert through the Bekaert Subscription Agreement and the Co-operation Agreements, the Directors believe that the Company will not only strengthen its shareholder base, it will also secure a quality supply of certain materials for the manufacture of steel cord used for the reinforcement of radial tyres and assist JESC in its business expansion. The above benefits are expected to expedite the progress of the implementation of the Company's strategy in its core business of steel cord manufacturing.

LETTER FROM THE BOARD

5. INFORMATION ON THE GROUP AND BEKAERT

The Company and its subsidiaries are principally engaged in the manufacturing of steel cords and trading and processing of copper and brass products.

Bekaert is an European based company, headquartered in Belgium, employing 17,000 people. The principal shareholders hold approximately 42.77% in Bekaert while the remainder is held by institutional and individual shareholders. Bekaert is present in 120 countries, with a worldwide production platform in 30 countries and an extensive network of sales offices and agencies, and it generates annual sales of €3 billion. Bekaert seeks sustainable profitable growth based on its two core competencies: advanced metal transformation and advanced materials and coatings. Bekaert consists of three core business segments, namely, advanced wire products, advanced materials, and advanced coatings. Bekaert believes that, by entering into the Bekaert Subscription Agreement with the Company, it goes one step further in its efforts to develop valuable partnerships and to consolidate its leadership position in the PRC market. Bekaert has gone through a major expansion of its activities in the PRC in recent years and intends to further strengthen its relationship with local market players.

6. GENERAL

Each of the Bekaert Subscription and the Co-operation Agreements requires approval by the Shareholders at the EGM. The Independent Board Committee comprising three independent non-executive Directors has been formed to advise the Shareholders in relation to the Continuing Connected Transactions. VC Capital Limited has been appointed as the independent financial adviser to the Independent Board Committee and the Shareholders to advise them on the Continuing Connected Transactions.

No fund raising activities has been undertaken by the Company in the past 12 months.

7. EXTRAORDINARY GENERAL MEETING

Set out on pages 34 to 35 of this circular is a notice convening the EGM to be held at Concord Rooms 2 & 3, 8/F., Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 6 November 2006 at 10:30 a.m. at which a resolution will be proposed to approve, amongst others, the Bekaert Subscription, the Co-operation Agreements, the proposed Service Fee Cap and the Sales Cap. No Shareholder is required to abstain from voting on the relevant resolution to approve the aforementioned. No Shareholder has any material interest in the Bekaert Subscription or the Co-operation Agreements.

A form of proxy for use by the Shareholder at the EGM is enclosed with this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrars, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as practicable and in any event, not less than 48 hours before the time appointed for the holding of the EGM. Delivery of a form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting (as the case may be) should you so desire.

LETTER FROM THE BOARD

8. PROCEDURES FOR DEMANDING A POLL

Pursuant to 58 and 59 of the articles of association of the Company, a resolution put to the vote of a general meeting of the Shareholders shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Companies Ordinance, a poll may be demanded:

- (a) by the chairman; or
- (b) by not less than five members having the right to vote at the meeting; or
- (c) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) a member or members holding shares conferring a right to vote on the resolution on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring the right.

Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the minutes of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Notwithstanding the above, the resolution to be proposed at the EGM will be voted by way of a poll.

9. RECOMMENDATIONS

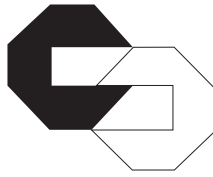
Your attention is drawn to the letter from the Independent Board Committee set out on page 17 of this circular which contains its recommendation to the Shareholders as to voting at the EGM regarding the Continuing Connected Transactions.

Your attention is also drawn to the letter from VC Capital Limited set out on pages 18 to 27 of this circular, which contains, among others, its advice to the Independent Board Committee and the Shareholders in relation to the Continuing Connected Transactions.

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
Shougang Concord Century Holdings Limited
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)

(Stock Code: 103)

To the Shareholders

18 October 2006

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 18 October 2006 of the Company (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and to advise the Shareholders as to whether, in our opinion, the terms of the Co-operation Agreements (including the Service Fee Cap and the Sales Cap) in relation to the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. VC Capital Limited, the independent financial adviser, has been appointed to advise the Independent Board Committee with respect to the Continuing Connected Transactions and the respective caps related thereto.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 16 of the Circular which contains, inter alia, information of the Continuing Connected Transactions as well as the “Letter from VC Capital Limited” set out on pages 18 to 27 of the Circular which contains its advice in respect of the Continuing Connected Transactions.

