
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

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

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SHOUGANG CONCORD CENTURY HOLDINGS LIMITED

首長寶佳集團有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 103)

Directors

Cao Zhong (*Chairman*)
Li Shaofeng (*Managing Director*)
Tong Yihui
Leung Shun Sang, Tony
Tang Cornor Kwok Kau
Yip Kin Man, Raymond*
Chen, Kelvin Siu Min*
Hui, Hung Stephen*

Registered office

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* *Independent non-executive Director*

29 October 2004

To the Shareholders

Dear Sir or Madam,

**INTERIM DIVIDEND
FOR THE SIX MONTHS ENDED 30 JUNE 2004
SCRIP DIVIDEND SCHEME**

INTRODUCTION

On 20 September 2004, the board of directors of Shougang Concord Century Holdings Limited (the "Company") declared an interim dividend for the six months ended 30 June 2004 (the "Interim

Dividend”) of HK\$0.02 per share payable to shareholders (the “Shareholders”) whose names appeared on the Company’s register of members as at the close of business on 15 October 2004 (the “Record Date”). The Interim Dividend will be payable in cash but the Shareholders will be given an option of electing to receive the same in the form of new shares (the “New Shares”) in lieu of cash in respect of part or all of such dividend (the “Scrip Dividend Scheme”).

The purpose of this circular is to set out the procedures in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Under the Scrip Dividend Scheme, each Shareholder has the choice of receiving in respect of the Interim Dividend:

- (i) a cash dividend of HK\$0.02 for each share held on the Record Date; or
- (ii) an allotment of New Shares credited as fully paid at a price of HK\$0.816 per New Share and having an aggregate market value (as defined below) equal to, save for adjustment for fractions, the total amount of Interim Dividend which such shareholder could elect to receive in cash in respect of HK\$0.02 per share; or
- (iii) partly cash and partly New Shares.

For the purpose of calculating the number of New Shares to be allotted under (ii) or (iii) above, the market value of a New Share will be calculated as an amount equal to the average of the closing prices of an existing share of the Company (the “Shares”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the five consecutive trading days (on which such price is available) up to and including 15 October 2004 is HK\$0.816. Accordingly, the number of New Shares which each Shareholder will receive in respect of shares registered in his/her name as at the Record Date, for which election to receive New Shares is made, will be calculated as follows:

$$\begin{array}{rcccl} \text{Number of} & & \text{Number of existing} & & \\ \text{new Shares} & = & \text{shares held on the} & \times & \frac{\text{HK\$0.02}}{\text{HK\$0.816}} \\ \text{to be received} & & \text{Record Date, for} & & \\ & & \text{which election is made} & & \end{array}$$

The number of New Shares to be received will be rounded down to the nearest whole number. Fractional entitlements to New Shares in respect of alternatives (ii) and (iii) above will not be issued to the Shareholders and will be disregarded and the benefit thereof will accrue to the Company. The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing shares of the Company except that they shall not rank for the Interim Dividend.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give the Shareholders the opportunity to increase their investment in the Company without incurring brokerage, stamp duty and dealing costs. The Scrip Dividend Scheme will also be to the advantage to the Company because, to the extent that the Shareholders elect to receive New Shares, in whole or in part, such cash as would otherwise have been paid to the Shareholders will be retained for use as working capital by the Company.

EFFECT OF THE SCRIP DIVIDEND SCHEME

If no election for the New Shares were received, the total cash dividend payable by the Company would be HK\$20,351,160, on the basis of 1,017,558,000 Shares in issue as the Record Date.

FORM OF ELECTION

A form of election has been prepared and sent herewith for use by the Shareholders. If you elect to receive your Interim Dividend wholly in cash, you should not complete the form of election. If you elect to receive an allotment of New Shares, or partly cash and partly New Shares, you must complete the enclosed form of election. If you have signed the form of election but do not specify the number of Shares in respect of which you are entitled to receive New Shares under the Scrip Dividend Scheme, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding on the Record Date, then in either case you will be deemed to have elected New Shares in respect of all the Shares then registered in your name.

The form of election must be completed in accordance with the instructions printed thereon, signed and returned to Tengis Limited, the Company's share registrars at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on 18 November 2004. No election may, after the relevant form of election is received by Tengis Limited, be in any way withdrawn, revoked, superseded or altered. No acknowledgement of receipt of the said form of election will be issued. If you do not complete and return the form of election before the time stated above, you will be deemed to have elected to receive the Interim Dividend wholly in cash.

SHAREHOLDERS RESIDENT OUTSIDE HONG KONG

The form of election shall also be sent to Shareholders with a registered address outside Hong Kong. However, those shareholders should consult their professional advisers as to whether or not they are permitted to receive the Interim Dividend in scrip form or if any governmental or other consent is required or other formalities need to be observed. No person receiving in any territory outside Hong Kong a copy of this circular and/or a form of election may treat the same as an invitation to him to subscribe the Shares unless in the relevant territory such invitation could lawfully be made to him without having to comply with any unfulfilled registration or other legal requirements.

LISTING AND DEALINGS

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. It is expected that definitive certificates for the New Shares and cheques for cash dividend will be dispatched to those entitled thereto at their own risk on or around 6 December 2004 on which dealings of the New Shares will commence. Dealings in the Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

The primary listing of the existing Shares is on the Stock Exchange and there is no official secondary listing of the existing shares on any other stock exchange other than the Stock Exchange. No listing of, or permission to deal in, any of the existing shares and/or the New Shares on any stock exchange other than the Stock Exchange is being or is proposed to be sought.

GENERAL

Whether or not it is to your advantage to receive New Shares or cash, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are the responsibility of each Shareholder.

Shareholders who are trustees are recommended to take professional advice to whether the choice of New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Shareholders should note that the New Shares to be issued pursuant to the Scrip Dividend Scheme may give rise to discloseable requirements under the Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Shareholders who are in any doubt as to how these provisions may affect them as a result of the New Shares arising from the Scrip Dividend Scheme are recommended to seek their own professional advice.

Yours faithfully,
Cao Zhong
Chairman