
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shougang Century Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “12. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed “RISKS OF DEALING IN SHARES AND RIGHTS SHARES” in the “Letter from the Board” in this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 nil-paid and fully-paid forms will 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 their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which Shougang Century Holdings Limited will not accept any liability.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the paragraph headed “Overseas Shareholders” in the “Letter from the Board” in this Prospectus.

This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdictions in which such offer, solicitation or sale would be unlawful.

The information provided in this Prospectus is purely for information purposes, and no information in this Prospectus should be considered to be business, financial, legal or tax advice regarding an investment in the Rights Shares (in both nil-paid and fully-paid forms) and/or the Shares.

Not for publication or distribution in the United States. Any failure to comply with this restriction may constitute a violation of U.S. Securities law.



SHOUGANG CENTURY HOLDINGS LIMITED

首 佳 科 技 製 造 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWENTY (20) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial Adviser to the Company



Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus.

The Rights Issue will be made on a non-underwritten basis. Pursuant to the articles of association of the Company, the Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue and there is no minimum amount to be raised under the Rights Issue. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced.

The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed “Letter from the Board – Conditions of the Rights Issue” in this Prospectus. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or nil-paid Rights Shares up to the date on which the Rights Issue has become unconditional should be aware of the risk that the Rights Issue may not proceed and are advised to exercise caution.

Details on the expected timetable for the Rights Issue are set out in the section headed “Expected Timetable” in this Prospectus. The procedures for acceptance and payment and/or transfer of the nil-paid Rights Shares are set out in the section headed “Letter from the Board – Rights Issue – Procedures for acceptance, payment and transfer” in this Prospectus. Shareholders and potential investors are recommended to consult their professional advisers if in doubt.

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NOTICES

NOTICES TO OVERSEAS INVESTORS

Based on the legal advice of the Company's legal advisers in relation to the laws of the relevant overseas jurisdictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions:

Notice to Investors in the PRC

According to relevant PRC laws and regulations, any nil-paid Rights Shares or fully-paid Rights Shares shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person other than employee under stock option incentive plans or persons who are entitled to subscribe and hold the Shares pursuant to relevant PRC laws and regulations upon necessary and appropriate exemption, approvals and/or registration from any competent PRC authority. The Company shall not be obliged to issue any nil-paid Rights Shares or fully-paid Rights Shares to any such Shareholder and/or other resident in the PRC, if in the Company's absolute discretion issuing the same to them does not comply with the relevant laws or regulations of the PRC.

Notice to Investors in Macau

The nil-paid Rights Shares and the Rights Shares are not required to be registered with the Macau Monetary Authority or with any other authority under the laws and regulations of Macau and this Prospectus may be despatched to Overseas Shareholders with registered addresses in Macau without any restrictions. In view of this, the Directors have decided to extend the Rights Issue to Overseas Shareholders with registered addresses in Macau, and such Overseas Shareholders are Qualifying Shareholders.

Notice to Investors in the Netherlands

This Prospectus does not constitute a prospectus in accordance with the European Regulation on prospectuses (Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017) including any relevant delegated regulations (the “**EU Prospectus Regulation**”). This Prospectus has not been, and will not be, submitted to a competent supervisory authority in any member state of the European Economic Area (“**EEA**”) for inspection, review and/or approval. This Prospectus and the Rights Issue have not been, and will not be, subject to notification, registration, approval or permission procedures within the EEA other than as permitted pursuant to exceptions available under Article 1(4) of the EU Prospectus Regulation. This Prospectus and the Rights Issue are addressed within the EEA solely to qualified investors within the meaning of the EU Prospectus Regulation (as defined in article 2 (e) of the EU Prospectus Regulation, being, inter alia, persons or entities that are listed in points (1) to (4) of Section 1 of Annex II to Directive 2014/65 EU of the European Parliament and of the Council of 15 May 2014 of markets in financial instruments).

NOTICES

Each person in the Netherlands who acquires any rights in the Rights Issue or to whom any offer of Rights Shares is made, will be deemed to have represented, acknowledged and agreed to and with the Company, of the Rights Issue that it is a qualified investor within the meaning of the EU Prospectus Regulation.

In the case of any Rights Shares being offered to a financial intermediary as that term is used in Article 5(1) of the EU Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company that the Rights Shares acquired by it in the offer, have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the Netherlands to qualified investors.

The Company will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. For the purposes of this provision, an offer to the public in relation to any Rights Shares in the Netherlands, means the communication in any form and by any means of sufficient information on the terms of the Rights Issue and any Rights Shares to be offered to enable an investor to decide to purchase, or subscribe for, any Rights Shares.

IMPORTANT INFORMATION FOR SHAREHOLDERS IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“EEA NOTICE”)

This Prospectus has been prepared on the basis that offers of Rights Shares in any member state of the European Economic Area (“**EEA Member State**”), will be made pursuant to an exemption under Article 1(4) of the EU Prospectus Regulation. Accordingly, any Shareholder making or intending to make an offer in an EEA Member State of Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the EU Prospectus Regulation in relation to such offer. The Company has not authorised the making of any offer of Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

Any Shareholder in an EEA Member State who takes up the Rights Shares shall be deemed to represent and warrant that it is not taking up those Rights Shares on behalf of other persons in the EEA Member State. This Prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the EEA.

NOTICES

In relation to each EEA Member State, no Rights Shares have been or will be offered pursuant to this Prospectus to the public in that EEA Member State, except that offers of Rights Shares to the public may be made in that EEA Member State: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in that EEA Member State; or (iii) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the EU Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “EU Prospectus Regulation” means Regulation (EU) 2017/1129.

The Company and its affiliates have represented and agreed, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Rights Shares which are the subject of the offering contemplated by this Prospectus in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Rights Shares.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

This Prospectus does not constitute a voluntary prospectus in accordance with Article 4 of the EU Prospectus Regulation.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

| Events | Hong Kong Date and Time 2025 |
|---|---------------------------------|
| Record Date for determining entitlements under the Rights Issue | Wednesday, 28 May |
| 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..... | Tuesday, 3 June |
| First day of dealings in nil-paid Rights Shares | Thursday, 5 June |
| Latest time for splitting of PAL | 4:30 p.m. on Monday, 9 June |
| Last day of dealings in nil-paid Rights Shares..... | Thursday, 12 June |
| Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares | 4:00 p.m. on Tuesday, 17 June |
| Announcement of the results of the Rights Issue..... | Tuesday, 24 June |
| Despatch of Share certificates for the fully-paid Rights Shares and/or refund cheques..... | Wednesday, 25 June |
| Commencement of dealings in fully-paid Rights Shares | Thursday, 26 June |
| First day of the odd lot arrangement | 9:00 a.m. on Thursday, 26 June |
| Last day of the odd lot arrangement..... | 4:00 p.m. on Thursday, 17 July |

All times in Prospectus 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.