Having taken into account the advice of VC Capital Limited, we consider the terms of the Co-operation Agreements and the respective caps in relation to the Continuing Connected Transactions to be fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the Extraordinary General Meeting in respect of the Co-operation Agreements and the respective caps in relation to the Continuing Connected Transactions.

Yours faithfully,

For and on behalf of

Independent Board Committee

Yip Kin Man, Raymond, Law, Yui Lun and Chu, Kwok Tsu Gilbert

Independent non-executive Directors

LETTER FROM VC CAPITAL LIMITED

The following is the text of a letter to the Independent Board Committee and the Shareholders from VC Capital Limited in respect of the proposed Continuing Connected Transactions, prepared for the purpose of incorporation in this circular.



18 October 2006

*To the Independent Board Committee and
the Shareholders*

Dear Sirs,

PROPOSED CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Shareholders as to whether the terms of Co-operation Agreements and the respective cap amounts in respect of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Details of the Continuing Connected Transactions are set out in the letter from the Board contained in the circular of the Company (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 22 September 2006, the Company entered into the Bekaert Subscription Agreement (as amended by a supplemental agreement between the same parties on 27 September 2006). Upon completion of the Bekaert Subscription, Bekaert will beneficially own approximately 19.59% of the then issued share capital of the Company and therefore a connected person of the Company under the Listing Rules. As elaborated in the letter from the Board, the proposed Continuing Connected Transactions as contemplated under the Co-operation Agreements will require independent Shareholders’ approval under Rules 14A.45 to 14A.48 of the Listing Rules.

The Company has formed the Independent Board Committee comprising Mr. Yip Kin Man, Raymond, Mr. Law, Yui Lun and Mr. Chu, Kwok Tsu Gilbert, being all the independent non-executive Directors, to advise the Shareholders as to whether the terms of the Co-operation Agreements and the respective cap amounts in respect of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. No Shareholder is required to abstain from voting on the relevant resolution to approve the Co-operation Agreements and the proposed cap amounts in respect of the Continuing Connected Transactions.

VC Capital Limited is not associated with the Company and the substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the terms of the Co-operation Agreements and the respective cap

LETTER FROM VC CAPITAL LIMITED

amounts related thereto. Apart from normal professional fee payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company or its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our recommendations, we have relied on the accuracy of the information and representations including those contained in the Circular, the production plan of JESC and the capital expenditure plan of JESC (the "Information") which have been provided by the management of the Group and have assumed that the Information are true and accurate in all material respects at the time they were made and will remain so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the Information and have been advised by the Directors that no material facts have been omitted from the Information. We consider that we have reviewed sufficient information to reach an informed view and to justify relying on the accuracy of the Information and to provide a reasonable basis for our advice. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied.

TERMS OF THE CO-OPERATION AGREEMENTS AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

Details of the Co-operation Agreements are set out in the letter from the Board of the Circular. The key terms are summarized as follow:

A. Service Contract

- (i) Bekaert or one of its subsidiaries in Asia, which engages in the manufacture or sale of steel cords in the PRC, will provide certain services to JESC for a period of three years from the date of completion of the Bekaert Subscription Agreement.

In respect of the type of services provided by Bekaert to JESC, the Directors expect that such services encompass, among the other things, the planning and design to increase the production capacity of JESC from currently approximately 30,000 tons of steel cords per annum to 60,000 tons of steel cords per annum within three years ending 31 December 2008 and with the aim to further increase to 80,000 tons of steel cords per annum in the future, and more specifically to advise during the engineering design stage of the expansion of the plant as well as provide services in relation to the construction activities following the design stage.

- (ii) The Service Contract is subject to the approval of the independent Shareholders at the EGM and conditional upon the completion of the Bekaert Subscription Agreement.
- (iii) JESC will reimburse Bekaert for the cost of the services provided by Bekaert at the then-effective hourly rates charged by Bekaert and the hourly rate will be agreed upon between the parties and will be determined based on normal commercial terms through arm's length negotiation.

