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## **SHOUGANG CONCORD CENTURY HOLDINGS LIMITED**

**首長寶佳集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 103)

### **CONTINUING CONNECTED TRANSACTIONS**

On 20 April 2007, Bekaert and the Company entered into the Sale and Purchase Contract whereby (i) Bekaert Group had agreed to supply certain materials and products to the Group and the Group had agreed to purchase such materials and products from Bekaert Group; and (ii) the Group had agreed to supply certain materials and products to Bekaert Group and Bekaert Group had agreed to purchase such materials and products from the Group for a period of three years. On 28 December 2009, the Company and Bekaert entered into the Supply Contract to amend and restate the Sale and Purchase Contract in its entirety whereby Bekaert Group agrees to manufacture, sell and deliver certain materials (including brass coated wire) for the manufacture of steel cord used for the reinforcement of rubber tyres (the “**Products**”) to the Group and the Group agrees to purchase the Products from Bekaert Group during the term of the Supply Contract for a period of three years with effect from 1 January 2010 and the Sale and Purchase Contract shall be terminated and shall cease to have effect.

Bekaert is a substantial shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the proposed transactions under the Supply Contract will constitute continuing connected transactions for the Company under the Listing Rules.

Each of the applicable percentage ratios (other than the profits ratio) for the transactions contemplated by the Supply Contract is, on an annual basis, less than 2.5% and the annual consideration is less than HK\$10,000,000. Accordingly, such transactions will be subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Directors (including independent non-executive directors) are of the view that the terms and conditions of the Supply Contract (including the Group's Purchase Cap) are in the ordinary and usual course of business of the Group and are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## SUPPLY CONTRACT

On 20 April 2007, Bekaert and the Company entered into the Sale and Purchase Contract whereby (i) Bekaert Group had agreed to supply certain materials and products to the Group and the Group had agreed to purchase such materials and products from Bekaert Group; and (ii) the Group had agreed to supply certain materials and products to Bekaert Group and Bekaert Group had agreed to purchase such materials and products from the Group for a period of three years. On 28 December 2009, the Company and Bekaert entered into the Supply Contract to amend and restate the Sale and Purchase Contract in its entirety whereby Bekaert Group agrees to manufacture, sell and deliver certain materials (including brass coated wire) for the manufacture of steel cord used for the reinforcement of rubber tyres (the "**Products**") to the Group and the Group agrees to purchase the Products from Bekaert Group during the term of the Supply Contract for a period of three years with effect from 1 January 2010 and the Sale and Purchase Contract shall be terminated and shall cease to have effect.

The sales prices for the Products 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 the Group in producing similar materials.

For the years ended 31 December 2007 and 2008, and the year ending 31 December 2009, the Group paid to Bekaert Group for the amount of RMB64,417,000 (equivalent to approximately HK\$66,540,000), RMB164,721,000 (equivalent to approximately HK\$182,846,000) and RMB106,757,000 (equivalent to approximately HK\$120,635,000), up to 30 November 2009, respectively for purchase of materials and products from Bekaert Group.

For the years ended 31 December 2007 and 2008, and the year ending 31 December 2009, Bekaert Group paid to the Group for the amount of RMB8,023,000 (equivalent to approximately HK\$8,274,000), RMB1,017,000 (equivalent to approximately HK\$1,126,000) and HK\$Nil, up to 30 November 2009, respectively for purchase of materials and products from the Group.

The maximum total amount of sales payable by the Group to Bekaert Group for each of the three years ending 31 December 2009 were RMB190,000,000, RMB320,000,000 and RMB470,000,000 respectively (equivalent to approximately HK\$191,989,000, HK\$323,350,000 and HK\$474,920,000 respectively).

The maximum total amount of sales payable by Bekaert Group to the Group for each of the three years ending 31 December 2009 were RMB18,000,000, RMB35,000,000 and RMB47,000,000 respectively (equivalent to approximately HK\$18,188,000, HK\$35,366,000 and HK\$47,492,000 respectively).