EXPECTED TIMETABLE

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 Tuesday, 17 June 2025. 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 Tuesday, 17 June 2025. 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 Tuesday, 17 June 2025, 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.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|------------------------------|---|
| “Announcement” | the announcement of the Company dated 13 May 2025 regarding the Rights Issue |
| “Beneficial Owner(s)” | beneficial owner(s) whose Shares are registered in the name of a Registered Shareholder |
| “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 the Excess Rights Shares |

DEFINITIONS

| | |
|------------------------------|--|
| “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 |
| “Intermediary” | in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means a Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the Beneficial Owner’s Shares with a CCASS participant |
| “Irrevocable Undertaking(s)” | the irrevocable undertakings executed by (i) Jingxi Holdings and (ii) Mr. Zhao Yue, an executive Director and the vice chairman as well as a substantial shareholder of the Company, respectively, pursuant to which (a) Jingxi Holdings 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; and (b) Mr. Zhao Yue 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 the 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 |

DEFINITIONS

| | |
|---------------------------------|--|
| “Last Day for Transfer” | Wednesday, 21 May 2025, 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” | Tuesday, 13 May 2025, being the date of the Announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of the Announcement |
| “Latest Practicable Date” | Tuesday, 27 May 2025, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein |
| “Latest Time for Acceptance” | 4:00 p.m. on Tuesday, 17 June 2025, 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 the 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 |
| “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 |

DEFINITIONS

| | |
|-----------------------------|---|
| “PRC” or “Mainland China” | the People’s Republic of China, which for the purpose of this prospectus shall exclude Hong Kong, Macau and Taiwan |
| “Previous Rights Issue” | the previous issue by way of rights on the basis of one (1) rights share for every five (5) existing Shares held on 30 September 2024, which was completed in October 2024 |
| “Prospectus” | this prospectus 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” | Tuesday, 3 June 2025, 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” | Wednesday, 28 May 2025, 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 |
| “Registered Shareholder” | in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of Shares in which the Beneficial Owner is beneficially interested |
| “Registrar” | Tricor Investor Services 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 three (3) Rights Shares for every twenty (20) existing Shares held on the Record Date at the Subscription Price |
| “Rights Share(s)” | up to 352,508,727 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue |

DEFINITIONS

| | |
|----------------------|---|
| “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, a wholly-owned subsidiary of Shougang Group and a controlling Shareholder |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.455 per Rights Share under the Rights Issue |
| “Takeovers Code” | the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs |
| “United States” | the United States of America (including its territories and dependencies, any state in the US and the District of Columbia) |
| “USD” | United States dollars, the lawful currency of the United States |
| “%” | per cent |

LETTER FROM THE BOARD



SHOUGANG CENTURY HOLDINGS LIMITED

首 佳 科 技 製 造 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 103)

Executive Directors:

SU Fanrong (*Chairman*)

ZHAO Yue (*Vice Chairman*)

LI Jinping (*Managing Director*)

YANG Junlin (*Deputy Managing Director*)

ZHANG Dan

Registered Office/Principal Office:

Room 1215, 12/F,

Honour Industrial Centre

6 Sun Yip Street, Chai Wan

Hong Kong

Non-executive Director:

XU Hongyan (*SUN Chao as her Alternate Director*)

Independent Non-executive Directors:

LAM Yiu Kin

FENG Yaoling

HO Shuk Ying, Sabrina

3 June 2025

To the Qualifying Shareholders,

Dear Sir or Madam,

RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY TWENTY (20) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue.

The purpose of this Prospectus is to provide you with further information on the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, and certain financial and general information of the Group.

LETTER FROM THE BOARD

THE RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$160 million before expenses by way of the issue to the Qualifying Shareholders of a maximum of 352,508,727 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.455 per Rights Share on the basis of three (3) Rights Shares for every twenty (20) 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:

Rights Issue statistics

| | | |
|---|---|---|
| Basis of the Rights Issue | : | Three (3) Rights Shares for every twenty (20) existing Shares held by the Qualifying Shareholders on the Record Date |
| Subscription Price | : | HK\$0.455 per Right Share |
| Number of Shares in issue as at the Latest Practicable Date | : | 2,350,058,193 Shares |
| | | As at the Latest Practicable Date, the Company does not hold any treasury shares and there is no repurchased Share pending cancellation. |
| Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed) | : | 352,508,727 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 2,702,566,920 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\$160 million (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 |

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

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 352,508,727 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represent approximately 15% of the issued share capital of the Company as at the Latest Practicable Date and will represent approximately 13% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares (assuming the Rights Issue is fully subscribed).

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 PAL may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, or may result in the non-compliance by the Company of the public float requirement under Rule 8.08 of the Listing Rules. 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; and/or does not result in the non-compliance of the public float requirement on the part of the Company.

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.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.455 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 the Excess Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 8.3% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 12.3% to the closing price of HK\$0.405 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 14.3% 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\$0.398 per Share;
- (iv) a premium of approximately 13.2% 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\$0.402 per Share;
- (v) a discount of approximately 40.1% to the latest published consolidated net asset value per Share as at 31 December 2024 of approximately HK\$0.76 (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately HK\$1,785,537,000 as disclosed in the annual results announcement of the Company for the year ended 31 December 2024 and 2,350,058,193 Shares in issue as at the Latest Practicable Date);
- (vi) no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of the theoretical diluted price of approximately HK\$0.412 per Share as compared to the benchmarked price of approximately HK\$0.405 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\$0.405 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\$0.398 per Share); and
- (vii) no cumulative theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) in aggregation with the Previous Rights Issue of the cumulative theoretical diluted price of approximately HK\$0.314 per Share to the benchmarked price of approximately HK\$0.305 per Share in respect of the Previous Rights Issue (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on 13 September 2024 of HK\$0.30 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 13 September 2024 of approximately HK\$0.305 per Share).

LETTER FROM THE BOARD

The Subscription Price was determined by the Company with reference to the market price of the Shares under prevailing market conditions, the financial performance and the fund requirements of the Group. Despite the offering of the Rights Shares at a discount to the net asset value per Share, the Subscription Price is at premium to the market price of the Shares preceding the Last Trading Day and is therefore considered fair and reasonable for the Directors.

The Board believes that offering the Rights Shares at the Subscription Price can be used as an incentive to attract strategic partners or key stakeholders who can add value to the Company through collaborations, synergies, or expertise. It further believes that offering the Rights Shares at the Subscription Price provides an opportunity for existing Shareholders to participate in the Company's growth trajectory at an attractive entry point. The Company can create value for existing Shareholders by potentially increasing the share price in the long term as the Company grows and the discount narrows.

The Rights Issue has been undertaken after thorough evaluation and with the long-term interests of the Company and its shareholders in mind.

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 three (3) Rights Shares (in nil-paid form) for every twenty (20) 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 Investor Services 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 Tuesday, 17 June 2025.

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.

LETTER FROM THE BOARD

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.

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 Monday, 19 May 2025, and the first day of dealings in Shares on an ex-rights basis is 20 May 2025.

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.

