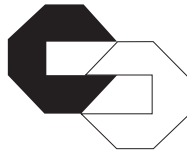

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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)

CONTINUING CONNECTED TRANSACTIONS
SALE AND PURCHASE CONTRACT
AND
COMMERCIAL AGENCY CONTRACT

**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 11 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 12 to 21 of this circular.

A notice convening the extraordinary general meeting of Shougang Concord Century Holdings Limited to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 6 June 2007 immediately after the conclusion of the Company's annual general meeting which is convened to be held at 10:00 a.m. is set out on pages 30 to 31 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.

9 May 2007

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong, on Wednesday, 6 June 2007 at 10:00 a.m.
“associate”	has the meaning ascribed thereto in the Listing Rules
“Bekaert”	NV Bekaert SA, a company incorporated under the laws of Belgium
“Bekaert Group”	Bekaert and its affiliates
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday) on which banks generally are open for business in Hong Kong
“Company”	Shougang Concord Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Commercial Agency Contract”	the commercial agency contract entered into between JESC and Bekaert on 20 April 2007
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Continuing Connected Transactions”	the entering into of the Sale and Purchase Contract and the Commercial Agency Contract and the transactions contemplated thereunder
“Directors”	the directors of the Company
“Effective Date”	the date on which the Sale and Purchase Contract and the Commercial Agency Contract becoming effective upon approval by the independent Shareholders at the EGM
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Sale and Purchase Contract, the Commercial Agency Contract, the Group’s Purchase Cap, the Group’s Sales Cap and the Commission Cap

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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”	3 May 2007, 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
“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, which restated and amended the Supply Contract
“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
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supply Contract”	the supply contract dated 22 September 2006 entered into between Bekaert and JESC

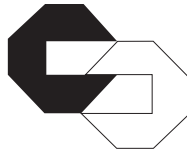
DEFINITIONS

“Territories” anywhere in the world except for the excluded territories (including the PRC and South Korea) and certain customers as set out in the Commercial Agency Contract

“%” 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 RMB0.98964. 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. Geert Johan Roelens
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 HarbourView Centre
51-57 Gloucester Road
Wanchai
Hong Kong

9 May 2007

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS SALE AND PURCHASE CONTRACT AND COMMERCIAL AGENCY CONTRACT

1. INTRODUCTION

The Board announced that on 20 April 2007, the Company, in substitution of JESC, and Bekaert entered into the Sale and Purchase Contract to extend the scope of material and product supply under the Supply Contract and to provide that both the Group and Bekaert Group will supply their respective materials and/or finished products to each other for a period of three years from the Effective Date. With effect from the Effective Date, the Supply Contract will be terminated and shall cease to have effect.

On 20 April 2007, JESC and Bekaert entered into the Commercial Agency Contract, pursuant to which JESC will appoint Bekaert as its exclusive commercial agent for the sale of steel cord for reinforcement of radial tyres in the Territories for a period of five years from the Effective Date.

LETTER FROM THE BOARD

Details of the Sale and Purchase Contract and the Commercial Agency Contract are set out in the paragraphs headed “Sale and Purchase Contract” and “Commercial Agency Contract” respectively.

Bekaert is a substantial Shareholder and therefore a connected person of the Company under the Listing Rules. Accordingly, the proposed transactions under the Sale and Purchase Contract and the Commercial Agency Contract 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 Sale and Purchase Contract and the Commercial Agency Contract 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.

Pursuant to Rule 13.39(6) 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 Sale and Purchase Contract, the Commercial Agency Contract 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. Bekaert and its associates are required to abstain from voting on the relevant resolutions to approve the Sale and Purchase Contract and the Commercial Agency Contract and the proposed Group’s Purchase Cap, Group’s Sales Cap and the Commission Cap.

The purposes of this circular are (i) to provide you with further information relating to the Sale and Purchase Contract, the Commercial Agency Contract, the Group’s Purchase Cap, the Group’s Sales Cap and the Commission 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. SALE AND PURCHASE CONTRACT AND COMMERCIAL AGENCY CONTRACT

(1) Sale and Purchase Contract

JESC and Bekaert entered into the Supply Contract on 22 September 2006 whereby Bekaert Group has agreed to manufacture, 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, to JESC for a period of three years.

On 20 April 2007, the Company, in substitution of JESC, and Bekaert entered into the Sale and Purchase Contract to amend and restate the Supply Contract with a view to extend the scope of material and product supply and to provide that both the Group and Bekaert Group will supply their respective materials and/or finished products to each other for a term of three years from the Effective Date. The

LETTER FROM THE BOARD

Sale and Purchase Contract is subject to approval by the independent Shareholders. With effect from the Effective Date, the Supply Contract shall be terminated and shall cease to be effective.

Under the Sale and Purchase Contract, Bekaert Group will supply to the Group certain materials for the manufacture of steel cord, hose reinforcement wire and finished products of steel cord. The Group will supply the finished products of steel cord to Bekaert Group.

The sales prices for 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 or purchase costs of the Group in producing or purchasing similar materials. The sales prices for the finished products will be agreed between Bekaert Group and the Group (as the case may be) on arm's length basis and within the range between the actual production cost incurred by Bekaert Group or the Group (as the case may be) in producing the finished products and the prevailing market price.