LETTER FROM VC CAPITAL LIMITED

B. Supply Contract

- (i) Bekaert agrees to sell and deliver certain materials (including brass coated wire) which are used for the manufacture of steel cords which in turn is used for the reinforcement of radial tyres which are used in passenger cars, heavy and light trucks to JESC.
- (ii) The Supply Contract has a fixed term of three years from the date of completion of the Bekaert Subscription Agreement and will be subject to the approval of the independent Shareholders at the EGM and conditional upon the completion of the Bekaert Subscription Agreement.
- (iii) The sales prices of the materials will be reviewed and agreed upon between the parties every quarter and will be determined based on normal commercial terms through arm's length negotiation, after taking into account the production costs of JESC in producing similar semi-finished products.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Co-operation Agreements and the respective cap amounts in respect of the Continuing Connected Transactions are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, we have taken into account the following principal factors and reasons:

I. Reasons for and benefits of entering into of the Co-operation Agreements

Upon completion of the Bekaert Subscription, Bekaert will become the substantial Shareholder holding approximately 19.59% of the then issued share capital of the Company. Bekaert is a sizeable industrial player principally engaging in the production of advanced wire products, advanced materials, and advanced coatings with a combined sales of €3 billion for the year ended 31 December 2005 and is present in 120 countries, with a worldwide production platform in 30 countries and an extensive network of sales offices and agencies. It is beneficial for the Group to establish a long-term strategic relationship with Bekaert which engages in the similar business of JESC, whereby the Group could tap on the expert support and secure raw material supplies by Bekaert through the Co-operation Agreements.

A. Service Contract

JESC plans to expand the production capacity to 60,000 tons of steel cords per annum within three years ending 31 December 2008 with current production capacity of 30,000 tons of steel cords per annum and with the aim to further increase to 80,000 tons per annum in the future. JESC plans to expand the production capacity to 60,000 tons of steel cords per annum at a location adjacent to the existing plant which Bekaert can provide technical advice, assistance and support in relation to planning and design of the new production facilities under the production plan so as to increase the annual production capacity of JESC.

LETTER FROM VC CAPITAL LIMITED

Through the co-operation under the Service Contract, the Directors anticipated that Bekaert will provide comprehensive technical support services to aid in the increase in production capacity of JESC. The Directors considered that Bekaert can help to improve JESC's production workflow through sharing its experiences and hence, JESC's operational efficiency can be improved.

As cited in the 2005 annual report of Bekaert, Bekaert has established a technology centre in Jiangyin of Jiangsu province in the PRC and has developed a substantial portfolio of steel cord products. Also, Bekaert has a new training and conference center adjacent to the technology center in Jiangyin of Jiangsu province in the PRC and has deployed highly trained representatives to provide personal guidance on technical issues to their clients. Given the background of Bekaert and its strong presence in the PRC, we concur with the Directors' view that the entering into of the Service Contract would provide comprehensive support service to the Group in its business expansion.

For a normal commercial practice, the technical support service providers will charge the clients the price with a premium on top of covering their cost. However, pursuant to the Service Contract, JESC will only reimburse Bekaert for the cost of the services at the then-effective hourly rates charged by Bekaert to cover Bekaert's cost. The Directors anticipated that Bekaert will appoint its staff stationed in the PRC to provide technical support services to JESC. In general, the hourly rate charged by expatriate technical support service consultants will be higher than the one charged by the PRC technical support service consultants. Taking into account of the said arrangement, we consider JESC is offered a competitive rate for the service under the Service Contract by Bekaert and it is in the interest of the Group as a whole.

B. Supply Contract

As stated in the letter from the Board, the Directors believed that the Group can secure a quality supply of certain materials (including brass coated wire) for the manufacture of steel cords used for the reinforcement of radial tyres which are used in passenger cars, heavy and light trucks after entering the Supply Contract. According to the Supply Contract, the price will be agreed upon between JESC and Bekaert in line with the internal production costs of JESC in producing similar semi-finished products on a quarterly basis. We have been given to understand from the Directors that the supply of the materials, the brass coated wire, for sale is rare and accordingly, performed research on the market price of the brass coated wire. However, we have not been able to obtain the said information from independent third parties through internet search. We have also discussed with the management of JESC for the purpose of getting quotations from other key market players producing brass coated wire. However, up to the Latest Practicable Date, we are unable to get any quote from them. Given limited information in the market place, we consider the pricing arrangement between JESC and Bekaert is reasonable by virtue of the fact that JESC could make reference to its production costs to negotiate the price of brass coated wire sourced from Bekaert.

