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SHOUGANG CENTURY HOLDINGS LIMITED

首 佳 科 技 製 造 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE
(1) RIGHTS SHARE FOR EVERY FIVE
(5) EXISTING SHARES HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS; AND
(2) NOTICE FOR CLOSURE OF REGISTER OF MEMBERS**

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$129,253,200 before expenses by way of the issue to the Qualifying Shareholders of a maximum of 391,676,365 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.33 per Rights Share on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming all the Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$128 million (assuming no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.327. The Directors currently intend to use the net proceeds (approximately HK\$128 million) for general working capital and repayment of unsecured/secured loan of the Group.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them, save for the Irrevocable Undertaking given by Fair Union, its controlling corporations are interested in an aggregate of 879,560,451 Shares (representing approximately 44.91% of all issued Shares as at the date hereof).

Pursuant to the Irrevocable Undertaking, Fair Union irrevocably undertook with the Company that (i) it will subscribe for an aggregate of 175,912,090 Rights Shares which comprise the full acceptance of the aggregate provisional entitlement in respect of the 879,560,451 Shares beneficially held by Shougang Group of the entire 175,912,090 Rights Shares will constitute fulfilment of such undertaking); and (ii) it will not, and will procure the controlled corporations of Shougang Group not to, dispose of any of the 879,560,451 Shares comprising their current shareholding in the Company, and such Shares will remain beneficially owned by them, up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Jingxi Holdings has further agreed that it shall transfer to Fair Union its 14,545,454 Rights Shares to be provisionally allotted to it before the Latest Time for Acceptance. As such, Fair Union will take the place of Jingxi Holdings to accept and pay for such 14,545,454 Rights Shares on or before the Latest Time for Acceptance.

Mr. Zhao, who through his controlled corporations is indirectly interested in an aggregate of 95,962,000 Shares (representing approximately 4.90% of all issued Shares as at the date hereof), irrevocably undertook with the Company that he shall, and will procure his controlled corporations to, fully subscribe in cash for the Rights Shares to be provisionally allotted to him under the Rights Issue based on his shareholding in the Company after the trading hours on the Rights Issue Record Date and the Subscription Price of the Rights Issue. Save for the above undertaking, subject to compliance with the relevant laws and regulations, Mr. Zhao has also undertaken to apply for (and will procure his controlled corporations to apply for) Excess Rights Shares by way of excess application, provided however that the total amount payable by Mr. Zhao for the subscription of the Rights Shares under the Rights Issue (including excess application) shall be not less than HK\$46,552,097.46 which will allow Mr. Zhao and his controlled corporations to reach an overall shareholding of approximately 10.42% (assuming full allocations) of the enlarged total issued share capital of the Company upon completion of the Rights Issue, the number of the Rights Shares that will be subscribed by Mr. Zhao is 141,066,962 (subject to adjustment).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 September 2024 to Monday, 30 September 2024 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Wednesday, 2 October 2024.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

THE RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$129,253,200 before expenses by way of the issue to the Qualifying Shareholders of a maximum of 391,676,365 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.33 per Rights Share on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The principal terms of the Rights Issue are as follows:

Issue statistics

Basis of the Rights Issue	: One (1) Rights Share for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	: HK\$0.33 per Rights Share
Number of Shares in issue as at the date of this announcement	: 1,958,381,828 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	: 391,676,365 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	: Up to 2,350,058,193 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	: Up to approximately HK\$129,253,200 (assuming no changes in the number of Shares in issue on or before the Record Date)
Right of excess applications	: Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

As at the date of this announcement, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 391,676,365 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 20% of the issued share capital of the Company as at the date of this announcement and will represent approximately 16.67% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Qualifying Shareholder who applies to take up all or part of his/her/its entitlement under the Provisional Allotment Letter may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Qualifying Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Qualifying Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.33 per Rights Share is payable in full upon the acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 10% to the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a premium of approximately 8.197% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.305 per Share;
- (iii) a premium of approximately 7.84% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.306 per Share;
- (iv) a premium of approximately 8.196% to the theoretical ex-rights price of approximately HK\$0.305 per Share based on the closing price of HK\$0.3 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 62.5% to the latest published unaudited consolidated net asset value per Share as at 30 June 2024 of approximately HK\$0.88 (based on the net asset value attributable to the owners of the Company as at 30 June 2024 of approximately HK\$1,717,609,000 as disclosed in the preliminary interim results announcement of the Company for the six months ended 30 June 2024 and 1,958,381,828 Shares in issue as at the date of this announcement); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a premium of approximately 6.80%, represented by the theoretical diluted price of approximately HK\$0.309 per Share to the benchmarked price of approximately HK\$0.305 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.3 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.305 per Share).