LETTER FROM THE BOARD

Overseas Shareholders

Based on the register of members of the Company as of the Latest Practicable Date, there are four Shareholders with registered addresses situated in Mainland China, Macau, and the Netherlands with the following shareholding structure.

| Jurisdictions | Number of Overseas Shareholder(s) | in the jurisdiction as of the Latest Practicable Date | Aggregated number of Shares held by Overseas Shareholder(s) | Approximate percentage of the total issued share capital of the Company as of the Latest Practicable Date |
|-----------------|-----------------------------------|---|---|---|
| | | | | (%) |
| The Netherlands | 1 | | 250,000,000 | 10.64 |
| Mainland China | 1 | | 10,000 | 0.00043 |
| Macau | 2 | | 130,000 | 0.0055 |

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, has made reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date, and has made enquires that under the applicable legislations of the Netherlands and Macau, either (i) there is no legal or regulatory prohibition or restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in such relevant jurisdictions; (ii) making the Rights Issue to these Overseas Shareholders meets the relevant exemption requirements in the relevant jurisdictions such that it would be exempt from obtaining approval from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of such jurisdictions; or (iii) the potential costs for complying with the regulatory requirements under the applicable laws and regulations of the relevant jurisdictions are minimal.

Accordingly, the Rights Issue is extended to the Overseas Shareholders having registered addresses in the Netherlands and Macau and such Overseas Shareholders are regarded as Qualifying Shareholders.

LETTER FROM THE BOARD

The Company has also made enquires in Mainland China. Having considered the circumstances, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully-paid forms) to Overseas Shareholders with registered addresses in Mainland China due to the time and costs involved in the registration or filing of the Prospectus Documents and/or approval required by the relevant authorities in Mainland China and/or additional steps the Company and/or Overseas Shareholders need to take to comply with the relevant legal or regulatory requirements therein.

Accordingly, any Shareholder(s) whose address(es) as shown on such register of members of the Company at the close of business on the Record Date is/are in Mainland China are regarded as Non-Qualifying Shareholders and excluded from the Rights Issue.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL or EAF to them. For the avoidance of doubt, the Rights Issue is not conditional upon the posting of any of the Prospectus Documents to any Non-Qualifying Shareholders.

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

Upon completion of the Rights Issue, the board lots of the Company will remain as 2,000 Shares. In order to facilitate the trading of odd lots (if any) of the Shares, the Company has appointed Aristo Securities Limited to stand in the market to match the purchase and sale of odd lots of the Shares at the relevant market price, on a best effort basis. Holders of odd lots of the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up to a full board lot may contact Mr. Hunda Yuen at (852) 3622 1326, Room B, 11/F, Golden Star Building, 22 Lockhart Road, Wan Chai, Hong Kong during the period from Thursday, 26 June 2025 at 9:00 a.m. to Thursday, 17 July 2025 at 4:00 p.m., both days inclusive. Holders of the odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot facility, is recommended to consult his/her/its own professional advisers.

LETTER FROM THE BOARD

Procedures for acceptance, payment and transfer

General

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the PAL(s) and/or EAF(s) by anyone outside Hong Kong will constitute a warranty and representation by such person to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions in connection with the PAL and/or the EAF(s) and any acceptance of the PAL, have been, or will be, duly complied with. The Company reserves the right to refuse to accept any application or subscription for or transfer of Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of Rights Shares shown thereon. If a Qualifying Shareholder(s) wish(es) to take up his/her/their right to subscribe for any or all the Rights Shares provisionally allotted to him/her/them as specified in the PAL, he/she/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR TRUST (HONG KONG) LIMITED – A/C NO.56" and crossed "Account Payee Only".

LETTER FROM THE BOARD

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be made available for application under the EAFs by the Qualifying Shareholders. The Company is not obliged but may, at its absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedures to be followed for acceptance of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment immediately upon receipt and any interests earned on such monies will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the nil-paid Rights Shares have been validly transferred) without interest, by means of cheques to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk.

Transfer and "Splitting" of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation no later than 4:30 p.m. on Monday, 9 June 2025 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as "splitting" the nil-paid Rights Shares.

LETTER FROM THE BOARD

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than the Latest Time for Acceptance.

The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance and before the relevant dates stated in the section headed “Expected Timetable” of this Prospectus in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

LETTER FROM THE BOARD

Such instructions and/or arrangements should be given or made in advance and before the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

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.

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, the 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;

LETTER FROM THE BOARD

- (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), the 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.

Important notice to Beneficial Owners: 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.

Action to be taken by Qualifying Shareholders who wish to apply for Excess Rights Shares

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 Tuesday, 17 June 2025.

All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier’s orders must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED – A/C NO.57**” and crossed “**Account Payee Only**”.

LETTER FROM THE BOARD

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

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all the local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for the Excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown on the Record Date in the register of members of the Company.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and lodgement of an EAF together with a cheque or cashier's order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The Company is not obliged but may, at its absolute discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If no Excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder. If the number of Excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to that Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder.

If the conditions of the Rights Issue are not fulfilled, the monies received in respect of relevant applications for the Excess Rights Shares will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post to their registered address, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members, at their own risk.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS) who wish to apply for Excess Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to apply for Excess Rights Shares, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance and before the latest time for application and payment for Excess Rights Shares stated in the section headed “Expected Timetable” of this Prospectus, in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for Excess Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for Excess Rights Shares, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to such application. Such instructions and/or arrangements should be given or made in advance and before the date stated in the section headed “Expected Timetable” of this Prospectus as the latest time for application and payment for Excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect.

The procedures for application for Excess Rights Shares by CCASS participants shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for Excess Rights Shares. HKSCC Nominees Limited will allocate the Excess Rights Shares it receives to the relevant CCASS participants pro rata to the number of Excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate, pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures.

LETTER FROM THE BOARD

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 Wednesday, 25 June 2025. 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 Wednesday, 25 June 2025 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 has applied 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.

LETTER FROM THE BOARD

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

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. Thursday, 5 June 2025;
- (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 Jingxi Holdings and Mr. Zhao Yue under the Irrevocable Undertakings in all material aspects; 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

LETTER FROM THE BOARD

- (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 conditions (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.

THE IRREVOCABLE UNDERTAKINGS

Pursuant to the Irrevocable Undertaking provided by Jingxi Holdings to the Company, Jingxi Holdings irrevocably undertook to the Company that (i) it will subscribe for an aggregate of 158,320,880 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 1,055,472,540 Shares beneficially held by the Shougang Group, subject to rounding adjustments; and (ii) it will not, and will procure the controlled corporations of Shougang Group not to, dispose of any of the 1,055,472,540 Shares currently held by Shougang Group, and such Shares will remain beneficially owned by Shougang Group, 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.

Fair Union has agreed that it shall transfer to Jingxi Holdings its 147,411,790 Rights Shares to be provisionally allotted to it before the Latest Time of Acceptance, subject to rounding adjustments. As such, Jingxi Holdings will take the place of Fair Union to accept and pay for such 147,411,790 Rights Shares on or before the Latest Time for Acceptance, subject to rounding adjustments.