It is beneficial to the Group to secure a source of raw material supplies at a price comparable to its internal production costs from a reliable supplier rather than from other independent suppliers, if any, as the supply of brass coated wire is a rarity in the steel cord industry. We have compared the proposed purchasing costs of the brass coated wire to be charged by Bekaert to JESC's internal

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production costs of brass coated wire and we concluded that the proposed purchasing costs of the brass coated wire to be charged by Bekaert were comparable to JESC's internal production costs of brass coated wire.

According to the Supply Contract, Bekaert shall provide true and accurate data to JESC for the purpose of conducting the review of the price of the materials provided by Bekaert, which may result in price adjustments that taken in account of the prices of raw materials principally used in producing the brass coated wire. After taking into account of aforesaid information, JESC and Bekaert will review and agree the sales prices of the materials on a quarterly basis through arm's length negotiation. We consider that this arrangement helps JESC to obtain fair and reasonable material prices from Bekaert on the basis that the Company can make reference to the raw material costs of Bekaert to negotiate the price of semi-finished goods provided by Bekaert periodically. We are of the view that this arrangement is in the interests of the Company and the Shareholders as a whole and the data obtained from Bekaert can form a reasonable basis for JESC to negotiate the prices of the materials.

The Directors also represented that after entering the Supply Contract with Bekaert, JESC can reallocate and focus its financial resources, which would otherwise be used to expand the production capacity of brass coated wire, to expand its downstream production facilities of steel cords. We have discussed and reviewed the revised capital expenditure plan of JESC with the Directors and observed that JESC will maintain its present capacity in producing brass coated wire and reduce its capital expenditure to invest in the machineries for production of the brass coated wire compared with its original capital expenditure plan. We concur the Directors' view that through reallocation of the resources, JESC can concentrate its resources to expand its production capacity in the downstream production of the steel cords which can minimize the capital expenditure spending on purchasing the plant and machineries for production of the brass coated wire and we consider that it is in the interests of Company and the Shareholders as a whole.

As a whole, given JESC can secure a stable source of raw material supplies at a price comparable to its internal production costs and reallocate its resources in developing its downstream production of steel cords, entering the Supply Contract is in the interest of the Company.

II. Annual Caps

A. *Service Contract*

The maximum aggregate annual fees for the provision of services under the Service Contract to JESC for each of the three years ending 31 December 2008 is estimated to be RMB300,000, RMB1,500,000 and RMB3,000,000 respectively (equivalent to approximately HK\$295,000, HK\$1,474,000 and HK\$2,948,000 respectively) (together the "**Service Fee Cap**").

In determining the Service Fee Cap, the Directors, with the assistance of the management of JESC, estimated (i) the number of Bekaert's experts, (ii) the number of working days per each expert and (iii) the number of working hours per day that would be required to fulfill the technical and operating needs for the increase in annual production capacity of JESC to 60,000 tons of steel cords within three years in a way that the production capacity of JESC will remain at 30,000 tons of steel cords in 2006 and will gradually increase to 60,000 tons of steel cords by the end of 2007, and maintain that level throughout 2008 after the annual production capacity reaches 60,000 tons of steel cords. Based on these premises, the Service Fee Cap is calculated with reference to the existing average hourly rate of the employees of JESC of similar grades.

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Set out below are calculations of the Service Fee Cap and the assumptions made as follows:

	Year ending 31 December		
	2006	2007	2008
Average hourly rate (<i>RMB</i>) (<i>Note 1</i>)	66	67	69
Number of employees (<i>Note 2</i>)	17	40	40
Number of servicing hours (<i>Hour</i>) (<i>Note 3</i>)	4,080	22,080	38,400
Annual service fees (<i>RMB</i>)	269,280	1,479,360	2,649,600
Annual Service Cap (<i>RMB</i>)	300,000	1,500,000	3,000,000

Notes:

1. The average hourly rate is based on the present average hourly rate of similar grade of employees of JESC to estimate and adjusted for an inflation of 2% for 2007 and 2008.
2. The number of employees required is based on the production plan of JESC and past experience of JESC to estimate.
3. The basis in arriving at the servicing hours is based on the estimated number of employees that Bekaert will be assigned to provide technical and other operational support and the estimated working hours to be spent by those employees. Since the production plan of JESC will be carried out in a way that the annual production capacity of JESC will remain at 30,000 tons of steel cords in 2006 and will gradually increase to 60,000 tons of steel cords by the end of 2007, and maintain that level throughout 2008 after the annual production capacity reaches 60,000 tons of steel cords. The number of servicing hours required by JESC in 2008 will be much higher than the same in 2007.
4. There exists a difference in the amount of RMB350,400 between estimated annual service fees amount to the amount of annual service fee cap for the year ending 31 December 2008. The Directors considered the buffer of RMB350,400 was provided to meet any unexpected demand for additional hours of technical support services required by JESC arising from project delay or variation in the production plan. Having reviewed the production plan and assessed the additional number of servicing hours required by JESC to meet any delay or variation of the expansion project, we are of the view that the amount of the buffer setting aside by the Company is justifiable.