For the year ended 31 December 2006, the Group paid to Bekaert Group for an amount of RMB839,000 (equivalent to approximately HK\$835,100) for purchase of half products from Bekaert. Bekaert Group did not purchase any products from the Group during the same period.

The maximum total amount of sales payable by the Group to Bekaert Group for each of the three years ending 31 December 2009 is expected to be 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) (together the "**Group's Purchase Cap**").

The maximum total amount of sales payable by Bekaert Group to the Group for each of the three years ending 31 December 2009 is expected to be 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) (together the "**Group's Sales Cap**").

The Group's Purchase Cap and the Group's Sales Cap are determined based on the current annual production capacity of JESC of 30,000 tonnes and our production plan for the forthcoming three years, taking into account of the expected growth of the radial tyre market to derive the volume of certain materials and finished products. It is the intention of the Group to attain an annual production capacity of 80,000 tonnes during 2009. In respect of the determination of the price of certain materials, it is derived from an average unit cost of wire rod sourced in the PRC and the weighted average production costs of JESC in producing similar materials. The price of finished products is based on the average selling price of steel cord for different specification of the finished products.

(2) Commercial Agency Contract

Pursuant to the Commercial Agency Contract entered between JESC and Bekaert on 20 April 2007, JESC has agreed to appoint Bekaert Group as the exclusive commercial agent for the sale of steel cord for reinforcement of radial tyres in the Territories for a period of five years from the Effective Date. The Commercial Agency Contract is subject to approval by the independent Shareholders.

LETTER FROM THE BOARD

Under the Commercial Agency Contract, Bekaert Group will solicit customers located in the Territories on behalf of JESC and transmit to JESC any inquiries, offers or orders received by it. Bekaert Group will have no authority to enter into contracts on behalf of JESC, and JESC will be free to reject any inquiries, offers or orders transmitted to them by Bekaert Group.

The commission entitled to by Bekaert in respect of provision of the agency services will be at the rate of 4% in respect of all sales of products that are concluded by JESC during the term of the Commercial Agency Contract with any customer (other than Bekaert) in the Territories. The commission shall be calculated on the ex-works amount (i.e. amount of selling price exclusive of delivery, transportation and insurance costs, if any) of all invoices issued by JESC to its customers.

The maximum aggregate commission payable for the provision of agency services under the Commercial Agency Contract to Bekaert for each of the five years ending 31 December 2011 shall not exceed RMB980,000, RMB2,800,000, RMB4,700,000, RMB5,200,000 and RMB5,800,000 respectively (equivalent to approximately HK\$990,000, HK\$2,830,000, HK\$4,750,000, HK\$5,260,000 and HK\$5,860,000 respectively) (together the “**Commission Cap**”).

The Directors determined the Commission Cap based on the average selling price of steel cord and the projected demand of radial tyres taking into account the expected growth of radial tyre in overseas market. The rate of commission of 4% is in line with other independent sales agent engaged by the Group.

(3) Compliance with the Listing Rules requirements

Bekaert is a substantial Shareholder and therefore a connected person of the Company under the Listing Rules. Accordingly, the proposed transactions under the Sale and Purchase Contract and the Commercial Agency Contract will constitute continuing connected transactions subject to reporting, announcement and/or shareholders’ approval requirements under the Listing Rules.

Based on the Group’s Purchase Cap, the Group’s Sales Cap and the Commission Cap on the aggregated basis, each of the applicable percentage ratios (other than the profits ratio) for the transactions contemplated by the Sale and Purchase Contract and the Commercial Agency Contract 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 Group’s Purchase Cap, the Group’s Sales Cap and the Commission 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.

The Directors consider that the entering into of the Sale and Purchase Contract and the Commercial Agency Contract is in the ordinary course of business of the Group and that the terms of such contracts are determined on an arm’s length basis with Bekaert. Accordingly, the Directors are of the view that the terms and conditions of the Sale and Purchase Contract and the Commercial Agency Contract (including the Group’s Purchase Cap, the Group’s Sales Cap and the Commission Cap) are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

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 Sale and Purchase Contract and the Commercial Agency Contract and the proposed Group's Purchase Cap, Group's Sales Cap and the Commission Cap are fair and reasonable and in the interests of the Shareholders as a whole. An EGM will be convened and held to approve the Sale and Purchase Contract and the Commercial Agency Contract and the proposed Group's Purchase Cap, Group's Sales Cap and the Commission Cap. The voting in relation to the Sale and Purchase Contract and the Commercial Agency Contract and the proposed Group's Purchase Cap, Group's Sales Cap and the Commission Cap will be taken by poll. Bekaert and its associates are required to abstain from voting on the relevant resolution to approve the Sale and Purchase Contract and the Commercial Agency Contract and the proposed Group's Purchase Cap, Group's Sales Cap and the Commission Cap.

3. REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE CONTRACT AND THE COMMERCIAL AGENCY CONTRACT

The Directors are of the view that Bekaert is one of the leading steel cord manufacturers in the PRC with a significant global presence and in light of the increasingly competitive environment in the global steel cord market, the cooperation with Bekaert Group should be expanded with an objective to enlarge our respective market share. The sale and purchase of the finished products could facilitate both the Group and Bekaert Group to react to the varying global market conditions in a timely manner. In some cases, sales of the Group or Bekaert Group may be restrained by its own production capacity, production scheduling or technical problems that might have an impact on the quality of the final product concerned. Both parties will be benefited from the Sale and Purchase Contract by obtaining a back-up supply source so that additional sales can be captured. As a result, the Directors expect that our market share could be expanded.

Furthermore, the Group will secure a quality supply of certain materials for the manufacture of steel cord, which in turn will lower the production cost, and the additional tonnage supplied by Bekaert Group can meet the further expansion of annual production capacity from current 30,000 tonnes to 80,000 tonnes during 2009.

In all, by entering into the Sale and Purchase Contract, our market share can be increased and profit margin of steel cord business can be improved.

The Group has been endeavouring to increase its participation in the export market since 2005 and for the year ended 31 December 2006, exported volume in respect of steel cord segment amounted to 1,196 tonnes representing approximately 4 per cent of the total sales volume of the steel cord segment of the Group. Whilst the Group has been supplying products to some well-known customers in some overseas markets, the Directors believe that the well-established international distribution network of Bekaert Group will assist the Group in gaining market share as well as building a stronger brand name in the global market. In respect of the term of the said agreement, the Directors believe that a 5-year term is fair and reasonable in view of the stringent testing procedures employed by most international radial tyre manufacturers. Based on the Group's experience, these testing procedures could last for about 2 or more years in most cases in order to test the properties of the steel cord in the radial tyres under various weather conditions. In this connection, the Directors believe that the initial 2 years of the 5-year term are

LETTER FROM THE BOARD

geared towards getting the final products approved by the ultimate tyre manufacturers with the pre-sale assistance of Bekaert Group. Following the granting of the approval of the products supplied by the Group, the next 3 years of the 5-year term will be the selling and after sales servicing by Bekaert Group on behalf of the Group and pursuant to which, a commission will then be paid.

4. INFORMATION ON THE GROUP AND BEKAERT GROUP

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 a Europe-based company, headquartered in Belgium, employing 18,500 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 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.

5. GENERAL

Each of the Sale and Purchase Contract and the Commercial Agency Contract requires approval by the independent 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.

6. EXTRAORDINARY GENERAL MEETING

Set out on pages 30 to 31 of this circular is a notice convening the EGM to be held at JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong immediately after the conclusion of the AGM on 6 June 2007 at which resolutions will be proposed to approve, amongst others, the Sale and Purchase Contract and the Commercial Agency Contract, the proposed Group's Purchase Cap, Group's Sales Cap and the Commission Cap.

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend the said 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

7. PROCEDURES FOR DEMANDING A POLL

Pursuant to articles 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.

8. RECOMMENDATIONS

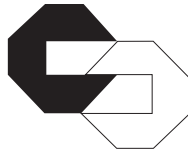
Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains its recommendation to the Shareholders as to voting at the EGM regarding the Continuing Connected Transactions.

Your attention is also drawn to the letter from VC Capital Limited set out on pages 12 to 21 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)

9 May 2007

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 9 May 2007 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 Sale and Purchase Contract and Commercial Agency Contract (including the Group’s Purchase Cap, the Group’s Sales Cap and the Commission 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 10 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 12 to 21 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 Sale and Purchase Contract and the Commercial Agency Contract 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 EGM in respect of the Sale and Purchase Contract and Commercial Agency Contract 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 full text of the letter of advice to the Independent Board Committee and the Shareholders from VC Capital Limited prepared for incorporation in this circular.



9 May 2007

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

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS SALE AND PURCHASE CONTRACT AND COMMERCIAL AGENCY CONTRACT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the proposed transactions contemplated under the Sale and Purchase Contract and the Commercial Agency Contract entered into between the Group and Bekaert (the “Continuing Connected Transactions”), details of which are set out in the letter from the Board contained in the circular of the Company dated 9 May 2007 (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.

Bekaert is a substantial Shareholder and therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the proposed transactions contemplated under the Sale and Purchase Contract and the Commercial Agency Contract will constitute Continuing Connected Transactions under Chapter 14A of the Listing Rules and are subject to reporting, announcement and approval by the independent Shareholders by way of a poll at the EGM. At the EGM, Bekaert and its associates will be required to abstain from voting on the ordinary resolution to approve the Continuing Connected Transactions. An Independent Board Committee has been formed by the Company, comprising Mr. Yip Kin Man, Raymond, Mr. Law, Yui Lun and Mr. Chu, Kwok Tsu Gilbert, being all the independent non-executive Directors who are considered independent in respect of the Continuing Connected Transactions, to advise the independent Shareholders on the Continuing Connected Transactions and the action(s) they should take in response to it.