LETTER FROM THE BOARD

Pursuant to the Irrevocable Undertaking provided by Mr. Zhao Yue (an executive Director and the vice chairman as well as a substantial shareholder of the Company), Mr. Zhao irrevocably undertook to the Company that:

- (i) Mr. Zhao, who through his controlled corporations held 235,390,380 Shares (representing approximately 10.02% of the total issued share capital of the Company) as at the Latest Practicable Date, 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 Record Date at 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) the Excess Rights Shares by way of excess application, provided however that (1) the total amount payable by Mr. Zhao and his controlled corporations for the subscription of the Rights Shares under the Rights Issue (including excess application) shall be not less than HK\$45,000,000; and (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 12.82% (assuming full allocations) of the enlarged total issued share capital of the Company upon completion of the Rights Issue, and the total number of Rights Shares that could be subscribed by Mr. Zhao and his controlled corporations is approximately 98,901,099 (subject to adjustment); and
- (ii) he will not, and will procure his controlled corporations not to, dispose of any of the 235,390,380 Shares comprising their current shareholding in the Company, and such Rights 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 Latest Practicable Date, save for the Irrevocable Undertakings provided by Jingxi Holdings and Mr. Zhao Yue, 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.

LETTER FROM THE BOARD

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; and (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 pursuant to the Irrevocable Undertaking executed by Jingxi Holdings; and (b) Mr. Zhao Yue and his controlled corporations have taken up their respective entitlement of the Rights Issue and applied for the Excess Rights Shares (assuming full allocation) pursuant to the Irrevocable Undertaking executed by Mr. Zhao Yue, 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 Latest Practicable Date | | (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 pursuant to the Irrevocable Undertaking executed by Jingxi Holdings; and (b) Mr. Zhao Yue and his controlled corporations have taken up their respective entitlement of the Rights Issue and applied for the Excess Rights Shares (assuming full allocation) pursuant to the Irrevocable Undertaking executed by Mr. Zhao Yue | |
|---|---------------------------------------|--|---|--|--|--|
| | Number of Shares | Shareholding percentage (%) ⁽⁷⁾ | Number of Shares | Shareholding percentage (%) ⁽⁷⁾ | Number of Shares | Shareholding percentage (%) ⁽⁷⁾ |
| Controlling and substantial Shareholders | | | | | | |
| Shougang Group and its controlled corporations ⁽¹⁾ | 1,055,472,540 | 44.91 | 1,213,793,420 | 44.91 | 1,213,793,420 | 46.55 |
| Bekaert Combustion Technology B.V. ⁽²⁾ | 250,000,000 | 10.64 | 287,500,000 | 10.64 | 250,000,000 | 9.59 |
| Mr. Zhao Yue and his controlled corporations ⁽³⁾ | 235,390,380 | 10.02 | 270,698,937 | 10.02 | 334,291,479 | 12.82 |
| Directors | | | | | | |
| Mr. Su Fanrong ⁽⁴⁾ | 1,000,000 | 0.04 | 1,150,000 | 0.04 | 1,000,000 | 0.04 |
| Mr. Li Jinping ⁽⁵⁾ | 1,000,000 | 0.04 | 1,150,000 | 0.04 | 1,000,000 | 0.04 |
| Mr. Yang Junlin ⁽⁶⁾ | 626,000 | 0.03 | 719,900 | 0.03 | 626,000 | 0.02 |
| Public Shareholders | 806,569,273 | 34.32 | 927,554,663 | 34.32 | 806,569,273 | 30.94 |
| TOTAL | <u>2,350,058,193</u> | <u>100.00</u> | <u>2,702,566,920</u> | <u>100.00</u> | <u>2,607,280,172</u> | <u>100.00</u> |

LETTER FROM THE BOARD

Notes:

- (1) Shougang Group is the ultimate holding company of Shougang HK, it is deemed to be interested in the 982,745,268 Shares held by Shougang HK and by virtue of the SFO, it is deemed to be interested in the 982,745,268 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 as Jingxi Holdings is wholly owned by Shougang Fund and Shougang Fund is wholly owned by Shougang Group. Fair Union has agreed to transfer all the nil-paid rights that it is interested to Jingxi Holdings at HK\$1 before the Latest Time of Acceptance.
- (2) 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.
- (3) Mr. Zhao Yue is an executive Director and the vice chairman as well as a substantial shareholder of the Company. As at the Latest Practicable Date, 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 235,390,380 Shares of the Company held by Redamancy.
- (4) Mr. Su Fanrong is the chairman of the Company.
- (5) Mr. Li Jinping is the managing Director.
- (6) Mr. Yang Junlin is the deputy managing Director.
- (7) 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 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.

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.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company has considered other fundraising alternatives available to the Company including but not limited to debt financing and other equity fund raising such as placement of shares.

However, (i) debt financing would increase financial costs. As of 31 December 2024, the Group had bank borrowings of approximately HK\$582,973,000, bearing interest at rates ranging from approximately 2.50% to approximately 5.73%, and is due for repayment within one year, and (ii) if the Company raises a similar amount of equity through placement, not all Shareholders would be allowed to participate in the fundraising activity, and the Shareholders' shareholding would be diluted, preventing them from maintaining their pro rata shareholding interests 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. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom. The Rights Issue represents a good opportunity to raise additional funds through the equity market and will enhance the Group's financial strength without the ongoing burden of interest expenses, and also offer all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company.

As at 30 April 2025, the Company had free cash at bank of approximately HK\$355 million, among which approximately HK\$229 million was held onshore for the Company's daily operations. In addition, the Company had bank loans due within one year of approximately HK\$548 million as at 30 April 2025.

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.**

LETTER FROM THE BOARD

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\$158 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\$0.449. The Company intends to use the net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$106 million to upgrade the Company's technology, including but not limited to manufacturing process, workflow and production capacity optimisation as well as cost reduction, efficiency improvements, production support, and research and development; and
- (ii) approximately HK\$52 million to replenish general working capital and to repay loans and borrowings of the Group.

The Company expects that the net proceeds from the Rights Issue in the amount of approximately HK\$158 million would be fully utilised by the end of 2025.

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.

In view of the above, and having considered that all the Qualifying Shareholders will be offered an equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

PREVIOUS FUND-RAISING EXERCISE BY THE COMPANY

Set out below is the fundraising activity conducted by the Company during the past twelve months immediately prior to the date of this Prospectus:

| Event | Date of announcement of results of the right issue | Net proceeds | Intended use of proceeds | Actual use of proceeds as at the Latest Practicable Date |
|---|--|-------------------------------|--|---|
| The Previous Rights Issue (i.e. the rights issue on the basis of one (1) rights share for every five (5) existing Shares) | 24 October 2024 | Approximately HK\$128 million | For general working capital and repayment of unsecured/secured loan of the Group | The net proceeds from the Previous Rights Issue have been fully utilised as intended. |

Save for the above, the Company has not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this Prospectus.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Save for the Previous Rights Issue, the Company has not conducted any other rights issue or open offer within the 12-month period prior to the date of this Prospectus. The Rights Issue (after aggregation with the Previous Rights Issue) will not increase the total number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates). Accordingly, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A(1) of the Listing Rules.