We have been given to understand from the Directors that the services to be provided under the Service Contract are tailored for and specific to JESC and therefore market rate for such services from the third parties is not available. We have also performed searches on the market rate and cannot obtain the said information from independent third parties. As an alternative, we have assessed the assumptions made by the Company to calculate the Service Fee Cap to determine the reasonableness of the proposed Service Fee Cap.

(a) Average hourly rate

- (i) The Directors anticipated that Bekaert will appoint its staff stationed in the PRC to provide the technical support services to JESC and under this presumption, the Company will base on the present average hourly rate of similar grade of employees of JESC to estimate the hourly rate charged by

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Bekaert. We consider this is a reasonable basis to estimate the hourly rate charged by Bekaert for the provision of the service under the Service Contract.

- (ii) We have reviewed the employment contracts and the salary history of the employees of JESC that perform similar duties as those expected to be performed by the Bekaert's consultants under the Service Contract who provide services such as technical advice, assistance and support in relation to planning and design to aid in the increase in production capacity of JESC through improvement in JESC's operational efficiency and concluded that the average hourly rate of RMB66 per hour before adjustment for inflation adopted by JESC to calculate the Service Fee Cap is reasonable and in line with JESC's internal records.
- (iii) Also, by reference to ADO Updates issued by Asian Development Bank in April 2006, Asian Development Bank forecasted that the PRC inflation rate was expected to average 1.6% in 2006 and at 1.8% in 2007. Based on the above forecast on inflation, we consider that the inflation rate adopted by the Company to prepare the estimation is reasonable.

(b) Number of employees and servicing hours

We have discussed and reviewed the production plan of JESC prepared by the management of JESC in particularly the number of employees and servicing hours required to satisfy the human resources requirement therein. Taking into account the staffing history and existing capacity, we consider the estimation on the servicing hours required under the production plan is fair and reasonable.

Having reviewed the above information and assumptions, we are of the view that the determination of the proposed Service Fee Cap is fair and reasonable.

B. Supply Contract

The maximum aggregate annual amount for the sales of materials including brass coated wire to JESC for each of the three years ending 31 December 2008 is expected to be RMB1,000,000, RMB100,000,000 and RMB250,000,000 respectively (equivalent to approximately HK\$983,000, HK\$98,265,000 and HK\$245,662,000 respectively) (together the "Sales Cap").

The number of tons of brass coated wire to be purchased from Bekaert is determined after taken into account (i) the estimated number of steel cords to be produced by JESC according to the production plan; (ii) the consumption ratio of brass coated wire in producing steel cords; and (iii) its existing production capacity of brass coated wire. Based on JESC's production plan and the consumption ratio of brass coated wire in producing steel cords, for each of the three years ending 31 December 2008, the annual internal demand of the brass coated wire for JESC are 31,740 tons, 39,675 tons and 63,480 tons respectively. Taken into account the self-production capacity of JESC in producing brass coated wire, the approximate number of tons of brass coated wire to be purchased by JESC from Bekaert is expected to be 133 tons, 13,324 tons and 33,310 tons respectively.

LETTER FROM VC CAPITAL LIMITED

The management of JESC based on the consumption ratio of brass coated wire in producing steel cords to estimate the internal demand of brass coated wire for each period. For the annual sales cap for 2006, the Company only estimated the number of tons of brass coated wire to be purchased from Bekaert for the last quarter of 2006 after taking into account of brass coated wire on JESC's hand. For the annual sales caps for 2007 and 2008, the Company has based on the consumption ratio of brass coated wire in producing steel cords and the number of tons of steel cords to be produced in that period, deducting the number of tons of brass coated wire to be produced by JESC in the respective year to estimate the internal demand of brass coated wire to be purchased from Bekaert.