The new maximum total amount of sales payable by the Group to Bekaert Group for each of the three years ending 31 December 2010, 2011 and 2012 is expected to be RMB7,275,000 respectively (equivalent to approximately HK\$8,258,000 respectively) (together the “**Group’s Purchase Cap**”).

The Group’s Purchase Cap is determined based on the historical level of the settlement payments, current annual production capacity of JESC of 70,000 tonnes and the production plan of JESC together with our new plant situated at Tengzhou, Shandong, whereas production lines from these two plants has come into operation to produce relevant materials and products themselves, and our sales plan of both plants for the forthcoming three years, taking into account of the expected growth of the radial tyre market to derive the volume of certain materials. In respect of the determination of the price of certain materials, it is derived from the average unit purchase cost of the similar materials from Bekaert Group during the period from 1 January to 30 November 2009.

## **COMPLIANCE WITH THE LISTING RULES REQUIREMENTS**

Bekaert is a substantial shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Accordingly, the proposed transactions under the Supply Contract will constitute continuing connected transactions for the Company under the Listing Rules.

Each of the applicable percentage ratios (other than the profits ratio) for the transactions contemplated by the Supply Contract is, on an annual basis, less than 2.5% and the annual consideration is less than HK\$10,000,000. Accordingly, such transactions will be subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

If the Group’s Purchase Cap is 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.

The Directors (including independent non-executive directors) consider that the entering into the Supply Contract is in the ordinary course of business of the Group and that the terms of such contract are determined on an arm’s length basis with Bekaert. Accordingly, the Directors (including independent non-executive directors) are of the view that the terms and conditions of the Supply Contract (including the Group’s Purchase Cap) are in the ordinary and usual course of business of the Group and are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The Directors are of the view that the purchase of the Products from Bekaert Group could let the Group to have a back-up/supplementary quality supply of certain materials for the manufacture of steel cord, in particular certain specifications to meet its production schedule so as to remove any restraints of its own production capacity. Further, the Group will be benefited from the Supply Contract as it is more cost effective to purchase the Products from Bekaert Group.

## **INFORMATION ON THE GROUP AND BEKAERT GROUP**

The Group is principally engaged in the manufacturing of steel cords and trading and processing of copper and brass products.

Bekaert is a Europe-based company, headquartered in Belgium, employing 23,000 people. The principal shareholders hold approximately 39.1% in Bekaert while the remainder is held by institutional and individual shareholders. Bekaert is present in 120 countries and an extensive network of sales offices and agencies, and it generates annual sales of Euro4 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 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.

## **DEFINITIONS**

“Bekaert”	NV Bekaert SA, a company incorporated under the laws of Belgium
“Bekaert Group”	Bekaert and its affiliates
“Board”	the board of directors of the Company
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Contract”	the sale and purchase contract dated 20 April 2007 entered into between Bekaert and the Company, pursuant to which, the Group and Bekaert Group would supply their respective materials and/or finished products to each other for a period of three years to 31 December 2009
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Contract”	the supply contract dated 28 December 2009 entered into between Bekaert and the Company, pursuant to which, Bekaert Group agrees to manufacture, sell and deliver certain materials (including brass coated wire) for the manufacture of steel cord used for the reinforcement of rubber tyres (the “Products”) to the Group and the Group agrees to purchase the Products from Bekaert Group for a period of three years to 31 December 2012
“%”	per cent

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

Hong Kong, 29 December 2009

*For the purposes of this announcement, certain amounts in Renminbi were translated into Hong Kong dollars at the exchange rate of RMB1.00 : HK\$1.1351.*

*As at the date of this announcement, the Board comprises the following Directors:*

*Mr. Cao Zhong (Chairman), Mr. Li Shaofeng (Managing Director), Mr. Tong Yihui (Deputy Managing Director), Mr. Leung Shun Sang, Tony (Non-executive Director), Mr. Tang Cornor Kwok Kau (Deputy Managing Director), Mr. Geert Johan Roelens (Executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Law, Yui Lun (Independent Non-executive Director) and Mr. Chan Chung Chun (Independent Non-executive Director).*