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

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.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this Prospectus.

Yours faithfully,
For and on behalf of the Board
Shougang Century Holdings Limited
SU Fanrong
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2022, 2023 and 2024, together with the relevant notes thereto, were disclosed in the relevant annual reports of the Company which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.shougangcentury.com.hk>), the links to which are shown below for reference:

- (i) annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 120 to 257) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042703017.pdf>;
- (ii) annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 120 to 254) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042902137.pdf>; and
- (iii) annual report of the Company for the year ended 31 December 2024 published on 30 April 2025 (pages 116 to 242) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0430/2025043002011.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2025, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had total outstanding borrowings, including revolving loans, amounting to approximately HK\$554 million, comprising unsecured and unguaranteed bank revolving loans of approximately HK\$548 million and secured discounted bills with recourse of approximately HK\$6 million.

As at 30 April 2025, the Group, as lessees, had lease liabilities of approximately HK\$4 million which are unsecured and unguaranteed.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, term loans, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, other recognized lease liabilities, finance lease, hire purchase or lease commitments, which are either guaranteed, unguaranteed, secured and unsecured, guarantees or other material contingent liabilities at the close of business on 30 April 2025.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances, and after taking into account the Group's business prospects, present internal resources and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its business operations for at least the next twelve months from the date of this Prospectus. The Company has obtained the relevant confirmation as required under Rule 9.20(1) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

According to the statistics of the Ministry of Public Security, domestic motor vehicle ownership reached 453 million vehicles, of which car ownership was 353 million vehicles with new energy vehicle ownership reaching 31.40 million vehicles. Motor vehicle ownership recorded a year-on-year increase of 4.1%. The rises in automotive demand and sales volume have led to an increase in the demand for accessorial and replacement tyres, which has attracted the new entrant of sales of steel cords for radial tyres. As a result, the steel cord segment sold 240,049 tonnes of steel cord during 2024, increased by 5.0% as compared to 228,637 tonnes last year.

For the year ended 31 December 2024, the Group's revenue of steel cord segment amounted to HK\$2,395,754,000 (2023:HK\$2,493,165,000), representing a decrease of 3.9% from the previous year. The newcomer significantly intensified market competition in the second half of year 2024. To maintain market share, the sales price of steel cords of the Group has continued to decline, resulting in a continued decline in revenue. The company's gross profit and net profit have also been affected and declined under the above-mentioned circumstances.

Looking forward, the instability of the political and economic situation as well as the risk of global recession due to high interest rates have not yet been averted. But we, Shougang Century, are confident and optimistic about our business in light of the followings:

- Facing the growing automotive and tyre market, the Group strives to enhance its productivity and plans to improve production capacity by strengthening technological transformation and production automation, while simultaneously achieving production cost reduction and efficiency improvement;

- The Group will strive to make great strides towards its goal to manufacture over 300,000 tonnes of high-quality steel cords annually. This increase in productivity will also significantly enhance the Group's core competitiveness and profitability;
- In addition, dealing with the ever-changing international political and economic situation, to further enhance market competitiveness to respond to the needs of international customers for a secure supply chain, and to reduce the potential risks of policy changes and maritime factors, the Company has determined to take international operations as its future development policy, and will continue to focus on expanding high-end customers and establishing an international market network;
- The Board will consider commencing and reviewing the feasibility study of establishing a production base in Europe, preferably in Eastern Europe, and explore the proposal for global capacity investing cooperation as well as the acquisition within and outside the industry;
- By taking into consideration the Chinese government's regulations on energy conservation and emission reduction, the constant increase in output of electric cars drives demand for their accessorial tyres, which will in turn expedite the market expansion of steel cords for domestic radial tyres and bring a more ample room for development to steel cord industry in the long term; and
- To reduce carbon emissions through reduction of energy consumption, application of clean energy, research and development on low-carbon products, the application of new technologies and new equipment and so on, the Group can achieve the green, low-carbon and sustainable corporate development and fulfil social responsibilities.

Against the price competition in the industry, the Group remains committed to reducing production costs, enhancing production efficiency, developing advanced products and overseas production bases for overseas markets and strengthening the Group's competitive advantage for the purpose of increasing the Group's market share and maintaining the "Eastern" brand recognition in worldwide market.

For illustrative purposes, the unaudited pro forma financial information of the Group prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Rights Issue as if the Rights Issue had been completed on 31 December 2024. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONDENSED
CONSOLIDATED NET ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 December 2024 and taking into account certain assumptions.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 December 2024 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2024, as extracted from the Group's audited consolidated statement of financial position as at 31 December 2024 included in the annual report of the Company for the year ended 31 December 2024, and is adjusted for the effect of the Rights Issue described below.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

| | Audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2024 (HK\$'000) (Note 1) | Unaudited estimated net proceeds from the Rights Issue (HK\$'000) (Note 2) | Unaudited pro forma adjusted consolidated net assets attributable to the owners of the Company as at 31 December 2024 immediately after the completion of the Rights Issue (HK\$'000) | Audited consolidated net assets attributable to owners of the Company per Share as at 31 December 2024 before the completion of the Rights Issue (HK\$) (Note 3) | Unaudited pro forma adjusted consolidated net assets attributable to owners of the Company per Share as at 31 December 2024 immediately after the completion of the Rights Issue (HK\$) (Note 4) |
|---|---|---|---|--|---|
| Based on 352,508,727 Rights Shares to be issued at Subscription Price of HK\$0.455 per Rights Share | 1,785,537 | 158,326 | 1,943,863 | 0.76 | 0.72 |

Notes:

1. The consolidated net assets of the Group attributable to owners of the Company of approximately HK\$1,785,537,000 as at 31 December 2024 is extracted from the annual report of the Company for the year ended 31 December 2024.
2. The estimated net proceeds of approximately HK\$158,326,000 from the Rights Issue are based on 352,508,727 Rights Shares (assuming no new Shares are allotted and issued and no other change in the share capital of the Company on or before the Record Date) at the Subscription Price of HK\$0.455 per Rights Share, after deduction of estimate related expenses (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) payable by the Company.
3. The number of Shares and audited consolidated net assets attributable to owners of the Company used for the calculation of the unaudited pro forma adjusted consolidated net assets of the Group per Share attributable to the owners of the Company before the completion of the Rights Issue, is based on 2,350,058,193 Shares in issue as at 31 December 2024 and approximately HK\$1,785,537,000 as at 31 December 2024 respectively.
4. The unaudited pro forma adjusted consolidated net assets of the Group attributable to the owners of the Company per Share as at 31 December 2024 immediately after the completion of the Rights Issue as if the Rights Shares had been completed on 31 December 2024. The number of Shares used for the calculation of the unaudited pro forma adjusted consolidated net assets of the Group per Share attributable to the owners of the Company immediately after the completion of the Rights Issue is 2,702,566,920 Shares, which consists of (i) 2,350,058,193 Shares in issue as at 31 December 2024, and (ii) 352,508,727 Rights Shares.
5. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

**B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP**

The following is the text of the independent reporting accountants' assurance report received from JFY CPA Limited, Certified Public Accountants and Registered PIE Auditor, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.