We have reviewed the consumption history of brass coated wire and the consumption ratios of brass coated wire to steel cords to assess the reasonableness on estimation of the internal demand of of brass coated wire by JESC for the three years ending 31 December 2008. We noted that the consumption ratios were relatively stable for the two years ended 31 December 2005 and for the period ended 31 August 2006 and it is a reasonable basis to estimate the internal demand of brass coated wire under the planned future production capacity of steel cords. Based on the aforesaid, we considered that the estimation of the internal demand of the brass coated wire for JESC and the estimated number of tons of brass coated wire to be purchased from Bekaert for the three years ended 31 December 2008 are fair and reasonable.

The Directors confirmed that JESC has not sourced the materials including brass coated wire from Bekaert before and JESC can produce enough materials required for its own consumption at its present production capacity. However, with the implementation of the production plan and based on the planned future production capacity of JESC, JESC has to expand its production capacity in producing brass coated wire to meet its internal demand. Upon completion of the Bekaert Subscription Agreement, Bekaert will become the strategic partner of the Company and pursuant to the Supply Contract, Bekaert will supply the brass coated wire to JESC to meet the outstanding demand for brass coated wire to be consumed by JESC in accordance with its production plan which is not satisfied by its own production.

In determining the Sales Cap, the Directors, after consulting with the management of JESC, estimated the additional tonnage required to be supplied by Bekaert in order to meet the increase in annual production capacity of JESC from 30,000 tons to 60,000 tons of steel cords within three years ending 31 December 2008. The Directors arrived at the Sales Cap based on (i) the weighted average production cost of JESC in producing similar products and (ii) the approximate number of tons of materials to be purchased from Bekaert on the assumption that the annual production capacity of JESC will reach approximately 60,000 tons in 2007 and maintain that level in 2008. Nevertheless, the actual tonnage required will be reviewed from time to time and agreed upon by both parties.

LETTER FROM VC CAPITAL LIMITED

Set out below are calculations of the Sales Cap and the assumptions made as follows:

	Year ending 31 December		
	2006	2007	2008
Weighted average price of brass coated wire per ton (RMB) (Note 1)	7,505	7,505	7,505
Approximate number of tons of brass coated wire to be purchased from Bekaert (ton) (Note 2)	133	13,324	33,310
Annual purchase (RMB)	998,165	99,996,620	249,991,550
Amount of annual cap (RMB)	1,000,000	100,000,000	250,000,000

Notes:

1. The price of brass coated wire is based on the weighted average production cost of similar specification of brass coated wire of JESC.
2. Amount of brass coated wire to be purchased is based on the production plan, the demand in brass coated wire required by JESC to meet the production plan and JESC's consumption records on brass coated wire to estimate. It is assumed that the production capacity of JESC will reach 60,000 tons in the fourth quarter in 2007 and maintain at that level in 2008.

In determining the reasonableness of the proposed Sales Cap, we have evaluated the methodology adopted and assumptions made by the Company to calculate the Sales Cap.

- (a) *The weighted average price of the brass coated wire in the amount of RMB7,505 per ton*

We have assessed the reasonableness of the parameters including the unit purchasing costs of brass coated wire from Bekaert and the weighting of various types of the brass coated wire applied to calculate the weighted average price of the brass coated wire. We have reviewed the internal records of JESC including the sales ledger, the cost analysis in producing brass coated wire, the cost of wire rods and the various constructions of steel cords sold by JESC to assess whether the unit purchasing costs of brass coated wire used in the calculation of weighted average price of the brass coated wire by JESC are comparable to its existing production costs of JESC and whether the weighting of various types of brass coated wire in line with the actual consumption rate of various types of brass coated wire used by JESC. We noted that the unit purchasing costs of brass coated wire used in the calculation of weighted average price of the brass coated wire by JESC are comparable to the existing production costs of JESC. We have discussed the assumptions to derive the weighted average costs of the brass coated wire with the management of JESC and we concur with the methodology adopted by the Company to calculate the weighted average price per ton of the brass coated wire. As a whole, we consider the assumptions on the weighted average price of the brass coated wire in the amount of RMB7,505 per ton to calculate the Sales Cap are reasonable so far.