The Subscription Price was determined by the Company with reference to the market price of the Shares under prevailing market conditions and financial positions of the Group.

Taking into account the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and the Use of Proceeds” below, the Directors believe that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares will be one (1) Rights Share (in nil-paid form) for every five (5) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Thursday, 17 October 2024.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. Shareholders, who are not Non-Qualifying Shareholders, having a registered address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee(s) (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Last Day for Transfer.

In order to be registered as a member of the Company by the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar by no later than 4:30 p.m. on the Last Day for Transfer. The last day for dealing in Shares on a cum-rights basis is Thursday, 19 September 2024, and the Shares will be dealt with on an ex-rights basis starting from Friday, 20 September 2024.

The Non-Qualifying Shareholders

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

The Overseas Shareholders

Based on the register of members of the Company as of the date of this announcement, there are four Shareholders with registered addresses situated in Mainland China, Macau, and the Netherlands.

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

This announcement is not an offer of the securities for sale in the United States. The Rights Shares offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of Rights Shares is being made in the United States. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2) (a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Thursday, 17 October 2024.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for Excess Rights Shares made by any controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Beneficial owners whose Shares are held by a nominee (or held through CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names on or prior to the Last Day for Transfer.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Friday, 25 October 2024. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Friday, 25 October 2024 to the applicants without interest to their registered addresses by ordinary post at their own risks.

Stamp duty and taxation

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 2,000 Shares.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (a) the electronic delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors no later than the Prospectus Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) before the first day of dealings of the Rights Shares in their nil-paid forms, i.e. Friday, 4 October 2024;
- (d) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (e) compliance with and performance of all undertakings and obligations of Fair Union and Mr. Zhao under the Irrevocable Undertaking in all material respects; and
- (f) there shall not have occurred and be continuing any of the following:
 - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or

- (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole or the Rights Issue; or
- (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company and its subsidiaries considered as a whole occurs, whether or not of the same kind with any of the foregoing; or
- (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for condition (e) and (f) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Tuesday, 24 September 2024 to Monday, 30 September 2024 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

INDICATIVE TIMETABLE FOR THE RIGHTS ISSUE

Events	Hong Kong Date and Time 2024
Date of this announcement	Friday, 13 September
Last day of dealings in Shares on a cum-rights basis	Thursday, 19 September
First day of dealings in Shares on an ex-rights basis	Friday, 20 September
Latest time for lodging transfers of Shares on the Last Day for Transfer in order to qualify for the Rights Issue	4:30 p.m. on Monday, 23 September

Events

Closure of register of members for determining entitlements under the Rights Issue	Tuesday, 24 September to Monday, 30 September (both days inclusive)
Record Date for determining entitlements under the Rights Issue	Monday, 30 September
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only) on the Prospectus Posting Date.....	Wednesday, 2 October
First day of dealings in nil-paid Rights Shares	Friday, 4 October
Latest time for splitting of nil-paid Rights Shares.....	4:30 p.m. on Tuesday, 8 October
Last day of dealings in nil-paid Rights Shares.....	Monday, 14 October
Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Thursday, 17 October
Announcement of the results of the Rights Issue.....	Thursday, 24 October
Despatch of Share certificates for the fully-paid Rights Shares and/or refund cheques on or before.....	Friday, 25 October
Commencement of dealings in fully-paid Rights Shares	Monday, 28 October

All times in this announcement refer to Hong Kong local times. Dates specified above are indicative only and may be varied by the Company. If there is any change to the above indicative timings, an announcement will be made by the Company as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares

The latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions caused by a super typhoon is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 17 October 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 17 October 2024. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares does not take place on Thursday, 17 October 2024, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

THE IRREVOCABLE UNDERTAKING

Pursuant to the Irrevocable Undertaking, Fair Union irrevocably undertook with the Company that (i) it will subscribe for an aggregate of 175,912,090 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 879,560,451 Shares beneficially held by the Shougang Group of the entire 175,912,090 Rights Shares will constitute fulfilment of such undertaking); and (ii) it will not, and will procure the controlled corporations of Shougang Group not to, dispose of any of the 879,560,451 Shares comprising their current shareholding in the Company, and such Shares will remain beneficially owned by them, up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

Jingxi Holdings has further agreed that it shall transfer to Fair Union its 14,545,454 Rights Shares to be provisionally allotted to it before the Latest Time of Acceptance. As such, Fair Union will take the place of Jingxi Holdings to accept and pay for such 14,545,454 Rights Shares on or before the Latest Time for Acceptance.