JFY CPA Limited
Certified Public Accountants
灼見會計師事務所有限公司

TO THE DIRECTORS OF SHOUGANG CENTURY HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shougang Century Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net assets as at 31 December 2024 and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 3 June 2025 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of three rights shares for every twenty existing shares at the subscription price of HK\$0.455 per rights share (the “**Rights Issue**”) on the Group's consolidated financial position as at 31 December 2024 as if the Rights Issue had taken place on 31 December 2024. As part of this process, information about the Group's net assets as at 31 December 2024 has been extracted by the directors from the Group's consolidated statement of financial position as at 31 December 2024, included in the annual report of the Group for the year ended 31 December 2024.

**DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management (HKSQM) 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements”, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

JFY CPA Limited

Certified Public Accountants

Chan Chun Sing

Audit Engagement Director

Practising Certificate Number: P05537

Hong Kong, 3 June 2025

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Prospectus misleading.

2. SHARE CAPITAL

| | |
|--|----------------------|
| Issued and fully paid Shares as of the Latest Practicable Date: | 2,350,058,193 Shares |
|--|----------------------|

| | |
|--|---|
| Maximum number of Rights Shares to be issued upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed): | 352,508,727 Shares (assuming no change in the number of Shares in issue on or before the Record Date) |
|--|---|

| | |
|---|--|
| Issued Shares upon completion of the Rights Issue: | 2,702,566,920 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 issued on or before completion of the Rights Issue) |
|---|--|

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. Since the Company is incorporated in Hong Kong, the Rights Shares have no nominal value. The Rights Shares to be issued will be listed on the Main Board of the Stock Exchange.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

3. PARTICULARS OF THE DIRECTORS

(a) Business Addresses

The business address of all the Directors and senior management is the same as the address of the Company's principal place of business at Room 1215, 12/F, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.

(b) Biographical Details

Mr. Su Fanrong

Chairman and Executive Director

Mr. Su Fanrong, aged 57, joined the Group as a deputy general manager of the Company in January 2015 and was appointed as the executive deputy managing Director on 1 December 2015. Mr. Su has re-designated as the chairman of the Company and acted as the chairman and vice-chairman of the nomination committee and remuneration committee of the Company respectively since 18 January 2018, and he has been appointed as the managing Director on 31 January 2018. He resigned as the managing Director on 1 July 2023 but remains as the chairman of the Company. At present, Mr. Su holds directorship in all wholly-owned subsidiaries of the Company. He also acts as the deputy general manager of Shougang HK. He holds a Master's degree in Business Administration from Missouri State University and a Bachelor's degree specialising in Pressure Processing from University of Science and Technology Beijing. He joined Shougang Group in 1990 and has been working in various companies under Shougang Group. Mr. Su has over 30 years of sales and management experience in the steel industry.

Mr. Zhao Yue

Vice Chairman and Executive Director

Mr. Zhao Yue, aged 34, was appointed as an executive Director and the vice chairman of the Company with effect from 12 August 2024. Mr. Zhao currently pursuing a master's degree in EMBA at School of Management, Fudan University, holds a master's degree in electrical and computer engineering from The George Washington University and a bachelor's degree in communications engineering from Nanjing University of Information Science and Technology. Mr. Zhao is a director of Redamancy. From March 2016 to November 2023, Mr. Zhao held various senior positions at Xingda International Holdings Limited (stock code: 1899, a company listed on the main board of the Stock Exchange) and its subsidiaries, including, among others, managing director of European branch, president of North American branch, deputy general manager and general manager of the international trade business department, etc. Over the years, Mr. Zhao has been engaged in the sales of steel cord and has extensive experience in international sales, market development and overseas operations management.

Mr. Li Jinping*Managing Director and Executive Director*

Mr. Li Jinping, aged 49, was appointed as an executive Director with effect from 1 January 2020. He was appointed as the managing Director with effect from 1 July 2023. At present, he also holds directorship in several wholly-owned subsidiaries of the Company. Mr. Li was graduated from Shandong University of Finance and Economics with a Master's degree in Accounting. He is a senior accountant and a public valuer. Mr. Li had worked in Beijing Supervision Bureau of Ministry of Finance of PRC for approximately 18 years and held various senior positions including the deputy division director and division director. He was principally engaged in the work relating to supervision, inspection, risk control management and so on. In 2019, Mr. Li joined Shougang HK. He currently serves as a financial controller of Shougang HK. In all, Mr. Li has extensive experience and expertise in financial supervision and risk control.

Mr. Yang Junlin*Deputy Managing Director and Executive Director*

Mr. Yang Junlin, aged 45, was appointed as an executive Director and a deputy managing Director with effect from 1 July 2022 and 8 July 2022 respectively. At present, he also holds directorship in all wholly-owned subsidiaries of the Company. He graduated from Nankai University with a Bachelor's degree in Management. Mr. Yang had been working in various companies under Shougang Group since 2003 and held various senior positions. Mr. Yang had been the general manager of the finance department of Shougang HK prior to his appointment as an executive Director. In all, Mr. Yang has been engaged in financial management for years and has extensive experience and expertise in financing and capital market.

Mr. Zhang Dan*Executive Director*

Mr. Zhang Dan, aged 42, was appointed as an executive Director on 1 August 2023. Mr. Zhang holds a Master's degree in Business Administration from The University of California, Los Angeles and a Bachelor's degree in Economics from Beijing University of Technology. Mr. Zhang is also a responsible officer recognised by the Securities and Futures Commission of Hong Kong for engaging in the Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities.

In January 2023, Mr. Zhang joined Shougang Fund. He currently serves as a managing director of Shougang Fund, a general manager of the merger and acquisition department of Shougang Fund, a general manager of Jingxi Holdings and a general manager of Beijing Shouxi Investment Management Co., Ltd.. Prior to joining Shougang Fund, he was the co-head of general industrials and merger and acquisition of investment banking department of Huatai International Financial Holdings Company Limited and had completed numerous merger and acquisition as well as initial public offering and refinancing projects. He was also a director of the investment banking department of GF Capital (Hong Kong) Limited. In all, Mr. Zhang has over 15 years of extensive experience in Hong Kong capital market.