LETTER FROM VC CAPITAL LIMITED

(b) *The number of tons of brass coated wire to be purchased from Bekaert*

With reference to the 2006 Interim Report of the Company, the Company planned to expand the production capacity of JESC from existing 30,000 tons to 45,000 tons of steel cords per annum by the second half of 2007. After entering the Supply Contract with Bekaert, the Directors anticipated that the production plan of JESC can be speeded up and the annual production capacity of JESC can reach 60,000 tons of steel cords by the fourth quarter of 2007. Based on the above updated plan, the Company estimated the amount of brass coated wire required to produce the steel cords under its planned production capacity in different periods and the Directors are of the opinion that JESC has demand for such finished products (steel cords) in the light of the growth of the radial tyre market. With reference to an article published by the China Rubber Industry Association (中國橡膠工業協會) in February 2006, it stated that the demand for radial tyres in China will increase 10% annually and reach 200 million radial tyres in 2010. We have compared the production volume to the sales volume of steel cords for the three years ended 31 December 2005 and noted that the sales volume was generally in line with the production volume in the corresponding years.

Based on the foregoing, we are of the view that the estimated numbers of tons of brass coated wire to be purchased from Bekaert are reasonable with regards to the production plan, the existing production capacity of JESC and JESC's internal demand of brass coated wire.

Having reviewed the above information and assumptions, we are of the view that the proposed Sales Cap is fair and reasonable.

RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, in particular the Group can tap on the expert support and secure raw material supplies in competitive prices from Bekaert, reallocate and focus its resources in expansion of JESC's downstream production facilities in steel cords and the assumptions made to estimate the Service Fee Cap and the Sales Cap, we consider that the terms of the Co-operation Agreements and the Continuing Connected Transactions contemplated thereunder are fair and reasonable so far as the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Shareholders to vote in favour of the resolution in relation to Co-operation Agreements together with the related Service Fee Cap and the Sales Cap to be proposed at the EGM.

Yours faithfully

For and on behalf of

VC Capital Limited

Philip Chau

Managing Director

Keith Lou

Director

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 enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) which (a) were required 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 they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Long position in Shares

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

Name of Director	Number of Shares held	Approximate % of the issued Shares as at the Latest Practicable Date	Capacity
Tang Cornor Kwok Kau ("Mr. Tang")	2,496,000	0.24	Beneficial Owner (<i>Note</i>)

Note: The Shares were beneficially owned by Mr. Tang of which 200,000 Shares are jointly owned by his wife.

(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				Capacity in which interests are held	Approximate % of the issued Shares 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		
	57,350,000 (Note a)	2/10/2003	2/10/2003 to 1/10/2013	0.780		
	<u>65,002,000</u>				Beneficial owner	6.34
Li Shaofeng	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295		
	30,614,000 (Note a)	25/6/2003	25/6/2003 to 24/6/2013	0.365		
	<u>38,266,000</u>				Beneficial owner	3.73
Tong Yihui	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295		
	38,268,000 (Note a)	25/6/2003	25/6/2003 to 24/6/2013	0.365		
	<u>45,920,000</u>				Beneficial owner	4.48
Leung Shun Sang, Tony	4,592,000	23/8/2002	23/8/2002 to 22/8/2012	0.295		
	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>				Beneficial owner	1.19
Mr. Tang	1,000,000	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		
	382,000	25/8/2003	25/8/2003 to 24/8/2013	0.740		
	<u>764,000</u>				Beneficial owner	0.07

Notes:

- (a) Share options granted were in excess of the individual limit and the approval from Shareholders 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company held any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of the SFO) notifiable 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 they were 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 to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, the following persons had an interest or short position in the Shares or underlying Shares in 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, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meeting of any other member of the Group:

Name of Shareholder	<i>Notes</i>	Total number of Shares/ Underlying Shares held	Approximate % of the issued Shares as at the Latest Practicable Date
Shougang Holding (Hong Kong) Limited (“ Shougang HK ”)	1	452,851,179	44.13
Shougang Concord International Enterprises Company Limited (“ Shougang International ”)	2	286,655,179	27.94
Fair Union Holdings Limited (“ Fair Union ”)	3	286,655,179	27.94
Richson Limited (“ Richson ”)		148,537,939	14.48
Able Legend Investments Limited (“ Able Legend ”)	4	126,984,000	12.38
NV Bekaert SA	5	250,000,000	24.36
Cao Zhong	6	65,002,000	6.34

Notes:

1. Shougang HK is deemed to be interested in 126,984,000 Shares and the 28,242,000 Shares held by Able Legend and Prime Success Investments Limited (“Prime Success”) respectively as Able Legend and Prime Success are the wholly owned subsidiaries of Shougang HK and is deemed to be interested in the 10,970,000 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 Investments Limited (“Casula”) as it is the controlling shareholder of Shougang International.
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. 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 as Richson and Casula are its wholly owned subsidiaries.
4. Able Legend is beneficially interested in 126,984,000 Shares.
5. NV Bekaert SA is deemed to be interested in 250,000,000 Shares by entering into the Bekaert Subscription Agreement on 22 September 2006.
6. Mr. Cao Zhong is deemed to be interested in 65,002,000 Shares as he holds 65,002,000 underlying Shares as attached share options granted to him by the Company. The details of his share options are stated under the heading “DIRECTORS’ INTERESTS AND SHORT POSITIONS”.