LETTER FROM VC CAPITAL LIMITED

In our capacity as the independent financial adviser to the Independent Board Committee and the independent Shareholders, our role is to give an independent opinion as to whether (1) the Continuing Connected Transactions are on normal commercial terms and are in the ordinary course of business of the Group; (2) the proposed caps of the Continuing Connected Transactions are fair and reasonable; (3) the contract duration of the Commercial Agency Contract longer than three years is a normal business practice for contracts of this type; and (4) the Continuing Connected Transactions are fair and reasonable so far as the independent Shareholders are concerned and whether they are in the interests of the Company and its Shareholders as a whole.

VC Capital Limited (“VC Capital”) is not associated with the Company and its 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 and the proposed caps of the Continuing Connected Transactions. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby VC Capital 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 opinion, we have relied on the information and facts supplied and the opinions expressed by the executive Directors and senior management of the Group. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were prepared or made and will continue to be so up to the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations made to us by the executive Directors and senior management of the Group. We have also been advised by the executive Directors that no material facts have been omitted from the Circular and the information provided to us.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. 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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Sale and Purchase Contract and the Commercial Agency Contract and the respective cap amounts proposed are fair and reasonable so far as the independent Shareholders are concerned, and whether the Continuing Connected Transactions are in the interests of the Company and the Shareholders as a whole, we have taken into account the following principal factors and reasons:

1. Background and reasons for the Continuing Connected Transactions

The Group is engaged in the manufacturing of steel cord products used for tyre reinforcement, and in the trading and processing of copper and brass products. Bekaert is a Europe-based company, headquartered in Belgium, and with presence in 120 countries. It has a worldwide production platform in 30 countries and an extensive network of sales offices and agencies, employing 18,500 employees worldwide. Bekaert consists of three core business segments, namely, advanced wire

LETTER FROM VC CAPITAL LIMITED

products, advanced materials and advanced coatings. Bekaert achieved combined sales of approximately €3 billion and reported a 54% growth in sales of the steel cord products in the PRC during the year ended 31 December 2006. Bekaert has invested close to €100 million in 2006 to expand its existing steel cords production capacity in the PRC through extending its current plant in Weihai and building two new plants in Jiangyin and Shenyang. With the growth in the Chinese market looking to remain strong, Bekaert is planning to maintain this level of investment in 2007.

It is stated in the letter from the Board that a supply contract was entered between JESC and Bekaert on 22 September 2006 (the “Supply Contract”), pursuant to which Bekaert agreed to produce and supply certain materials for the manufacture of steel cords to JESC for a period of three years.

Given Bekaert is a substantial Shareholder and is involved in the same industry as the Group, it is logical for both parties to strengthen their cooperation by conducting the Continuing Connected Transactions to provide more flexibility to both parties in production logistics and hence enhance their overall competitiveness in the industry.

Under the Sale and Purchase Contract, Bekaert Group will supply to the Group wire rod and brass coated wire for the manufacture of steel cords (“Materials”) and hose reinforcement wire and steel cords (principally for heavy truck tyres) (the “Bekaert Finished Products”), and the Group will supply steel cords (principally for passenger car tyres) (the “Group Finished Products”) (together with the Bekaert Finished Products are hereinafter referred to as the “Finished Products”) to Bekaert Group. The following table summarised the difference in terms of the products supplied between the Supply Contract and the Sale and Purchase Contract.

	Under the Supply Contract	Under the Sale and Purchase Contract
Bekaert’s supplies to JESC	Certain materials for the manufacturing of steel cord (including brass coated wire)	<ul style="list-style-type: none"> (i) Materials – wire rods, brass coated wire for the manufacturing of steel cord; and (ii) Bekaert Finished Products – hose reinforcement wire and steel cord (principally for heavy truck tyres)
The Group’s supplies to Bekaert	None	Group Finished Products – steel cord (principally for passenger car tyres)

The expansions in the Sale and Purchase Contract could help both parties in strengthening their cooperation in terms of production capacity, scheduling or technicalities in order to support each other to tap on the market opportunities, thus improving their overall competitiveness in the industry.

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Under the Commercial Agency Contract, Bekaert Group is appointed the exclusive commercial agent of JESC for the sale of JESC's steel cord products under its own brand name in the Territories for a period of five years from the Effective Date. Bekaert will solicit customers located in the Territories on behalf of JESC and transmit to JESC any inquiries, offers or orders received by it. Bekaert is not given any authority to enter into any contract on behalf of JESC and JESC has the discretion to reject any inquiries, offers or orders transmitted from Bekaert.

The Directors represented that since 2005, it has been one of the Group's business objectives to increase its participation in the export markets in respect of its steel cord segment and they believed that the well-established international distribution network of Bekaert Group provides a relatively cost-effective and efficient channel for the Group to gain market share as well as enable brand building for the Group in the global market.

As mentioned earlier, under the Sale and Purchase Contract, the Group will supply its steel cord products (principally for passenger car tyres) to Bekaert and Bekaert will supply, among other things, its steel cord products (principally for heavy truck tyres) to the Group, at prices to be determined on arms' length basis. We are of the view that the Group's sales to Bekaert represents additional sales revenue to the Group and the supply from Bekaert will enable the Group to satisfy its customers' demand when it cannot be satisfied by the Group's production capacity. We considered that such arrangement could provide flexibility to the Group to tap on market opportunities and is in the interests of the Group as a whole.