Ms. Xu Hongyan

Non-executive Director

Ms. Xu Hongyan, aged 50, was appointed as a non-executive Director on 5 September 2024. Ms. Xu holds Bachelor of Science degrees in Aeronautic Engineering and International Industrial Business from Beijing University of Aeronautics and Astronautics in China. She further achieved a Master of Business Administration degree and a Master of Business Informatics degree from Rotterdam School of Management, Erasmus University in the Netherlands.

Ms. Xu was appointed as the Divisional Chief Executive Officer of rubber reinforcement in Bekaert group in March 2023. Prior to joining Bekaert group, she had held various management positions of several reputable multinational corporations such as Thyssenkrupp Elevator, SMS Group, Linde, Schneider Electric, Siemens AG and General Electric. In all, Ms. Xu has over 20 years of extensive experience in industrial engineering, metal and energy sectors.

Mr. Sun Chao

Alternate Director to Ms. Xu Hongyan (a non-executive Director)

Mr. Sun Chao, aged 48, was appointed as an alternate Director to Ms. Xu Hongyan, the non-executive Director, on 10 December 2024. Mr. Sun holds a Bachelor's Degree in Industrial Automation from Wuhan University of Technology and a Master of Business Administration Degree from Ecole des Ponts ParisTech in France. He further completed a transformational leadership management program at International Institute for Management Development in Lausanne, Switzerland.

Mr. Sun was appointed as a senior vice president of Bekaert Group and president of the steel cord business unit in China in March 2024. Prior to joining Bekaert Group, he had held various management positions of several reputable multinational corporations such as Dematic International Trading Ltd., Shanghai, ABB Shanghai Motors Co., Ltd. and Schneider Electric (China) Co., Ltd., etc.. In all, Mr. Sun has over 20 years of extensive leadership experience in industrial sector.

Mr. Lam Yiu Kin*Independent Non-executive Director*

Mr. Lam Yiu Kin, aged 70, is a fellow member of each of the Association of Chartered Certified Accountants, the Institute of Chartered Accountants in England & Wales, the Chartered Accountants of Australia and New Zealand and Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). He graduated from The Hong Kong Polytechnic University (“**Polytechnic University**”) with a higher diploma in Accountancy in 1975. He was conferred an Honorary Fellow of Polytechnic University in 2002. Mr. Lam was appointed as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company in August 2015. He was appointed as the chairman of each the audit committee and remuneration committee of the Company with effect from 1 September 2023. He is also an independent non-executive director of each of Spring Real Estate Investment Trust, Global Digital Creations Holdings Limited, COSCO SHIPPING Ports Limited, Nine Dragons Paper (Holdings) Limited, CITIC Telecom International Holdings Limited and Topsports International Holdings Limited. Mr. Lam retired as an independent non-executive director of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Limited and Flydoo Technology Holdings Limited (formerly known as WWPKG Holdings Company Limited) with effect from 30 May 2023 and 2 August 2022 respectively. He also resigned as an independent non-executive director of Bestway Global Holding Inc. in 2021. Mr. Lam had taken the position of an adjunct professor in the School of Accounting and Finance of Polytechnic University until 31 August 2016. He was previously a member of the Listing Committee and the Financial Reporting Advisory Panel of the Stock Exchange from 1997 to 2003, a committee member of HKICPA from 1994 to 2009, a partner of PricewaterhouseCoopers from 1993 to 2013 and a member of the Finance Management Committee of the Hong Kong Management Association until 7 July 2016. In all, Mr. Lam has over 40 years of extensive experience in accounting, auditing and business consulting.

Mr. Feng Yaoling*Independent Non-executive Director*

Mr. Feng Yaoling, aged 67, was appointed as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company with effect from 1 January 2020. He was appointed as the vice chairman of nomination committee of the Company with effect from 1 September 2023. Mr. Feng was a professor-level senior engineer who is awarded special government subsidy by the State Council of PRC as a specialist. He graduated from Beijing University of Chemical Technology with a Bachelor's degree in Engineering in January 1982.

Mr. Feng is currently a deputy chief engineer of Eve Rubber Institute Co., Ltd. and he has over 35 years of extensive experience in the tyre manufacturing industry. Mr. Feng was previously the chief engineer, senior engineer, deputy general manager cum chief engineer and director of Aeolus Tyre Co., Ltd. (“**Aeolus Tyre**”) from 1982 to 2017. Aeolus Tyre was listed on the Main Board of the Shanghai Stock Exchange in October 2003 (Stock code: 600469).

Ms. Ho Shuk Ying, Sabrina*Independent Non-executive Director*

Ms. Ho Shuk Ying, Sabrina, aged 40, was appointed as an independent non-executive Director and a member of each of the audit committee, nomination committee and remuneration committee of the Company on 1 September 2023. Ms. Ho holds a Bachelor's degree of Laws (graduated with first class honors) from The University of Hong Kong and a Master's degree of Laws (Commercial Law) (graduated with distinction) from London School of Economics and Political Science. She was called to the Hong Kong Bar in 2009. She is a practising barrister and a holder of the Mainland China Lawyer's Licence (Guangdong – Hong Kong – Macao Greater Bay Area). Her practice focuses on commercial, company and insurance law.

Ms. Ho is a member of the Election Committee (Legal Sector) of the Hong Kong Special Administrative Region, the Competition Commission, the Standing Committee on Company Law Reform, the Board of Review (Inland Revenue Ordinance) and the Disciplinary Committee of the Estate Agents Authority. She is an arbitrator on the list of arbitrators of the Hong Kong International Arbitration Centre and an arbitrator of the Shenzhen Court of International Arbitration. She is also a member of the Bar Council of the Hong Kong Bar Association.

4. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which are 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 are taken or deemed to have under such provisions of SFO), or to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in the Listing Rules were listed as follows:

Long positions in the Shares and underlying Shares

| Name of Director | Capacity in which interests are held | Total number of Shares held as of the Latest Practicable Date | Approximate percentage of the total number of issued Shares ⁽⁵⁾ (%) |
|--------------------------------|--------------------------------------|---|--|
| Mr. Zhao Yue ⁽¹⁾ | Interests in controlled corporations | 235,390,380 | 10.02 |
| Mr. Su Fanrong ⁽²⁾ | Beneficial owner | 1,000,000 | 0.04 |
| Mr. Li Jinping ⁽³⁾ | Beneficial owner | 1,000,000 | 0.04 |
| Mr. Yang Junlin ⁽⁴⁾ | Beneficial owner | 626,000 | 0.03 |

Notes:

- (1) Mr. Zhao Yue is an executive Director and the vice chairman as well as a substantial shareholder of the Company. As at the Latest Practicable Date, 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 235,390,380 Shares of the Company held by Redamancy.
- (2) Mr. Su Fanrong is the chairman of the Company.
- (3) Mr. Li Jinping is the managing Director.
- (4) Mr. Yang Junlin is the deputy managing Director.
- (5) The total number of issued Shares as at the Latest Practicable Date (2,350,058,193 Shares) was used for the calculation of the approximate percentage. Certain figures included in the above tables have been subject to rounding adjustments.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective close associates had, or was deemed to have, any interest in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations, which was required to be notified to the Stock Exchange and the Company pursuant to the SFO, or recorded in the Register of Directors and Chief Executives or notified to the Stock Exchange and the Company under the Model Code.