MATERIAL CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2005, the date to which the latest published audited accounts of the Group have been made up.

OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (i) none of the Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group;
- (ii) none of the Directors had any direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (iii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group which contract or arrangement is subsisting as at the date of this circular and which is significant in relation to the businesses of the Group.

DIRECTORS' INTEREST IN SERVICE CONTRACTS

None of the Directors has entered or is proposing to enter into a service contract with any member of the Group (excluding contracts expiring or determinable within one year without payment of compensation (other than statutory compensation)).

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualification
VC Capital Limited	a licensed corporation to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities for the purposes of the SFC

VC Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear.

VC Capital Limited is not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

VC Capital Limited has no direct or indirect interests in any assets which have been, since 31 December 2005 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group.

MISCELLANEOUS

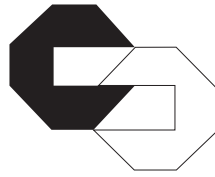
- (a) The registered office of the Company is at 5th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong.
- (b) The secretary of the Company is Ms. Chan Lai Yee, a fellow of each of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute 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.
- (c) 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.

- (d) The share registrars of the Company is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Bekaert Subscription Agreement and the Co-operation Agreements will be available for inspection at the Company's registered office at 5th Floor, Bank of East Asia Harbour View Centre, 51-57 Gloucester Road, Wanchai, Hong Kong during the normal business hours on any weekday, except public holidays, from the date of this circular up to and including the date of the EGM.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Shougang Concord Century Holdings Limited (the “Company”) will be held at Concord Rooms 2 & 3, 8/F., Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 6 November 2006 at 10:30 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the Bekaert Subscription Agreement (as defined in the circular of the Company dated 18 October 2006 (the “**Circular**”)), a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder (including the grant of the Bekaert Subscription Option (as defined in the Circular) in accordance with its terms) be and are hereby approved, confirmed and ratified;
- (b) the allotment and issue of the Bekaert Subscription Shares (as defined in the Circular) to Bekaert (as defined in the Circular) (or its nominee) pursuant to the terms of the Bekaert Subscription Agreement and the transactions contemplated thereby be and are hereby approved;
- (c) the Service Contract (as defined in the Circular) and the Supply Contract (as defined in the circular) subject to the Service Fee Cap (as defined in the Circular) and the Sales Cap (as defined in the Circular) respectively in relation to the Continuing Connected Transactions (as defined in the Circular), a copy of the Service Contract and the Supply Contract having been produced at the meeting and marked “B” and “C” respectively and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;
- (d) any one or more Directors be and are hereby authorised to allot and issue the Bekaert Subscription Shares in accordance with the terms of the Bekaert Subscription Agreement and to do all such acts and things as they consider necessary or expedient for the purpose of giving effect to the Bekaert Subscription Agreement and completing the transactions contemplated thereby; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (e) any one or more Directors be and are hereby authorised to sign and deliver all such documents and do all such acts and things as they consider necessary or expedient for the purposes of giving effect to the Service Contract and the Supply Contract and the transactions contemplated thereby.”

By Order of the Board
Shougang Concord Century Holdings Limited
Cao Zhong
Chairman

Hong Kong, 18 October 2006

Registered office:

5th Floor
Bank of East Asia Harbour View Centre
51-57 Gloucester Road
Wanchai
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the meeting is enclosed. To be valid, the form of proxy, together with the notarially certified power of attorney or other authority (if any) under which it is signed must be lodged at the Company's share registrars, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof.
3. Where there are joint holders of any share, any one of such holders may vote at the meeting, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holders be present at the meeting in person or by proxy, the person so present whose name stands first in the register of member of the Company in respect of such share shall alone be entitled to vote in respect of it.
4. Completion and return of the form of proxy will not preclude a member from attending the meeting and voting in person at the meeting or any adjourned meeting if he so desires. If a member attends the meeting after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
5. The votes to be taken at the meeting will be by way of a poll.