With reference to the 2006 Bekaert annual report, Bekaert started in Belgium in 1880 and after more than hundred years of development, it now has a long international history and has established a strong sales network in more than 120 countries worldwide. Furthermore, Bekaert is a well-established supplier in the tyre manufacturing industry, supplying steel cord products to almost all the major tyre manufacturers in the world. In recent years, Bekaert has strengthened its market position in various developing countries through acquisitions, setting up of joint ventures with the locals and building its own production plants. Given Bekaert has a significant global presence in the global steel cord industry and JESC has the discretion to choose whether to accept any offer referred to by Bekaert under the Commercial Agency Contract, we considered that the Commercial Agency Contract with Bekaert will provide a faster and relatively cost-effective approach to the Group in exploring any new markets and enhancing its export sales and is in the interest of the Company and the Shareholders as a whole.

2. Key terms of the Sale and Purchase Contract

Pricing mechanism

Pursuant to the Sale and Purchase Contract, the prices of Materials to be supplied by Bekaert Group will be reviewed and agreed upon between the Group and Bekaert Group on a quarterly basis and will be negotiated on normal commercial terms on arm's length basis, after taking into account the production costs or local purchase costs of the Group in producing or purchasing similar materials. As agreed in the Sale and Purchase Contract, Bekaert Group will provide true and accurate data to the Group for the purposes of conducting the review of Materials prices.

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The prices for the Finished Products will be agreed between Bekaert Group and the Group on arm's length basis, and the agreed prices will be within the range between the actual cost of production incurred by Bekaert Group or the Group (as the case may be) in producing the Finished Products and the prevailing market price of such Finished Products. We have also been given the understanding from the Directors that during negotiations with Bekaert Group, internal checks will be performed by the Group by making reference to recent transaction prices of the Group with independent third parties and taking into account the then prevailing market conditions.

Given the above, we consider the measures adopted by the Company are sufficient to ensure that the prices of the Materials and Finished Products to be traded with Bekaert are fair and reasonable and we are of the view that the pricing mechanisms of the Sale and Purchase Contract are on normal commercial terms, in the ordinary course of business of the Company, fair and reasonable so far as the independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

3. Key terms of the Commercial Agency Contract

(a) Commission of the Commercial Agency Contract

Pursuant to the Commercial Agency Contract, Bekaert is entitled to a commission payable by JESC for the provision of agency services. The commission has been agreed at a rate of 4% of all sales of products that are concluded by JESC during the term of the Commercial Agency Contract with any customers in the Territories and will be calculated on the ex-works amount, that is, the amount of the selling price net of any delivery, transportation and insurance costs.

To assess the fairness and reasonableness of the 4% commission, we have reviewed other agency contracts entered into between JESC and independent third parties for the provision of agency services similar to those under the Commercial Agency Contract. We noted that the 4% commission is in line with the commission range of 3% to 4% that JESC is currently paying to other independent third parties. Given the fact that (i) the agency contracts that we have reviewed are for the provision of agency services in one country while the agency services to be provided by Bekaert under the Commercial Agency Contract covers any country in the world except for the excluded territories and certain customers as set out in the Commercial Agency Contract (which are excluded either because they are existing customers of the Group or because the territories are already covered by independent agents engaged by the Group) and; (ii) Bekaert's leading market position in the global steel cord market, well-established global sales network and the number of countries covered in the Commercial Agency Contract, we are of the view that the 4% commission for the provision of agency services is fair and reasonable.

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(b) *Reasons for the contract duration of more than three years for the Commercial Agency Contract*

As stated in the letter from the Board, most international radial tyre manufacturers adopt stringent testing procedures to test the properties of steel cords in radial tyres in various weather conditions. Based on the Group's past experience, these stringent testing procedures usually last for two to three years. We have reviewed the document provided by the Group with regards to the time required by other international radial tyre manufacturers to carry out testing procedures on steel cords and we note that, on average, the full testing procedure takes approximately three years to perform. As a result, the initial two to three years of the five-year Commercial Agency Contract effectively will be spent on obtaining approval of the steel cords from radial tyre manufacturers. In light of this, we concur with the Directors' view that a five-year duration for the Commercial Agency Contract is fair and reasonable and we are of the opinion that a duration of longer than three years for the Commercial Agency Contract is essential in order for the Group to gain any commercial benefits from the Commercial Agency Contract.

We have reviewed agency contracts entered between JESC and independent third parties and noted that the contract duration for contracts of this type is four to six years. As a result, we are of the opinion that it is normal business practice for contracts of this type to be of such duration.

Based on the foregoing, we are of the view that the duration of the Commercial Agency Contract of five years is in the best interest of the Company and is normal business practice for contracts of this type to be of such duration.