Pursuant to the Irrevocable Undertaking, Mr. Zhao irrevocably undertook with the Company that:

- (i) Mr. Zhao, who through his controlled corporations held 95,962,000 Shares (representing approximately 4.90% of the total issued share capital of the Company) as at the date of this announcement, has irrevocably undertaken, among other things, that he shall, and will procure his controlled corporations to, fully subscribe in cash for the Rights Shares to be provisionally allotted to him under the Rights Issue based on his shareholding in the Company after the trading hours on the Rights Issue Record Date and the Subscription Price of the Rights Issue. Save for the above undertaking, subject to compliance with the relevant laws and regulations, Mr. Zhao has also undertaken to apply for (and will procure his controlled corporations to apply for) Excess Rights Shares by way of excess application, provided however that (1) the total amount payable by Mr. Zhao for the subscription of the Rights Shares under the Rights Issue (including excess application) shall be not less than HK\$46,552,097.46; (2) the aggregate shareholding of Mr. Zhao and his controlled corporations resulting from the subscription of the Rights Shares under the Rights Issue and the excess application in aggregate shall be approximately 10.42% (assuming full allocations) of the enlarged total issued share capital of the Company upon completion of the Rights Issue, the number of the Rights Shares that could be subscribed by Mr. Zhao is 141,066,962 (subject to adjustment); and
- (ii) he will not, and will procure his controlled corporations not to, dispose of any of the 95,962,000 Shares comprising their current shareholding in the Company, and such Shares will remain beneficially owned by them, up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any other substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue assuming (a) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; or (b) none of the Qualifying Shareholders other than Shougang Group and its controlled corporations have taken up their respective entitlement of the Rights Issue, and Mr. Zhao and his controlled corporations have taken up their respective entitlements of the Rights Shares and applied for Excess Rights Shares pursuant to the Irrevocable Undertaking, and assuming no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, are expected to be as follows:

	(i) As at the date of this announcement		(ii) Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		(iii) Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders other than (a) Shougang Group and its controlled corporations have taken up their respective entitlement of the Rights Issue; (b) Mr. Zhao and his controlled corporations have taken up their respective entitlement of the Rights Shares and applied for Excess Rights Shares pursuant to the Irrevocable Undertaking	
	Number of Shares	Approximate%	Number of Shares	Approximate%	Number of Shares	Approximate%
Directors						
Mr. Zhao and his controlled corporations (Note 1 and 2)	95,962,000	4.90	115,154,400	4.90	237,028,962	10.42
Mr. Yang Junlin (Note 3)	226,000	0.01	271,200	0.01	226,000	0.01
Controlling and substantial Shareholders						
Shougang Group and its controlled corporations (Notes 4 and 5)	879,560,451	44.91	1,055,472,541	44.91	1,055,472,541	46.39
Bekaert Combustion Technology B.V. (Note 6)	250,000,000	12.77	300,000,000	12.77	250,000,000	10.99
Public Shareholders	<u>732,633,377</u>	<u>37.41</u>	<u>879,160,052</u>	<u>37.41</u>	<u>732,633,377</u>	<u>32.20%</u>
TOTAL	<u><u>1,958,381,828</u></u>	<u><u>100.00</u></u>	<u><u>2,350,058,193</u></u>	<u><u>100.00</u></u>	<u><u>2,275,360,880</u></u>	<u><u>100.00</u></u>

Note:

- Mr. Zhao is an executive Director and the vice chairman of the Company. As at the date of this announcement, Redamancy.Z Holdings Limited (“**Redamancy**”) is wholly owned by Always Blooming Holdings Limited (“**Always Blooming**”) and Always Blooming is wholly owned by Mr. Zhao. By virtue of the SFO, Mr. Zhao is deemed to be interested in 95,962,000 Shares of the Company held by Redamancy.
- Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals or sub-totals may not represent precise arithmetic aggregations. The respective post-completion shareholdings and percentages, including those of Mr. Zhao and his controlled corporations, as shown above are indicative only and will be subject to the final figures to be announced by the Company upon completion of the Rights Issue.
- Mr. Yang Junlin is the deputy managing Director.

