



CORPORATE GOVERNANCE

The Company is committed to maintaining a good standard of corporate governance with a view to enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. Hence, the Board from time to time reviews the effectiveness of the system of internal control, such as financial, operational and compliance controls and risk management functions. The Company has adopted an internal management control since 1999 and subsequently amended and revised in order to be in line with the relevant amendments to the law, rules and regulation and the improvement of the control system.

As a result, in the opinion of the Board, the Company has complied with the principles and code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2006 save for the deviation from Code Provision A.4.1 of the Code in respect of the service term of non-executive directors of the Company as follows:—

Code Provision A.4.1

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from Code Provision A.4.1. However, all the directors of the Company (executive and non-executive) are subject to retirement by rotation at least every three years at annual general meetings under the articles of association of the Company. We believe that the retirement and re-election requirements of non-executive directors have given the Company's shareholders the right to approve continuation of their offices.

Furthermore, the Company has three independent non-executive directors (including one with appropriate professional qualifications, or accounting or related financial management expertise), which representing more than one-third of the Board. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices with respect to the service terms of non-executive directors are no less exacting than those in the Code and we have of sufficient caliber and number for views to carry weight.

CORPORATE GOVERNANCE (continued)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has approved and adopted a "Shougang Concord Century Holdings Limited Code" on "Corporate Governance" (the "SCCH Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

The Company had also made specific enquiry of all directors whether the directors have complied with the required standard set out in the SCCH Code. During the period under review, none of the directors is aware of any information that would reasonably indicate that the Company or any of its directors is not or was not in compliance with the SCCH Code.

REMUNERATION COMMITTEE

The Company's remuneration committee was established with specific written terms of reference in accordance with the requirements of the Code and comprises the following persons:

Three independent non-executive directors, namely Mr. Yip Kin Man, Raymond, Mr. Law, Yui Lun and Mr. Chu, Kwok Tsu Gilbert. The other two members are Mr. Cao Zhong and Mr. Leung Shun Sang, Tony.

NOMINATION COMMITTEE

The Company also established a nomination committee with its specific written terms of reference in accordance with the requirements of the Code and it comprises the following persons as well:

Three independent non-executive directors, namely Mr. Yip Kin Man, Raymond, Mr. Law, Yui Lun and Mr. Chu, Kwok Tsu Gilbert. The other two members are Mr. Cao Zhong and Mr. Leung Shun Sang, Tony.





CORPORATE GOVERNANCE (continued)

AUDIT COMMITTEE

The Company's audit committee comprises of three independent non-executive directors, namely Mr. Yip Kin Man, Raymond, Mr. Law, Yui Lun and Mr. Chu, Kwok Tsu Gilbert. Mr. Yip acts as the chairman of the committee. The audit committee was established with specific written terms of reference with the task of monitoring the financial reporting procedures, reviewing internal control and risk management system of the Group and monitoring the relationship with external auditors. The audit committee had reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2006. The audit committee had reviewed the accounting principles and practices adopted by the Group and discussed financial report matters related to the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2006.

APPRECIATION

The Board would like to thank all employees for their hard work and dedication and our shareholders, bankers, customers, suppliers and business partners for their continued support.

By Order of the Board

Cao Zhong

Chairman

Hong Kong, 21 September 2006

This interim report can also be accessed through the internet at the Company's website <http://www.shougangcentury.com.hk> or <http://www.irasia.com/listco/hk/sccentury/index.htm>.