4. Basis of determining the Group's Purchase Cap, the Group's Sales Cap and the Commission Cap

The following table is a summary of the proposed Group's Purchase Cap and the proposed Group's Sales Cap under the Sale and Purchase Contract for the three years ending 31 December 2009 and the proposed Commission Cap under the Commercial Agency Contract for the five years ending 31 December 2011:

	Proposed annual caps				
	For the year ending 31 December				
	2007	2008	2009	2010	2011
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Proposed Group's Purchase Cap	190.00	320.00	470.00	–	–
Proposed Group's Sales Cap	18.00	35.00	47.00	–	–
Proposed Commission Cap	0.98	2.80	4.70	5.20	5.80

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In arriving at our opinion on the fairness and reasonableness of the proposed Group's Purchase Cap, the proposed Group's Sales Cap and the proposed Commission Cap of the Continuing Connected Transactions, we have reviewed, among others, historical purchase costs and/or selling prices and/or internal cost of production for the Materials and Finished Products in relation to the Continuing Connected Transactions provided by the management of the Group, the Group's plan in increasing its production capacity and historical consumptions of the Materials to be supplied by Bekaert for the manufacture of steel cords. In addition, the following factors have also been taken into consideration:

(a) *The proposed Group's Purchase Cap and the proposed Group's Sales Cap*

The proposed Group's Purchase Cap and the proposed Group's Sales Cap under the Sale and Purchase Contract are the aggregate cap amount that is payable by the Group to Bekaert Group for the procurement of Materials and the Bekaert Finished Products, and the aggregate cap amount that is receivable by the Group from Bekaert Group for the supply of the Group Finished Products for the three years ending 31 December 2009. For the purposes of evaluating whether the basis in arriving at the proposed Group's Purchase Cap and the proposed Group's Sales Cap are justifiable, we have analysed the basis in terms of its two principal components as follows:

(i) Quantity

Wire rod and brass coated wire

The manufacturing process from wire rod (raw materials) to steel cords can be seen as two separate processes: (1) the production of brass coated wire from wire rod and (2) the production of steel cord from brass coated wire. As represented by the Directors, in estimating the quantity of Materials to be purchased from Bekaert Group for the three years ending 31 December 2009, the Directors have made the estimation with reference to (i) the historical consumption of wire rods and brass coated wire in the steel cord manufacturing process; (ii) the Group's plan to increase its purchase of wire rods from local suppliers in the PRC; (iii) JESC's current annual production capacity of 30,000 tonnes of steel cords; (iv) JESC's plans to increase its annual production capacity of steel cords from the existing 30,000 tonnes to 60,000 tonnes in the fourth quarter of 2007, and to further increase to 80,000 tonnes in 2009; and (v) the fact that the aforesaid production expansion plan will be limited to expanding the production capacity of steel cords only and the production capacity of brass coated wire will remain unchanged. We have reviewed the relevant internal records of the Group including historical purchase records for wire rods and calculations of the internal consumption of wire rod and brass coated wire, and note that the historical consumptions of wire rods and brass coated wires were relatively stable. By considering the current level of local purchase of wire rods and the estimated demand for the Materials with the existing and planned increase in production capacity of steel cords, the current and target levels of purchase of wire rods from local suppliers, and taking into account the Group's unchanged production capacity in brass coated wire, we are of view that the basis in determining the estimated quantity of Materials to be purchased from Bekaert are fair and reasonable.

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Hose reinforcement wire and steel cords (principally for heavy truck tyres)

The Directors also represented to us that the Company has estimated the quantity of the Bekaert Finished Products to be purchased from Bekaert for the three years ending 31 December 2009 based on (i) current and expected demand of the Bekaert Finished Products from customers of JESC; and (ii) JESC's current and expected production capacity of such finished products of the same/similar specifications as the Bekaert Finished Products. We have been provided by the Group and reviewed the estimated demand of the Bekaert Finished Products from its customers, which is based on the demand for such finished products of the same/similar specifications as the Bekaert Finished Products from its existing customers and the anticipated demand from its new customers. Furthermore, we note that the Group has reduced its estimated purchase of steel cords for heavy truck tyres from Bekaert Group in 2008 and 2009 in accordance with the planned expansion of JESC's production capacity. We are of the opinion that the estimation made by the Group on the quantity of the Bekaert Finished Products to be purchased from Bekaert Group is made on the basis of the Group's requirements when its internal production capacity is utilized to the fullest and the estimated quantity of the Bekaert Finished Products to be purchased from Bekaert Group are reasonably made.

Steel cord (principally for passenger car tyres)

We have been given to understand from the Directors that steel cords to be supplied to Bekaert are principally for reinforcement of passenger car tyres and the estimated quantity to be supplied to Bekaert Group for the three years ending 31 December 2009 are based on the estimated demand from Bekaert Group for such steel cords, which has been reviewed and agreed upon by Bekaert Group. We note that the estimated quantity of steel cords for passenger car tyres to be supplied to Bekaert Group for each of the three years accounts for an average of 4.67% over the total production capacity of JESC of their respective year. Given the Group could satisfy further demand in steel cords for passenger tyres, and that the sales price will be agreed between Bekaert Group and the Group on arm's length basis and will be within the range between the actual production cost incurred by the Group in producing such product and the prevailing market price, we are of the view that the Group's sales to Bekaert represents additional sales revenue to the Group. We also note that the estimated quantity required by Bekaert Group is not beyond the production capacity of the Group, and the Group will not be required to forego other business opportunities which are on terms at least as favorable as those offered by Bekaert Group for having to supply such quantity of steel cords to Bekaert Group. We are of the opinion that the estimation of quantity based on the estimated demand from Bekaert Group is fair and reasonable so far as the independent Shareholders are concerned.