- (4) Shougang Group is the ultimate holding company of Shougang HK, it is deemed to be interested in the 806,833,179 Shares held by Shougang HK and by virtue of the SFO, it is deemed to be interested in the 806,833,179 Shares held by Fair Union as Fair Union is Shougang HK's wholly owned subsidiary. Shougang Group is also deemed to be interested in the 72,727,272 Shares held by Jingxi Holdings, Jingxi Holdings is wholly-owned by Shougang Fund and Shougang Fund is wholly owned by Shougang Group.
- (5) Pursuant to the Irrevocable Undertaking, Jingxi Holdings will transfer all the nil paid rights that it is interested to Fair Union at HK\$1 before the Latest Time of Acceptance.
- (6) By virtue of the SFO, NV Bekaert SA ("**Bekaert**"), a company incorporated under the laws of Belgium, is a substantial shareholder (as defined under the SFO) of the Company. Bekaert is deemed to be interested in 250,000,000 Shares held by Bekaert Combustion Technology B.V., which is a wholly-owned subsidiary of Bekaert.

INFORMATION ON THE GROUP

The principal businesses of the Group are manufacturing and sales of steel cords for radial tyres; manufacturing and sales of sawing wires and hose wires.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Directors currently intend to use the net proceeds of approximately HK\$128 million for general working capital and repayment of unsecured/secured loan of the Group.

Against the backdrop of a global trend of interest rates hike and continued volatility in the financial markets and taking into account the Group's capital requirements and savings in underwriting costs by conducting the Rights Issue on a non-underwritten basis, the Directors have weighted the costs, benefits and timings of different types of fund-raising alternatives available to the Group and the possible impacts on the interests of Shareholders and consider the Rights Issue to be currently the preferred means for the Group to enhance its financial position without increasing its gearing or finance costs. The Board believes that the enhanced capital position of the Company from the Rights Issue will provide the Group with immediate financial resources to navigate the times ahead, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholders with the opportunity to participate in the future development of the Group without material dilution of their interest in the Company.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholder(s), if any, should note that their shareholdings will be diluted.**

Assuming all the Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$128 million (assuming no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.327.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above.

PREVIOUS FUND-RAISING EXERCISE BY THE COMPANY

During the 12 months immediately preceding the date of this announcement, the Company had not conducted any equity fund-raising activity.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Wednesday, 2 October 2024.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the meanings respectively ascribed below:

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Shougang Century Holdings Limited, a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 103)

“controlled corporation(s)”	has the same meaning as ascribed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares
“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Fair Union”	Fair Union Holdings Limited, a company incorporated in the British Virgin Islands and subsequently re-domiciled to Samoa and a wholly-owned subsidiary of Shougang Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertaking”	the irrevocable undertakings executed by Fair Union and Mr. Zhao, an executive Director and the vice chairman of the Company respectively, pursuant to which: (a) Fair Union irrevocably undertook to the Company that its assured entitlements to Rights Shares and those of Shougang Group’s controlled corporations will be taken up in full, (b) Mr. Zhao irrevocably undertook to the Company that his assured entitlements to Rights Shares and those of his controlled corporations will be taken up in full, Mr. Zhao has also undertaken to apply for Excess Rights Shares by way of excess application
“Jingxi Holdings”	Jingxi Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of Shougang Fund

“Last Day for Transfer”	Monday, 23 September 2024, or such other date as the Company may determine, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company
“Last Trading Day”	Friday, 13 September 2024, being the date of this announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 17 October 2024, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Mr. Zhao”	Mr. Zhao Yue, an executive Director and the vice chairman of the Company
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue

“PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company
“Prospectus Posting Date”	Wednesday, 2 October 2024, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 30 September 2024, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company’s share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 391,676,365 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time

“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shougang Fund”	Beijing Shougang Fund Co., Ltd., a company established in the PRC with limited liability and a wholly-owned subsidiary of Shougang Group
“Shougang Group”	Shougang Group Co., Ltd., a state-owned enterprise under the direct supervision of the Beijing State-owned Assets Supervision and Administration Commission, established in the PRC and a controlling Shareholder
“Shougang HK”	Shougang Holding (Hong Kong) Limited, a company incorporated in Hong Kong and a controlling Shareholder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.33 per Rights Share under the Rights Issue
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent

By order of the Board
Shougang Century Holdings Limited
SU Fanrong
Chairman

Hong Kong, 13 September 2024

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

Mr. Su Fanrong (Chairman), Mr. Zhao Yue (Vice Chairman), Mr. Li Jinping (Managing Director), Mr. Yang Junlin (Deputy Managing Director), Mr. Zhang Dan (Executive Director), Ms. Xu Hongyan (Non-executive Director), Mr. Lam Yiu Kin (Independent Non-executive Director), Mr. Feng Yaoling (Independent Non-executive Director) and Ms. Ho Shuk Ying, Sabrina (Independent Non-executive Director).