In light of the above, we are of the opinion that the estimation of the volume of Materials and Finished Products to be traded with Bekaert Group for the three years ended 31 December 2009 for the purposes of determining the Group's Purchase Cap and the Group's Sales Cap are fair and reasonable so far as the independent Shareholders are concerned.

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(ii) Price

It is stated in the letter from the Board that the prices used in arriving at the proposed Group's Purchase Cap and the proposed Group's Sales Cap were determined with reference to the average purchasing cost of wire rods in PRC, the weighted average production costs of JESC in producing brass coated wire and the average selling price of hose reinforcement wire and steel cords relevant to the Sale and Purchase Contract.

We have reviewed the relevant internal records of JESC including the internal purchase records for wire rods, the cost analysis in producing the brass coated wire, internal sales records for hose reinforcement wire and specification of steel cords that are relevant to the Sale and Purchase Contract. Based on the above information, we have then compared them with the prices adopted in the caps calculation. We note that the prices of Materials and Finished Products used in estimating the caps are comparable to the Group's internal records.

The management of the Group has assumed in the calculations that the prices of the Finished Products will remain constant for the three years ending 31 December 2009. We have discussed the basis of such assumption with the Directors and they have represented to us that the average selling price of steel cords have been suppressed by intense competition in the steel cord industry and that the prices of steel cords are unlikely to increase in the near future. Therefore, they consider it reasonable to assume the prices of the Finished Products will remain unchanged for the three years ending 31 December 2009.

It is stated in the Sale and Purchase Contract that the prices of the Finished Products to be traded between the Group and Bekaert Group will be agreed at a price ranging between the supplier's actual production costs and the prevailing market price. We considered the use of the average selling price to determine the caps by the Group is reasonable as the average selling price is a fair estimation of the prevailing market price and it should be within the price range under the Sale and Purchase Contract.

In light of the above, we are of the opinion that the prices of the Materials and Finished Products to be traded with Bekaert Group for the three years ended 31 December 2009, for the purpose of determining the Group's Purchase Cap and the Group's Sales Cap, are fair and reasonable so far as the independent Shareholders are concerned.

(b) *The proposed Commission Cap*

The proposed Commission Cap under the Commercial Agency Contract is the aggregate cap amount that is payable by JESC to Bekaert for the provision of agency services for the five years ending 31 December 2011. As stated in the letter from the Board, the Commission Cap was determined based on the average selling price of steel cord products of JESC and the projected demand of steel cords having taken into account the expected growth of steel cords in the overseas market.

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It is stated in the letter from the Board, and also in our discussion under the paragraph in this letter headed “Reasons for the contract duration of more than three years for the Commercial Agency Contract”, that the first two to three years of the five-year Commercial Agency Contract will be utilised in setting up testing procedures on steel cords with tyre manufacturers. Based on their past experience, the Directors expected the sales volume of steel cords in overseas market will grow at a higher rate in the second and third year and stabilise at a steady growth rate after that. As most tyre manufacturers require an average of 2 years to complete its testing procedures on steel cords, we concur with the Directors’ view that sales growth will be stronger when testing procedures of tyre manufacturers are about to complete and stabilise at a steady rate in the later years of the Commercial Agency Contract. Furthermore, given the well-established global sales network of Bekaert, we also concur with the Directors’ estimation of the export sales growth that the Group hopes to achieve for each of the five years of the Commercial Agency Contract.

Having considered the assumptions and methodology in arriving at the prices of steel cords, for the purposes of the Commission Cap, the Group has adopted the same assumptions and methodology in arriving at the prices of Finished Products for the Group’s Purchase Cap and the Group’s Sales Cap.

In light of the above, we are of the view that the price and the volume of steel cords as well as the assumptions employed for the purposes of determining the Commission Cap are fair and reasonable so far as the independent Shareholders are concerned.

RECOMMENDATION

Having considered the above-mentioned principal factors and reasons, we consider that the terms of the Sale and Purchase Contract and the Commercial Agency Contract and the proposed caps are on normal commercial terms, in the ordinary course of business of the Company, fair and reasonable so far as the independent Shareholders are concerned, and that the Continuing Connected Transactions are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the independent Shareholders to vote in favour of the ordinary resolution 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 in which interest is held
Tang Cornor Kwok Kau ("Mr. Tang")	2,496,000	0.19	Beneficial owner (<i>Note</i>)

Note: The Shares are beneficially owned by Mr. Tang and in which of 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	Beneficial owner	5.09
	57,350,000 (Note a)	2/10/2003	2/10/2003 to 1/10/2013	0.780		
	<u>65,002,000</u>					
Li Shaofeng	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	2.99
	30,614,000 (Note a)	25/6/2003	25/6/2003 to 24/6/2013	0.365		
	<u>38,266,000</u>					
Tong Yihui	7,652,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	3.60
	38,268,000 (Note a)	25/6/2003	25/6/2003 to 24/6/2013	0.365		
	<u>45,920,000</u>					
Leung Shun Sang, Tony	4,592,000	23/8/2002	23/8/2002 to 22/8/2012	0.295	Beneficial owner	0.96
	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>					

Options to subscribe for Shares						
Name of Director	Number of share options held as at the Latest Practicable Date	Date of grant (Note b)	Exercise period	Exercise price per Share (HK\$)	Capacity in which interests are held	Approximate % of the issued Shares as at the Latest Practicable Date
Mr. Tang	<u>1,000,000</u>	25/8/2003	25/8/2003 to 24/8/2013	0.740	Beneficial owner	0.08
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		
	252,000	26/1/2007	26/1/2007 to 25/1/2017	0.656		
	<u>1,016,000</u>				Beneficial owner	0.08
Law, Yui Lun	<u>1,016,000</u>	26/1/2007	26/1/2007 to 25/1/2017	0.656	Beneficial owner	0.08

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 corporations (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	455,883,179	35.73
Shougang Concord International Enterprises Company Limited ("Shougang International")	2	286,655,179	22.46
Fair Union Holdings Limited ("Fair Union")	3	286,655,179	22.46
Richson Limited ("Richson")		148,537,939	11.64
Able Legend Investments Limited ("Able Legend")	4	126,984,000	9.95
Bekaert Holding B.V. ("Bekaert Holding")	5	250,000,000	19.59
NV Bekaert SA ("Bekaert")	6	250,000,000	19.59
Cheah Cheng Hye	7	73,444,000	5.76
Value Partners Limited	7	73,444,000	5.76
Cao Zhong	8	65,002,000	5.09

Notes:

- By virtue of the SFO, Shougang HK is deemed to be interested in 126,984,000 Shares and the 28,374,000 Shares held by Able Legend and Prime Success Investments Limited ("Prime Success") respectively as Able Legend and Prime Success are its wholly-owned subsidiaries and is deemed to be interested in the 13,870,000 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. By virtue of the SFO, 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. Bekaert Holding is beneficially interested in 250,000,000 Shares.
6. By virtue of the SFO, Bekaert is deemed to be interested in the 250,000,000 Shares held by Bekaert Holding, which is a wholly-owned subsidiary of Bekaert.
7. The capacity of Value Partners Limited in holding 73,444,000 Shares was investment manager. By virtue of the SFO, Mr. Cheah Cheng Hye was deemed to be interested in 73,444,000 Shares as a result of his indirect holding of such Shares through his controlled corporation, Value Partners Limited.
8. By virtue of the SFO, 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 2006, the date to which the latest published audited consolidated financial statements of the Group have been made up.

OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

- (i) save as disclosed below, 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:

Name of Director	Name of entity whose businesses compete or are likely to compete with the businesses of the Group	Description of competing businesses of the entity	Nature of Director's interest in the entity
Geert Johan Roelens	Bekaert Management (Shanghai) Co., Ltd.	Manufacturing of steel cord	General Manager
	Bekaert Hlohovec, a.s.	Manufacturing and sale of steel wire and/or cord products	Director
	Bekaert Binjiang Steel Cord Co., Ltd.	Manufacturing and sale of steel wire and/or cord products	Director

Name of Director	Name of entity whose businesses compete or are likely to compete with the businesses of the Group	Description of competing businesses of the entity	Nature of Director's interest in the entity
Geert Johan Roelens	Bekaert-Shenyang Steel Cord Co., Ltd.	Manufacturing and sale of steel wire and/or cord products	Director
	Bekaert (Shandong) Tire Cord Co., Ltd.	Manufacturing and sale of steel wire and/or cord products	Director
	Bekaert Shenyang Advanced Products Co., Ltd.	Manufacturing and sale of steel wire and/or cord products	Director
	Bekaert Japan Co., Ltd.	Manufacturing and sale of steel wire and/or cord products	Director
	China Bekaert Steel Cord Company Limited	Manufacturing and sale of steel wire and/or cord products	Director

- (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 consolidated financial statements 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 SFO

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 2006 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group.

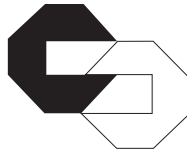
MISCELLANEOUS

- (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 member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified 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 Sale and Purchase Contract and Commercial Agency Contract 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 JW Marriott Ballroom, Level 3, JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on 6 June 2007 immediately after the conclusion of the Company’s annual general meeting which is convened to be held at 10:00 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 Sale and Purchase Contract (as defined in the Circular) subject to the Group’s Sales Cap (as defined in the Circular) and the Group’s Purchase Cap (as defined in the Circular), a copy of the Sale and Purchase Contract having been produced at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified;
- (b) the Commercial Agency Contract (as defined in the Circular) subject to the Commission Cap (as defined in the Circular), a copy of the Commercial Agency Contract having been produced at the meeting and marked “B” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and
- (c) 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 Sale and Purchase Contract and the Commercial Agency Contract and the transactions contemplated thereby.”

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

Hong Kong, 9 May 2007

NOTICE OF EXTRAORDINARY GENERAL MEETING

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 but 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.