(b) Shareholder's Interests and Short Positions or Underlying Shares of the Company under the SFO

As at the Latest Practicable Date, so far as it is known to any Director or the chief executive of the Company, the particulars of the corporation or individual (other than a Director or chief executive of the Company) who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares and underlying Shares

| Name of Shareholder | Capacity in which interests are held | Total number of Shares held as of the Latest Practicable Date | Approximate percentage of the total number of issued Shares⁽⁴⁾ (%) |
|---|---|--|--|
| Fair Union ⁽¹⁾ | Beneficial owner | 982,745,268 | 41.82 |
| Jingxi Holdings ⁽¹⁾ | Beneficial owner | 72,727,272 | 3.09 |
| Shougang HK ⁽¹⁾ | Interests in controlled corporations | 982,745,268 | 41.82 |
| Shougang Fund ⁽¹⁾ | Interests in controlled corporations | 72,727,272 | 3.09 |
| Shougang Group ⁽¹⁾ | Interests in controlled corporations | 1,055,472,540 | 44.91 |
| Bekaert Combustion Technology B.V. ⁽²⁾ | Beneficial owner | 250,000,000 | 10.64 |
| NV Bekaert SA (“Bekaert”) ⁽²⁾ | Interests in controlled corporations | 250,000,000 | 10.64 |
| Redamancy ⁽³⁾ | Beneficial owner | 235,390,380 | 10.02 |
| Always Blooming ⁽³⁾ | Interests in controlled corporations | 235,390,380 | 10.02 |

Notes:

- (1) Shougang Group is the ultimate holding company of Shougang HK, it is deemed to be interested in the 982,745,268 Shares held by Shougang HK and by virtue of the SFO, it is deemed to be interested in the 982,745,268 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 as Jingxi Holdings is wholly owned by Shougang Fund and Shougang Fund is wholly owned by Shougang Group.
- (2) By virtue of the SFO, 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.
- (3) As Redamancy is wholly owned by Always Blooming which is wholly owned by Mr. Zhao Yue, by virtue of the SFO, Always Blooming is deemed to be interested in 235,390,380 Shares held by Redamancy.
- (4) The total number of issued Shares as at the Latest Practicable Date (2,350,058,193 Shares) was used for the calculation of the approximate percentage. Certain figures included in the above tables have been subject to rounding adjustments.

Save as disclosed above, so far as is known to the Directors, there was no other person (other than a Director or chief executive of the Company) who as at the Latest Practicable Date had an interest or short position in the Shares and underlying shares of 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, had a direct or indirect interests amounting to 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group other than contracts expiring or determinable by the relevant members of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN GROUP'S ASSETS AND CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, save for the entering of the joint venture agreement (the “**Joint Venture Agreement**”) as published on the website of the Stock Exchange on 12 September 2024 which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0912/2024091200049.pdf>, (i) none of the Directors had any interest, direct or indirect, in any assets which have since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been 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 (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

Full particulars of the Joint Venture Agreement are as follows:

Background

The Joint Venture Agreement was signed on 11 September 2024, between Winner Max Enterprises Limited (“**WMEL**”), a wholly-owned subsidiary of the Company, and Redamancy, a wholly-owned subsidiary of Mr. Zhao Yue (an executive Director and vice chairman of the Board). Under the agreement, a joint venture in Singapore will be established with both parties holding a 50% equity interest each (“**JV**”).

Objective of JV

The JV will focus on distributing, marketing, and selling products as an agent of the Group, as well as executing overseas investment projects.

Share Capital

Each party committed USD1.4 million to the JV's total share capital of USD2.8 million, with payments due within 30 days or such other mutually agreed time of the JV bank account setup.

Board of directors

A four-member board oversees JV affairs, with each party nominating two directors and WMEL designating the chairman. Unanimous approval of all directors is required for board resolutions while shareholder meetings will adhere to the JV's constitution. Shareholder resolutions will be passed by the unanimous agreement of all shareholders.

Deadlock

In case of deadlock, unresolved matters escalate to shareholder meetings for resolution. If deadlock persists, a buyout mechanism is activated.

Call Option

Additionally, WMEL holds a call option to acquire Redamancy's JV shares at an agreed price, and the exercise of such call option is at WMEL's sole discretion.

Reasons and Benefit

The entering into of the Joint Venture Agreement aligns with the Company's internationalisation strategy and multi-channel tactics. The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Joint Venture Agreement is on normal commercial terms and in the ordinary or usual course of business of the Group, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given statement or opinion or advice for inclusion in this Prospectus:

| Name | Qualifications |
|-----------------|--|
| JFY CPA Limited | Certified Public Accountants and Registered Public Interest Entity Auditor |

JFY CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and references to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, JFY CPA Limited did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, JFY CPA Limited did not have any interest, direct or indirect, in any assets which have been, since 31 December 2024, 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.

8. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

| | |
|---|--|
| Principal place of business | Room 1215, 12/F, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong |
| Authorised representatives | Su Fanrong Room 1215, 12/F, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong Cheung Wa Ying Room 1215, 12/F, Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong |
| Company secretary | Cheung Wa Ying (member of the Hong Kong Institute of Certified Public Accountants and The Hong Kong Chartered Governance Institute) |
| Financial adviser to the Company in relation to the Rights Issue | Maxa Capital Limited Unit 2602 26/F, Golden Centre 188 Des Voeux Road Central Sheung Wan Hong Kong |
| Legal advisers to the Company in relation to the Rights Issue | As to Hong Kong law: Tian Yuan Law Firm LLP Suites 3304-3309, 33/F Jardine House One Connaught Place Central, Hong Kong As to PRC law: Tian Yuan Law Firm Suite 509 Tower A, Corporate Square, 35 Financial Street, Xicheng District, Beijing 100033, China |

**Reporting accountant of the
Company**

JFY CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Unit 709, 7/F, Ocean Centre
5 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

Principal banker

Chong Hing Bank
Chong Hing Bank Centre,
24 Des Voeux Road Central,
Hong Kong

Share registrar and transfer office

TRICOR INVESTOR SERVICES LIMITED
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

9. MATERIAL CONTRACTS

No material contract (not being a contract entered into in the ordinary course of business of the Group) has been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

11. EXPENSES

The expenses in connection with the Rights Issue, including the fees of legal advisers, auditors, printing, registration, translation, subsequent issue fee and other related expenses are estimated to be approximately HK\$2 million, which will be borne by the Company.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “7. Qualification and Consent of Expert” in this Appendix have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 38D of the Companies (WUMP) Ordinance.

13. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

14. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.shougangcentury.com.hk>) for a period of 14 days from the date of this Prospectus:

- (a) the accountants' report on the unaudited pro forma financial information of the Company issued by JFY CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (b) the written consent as referred to in the paragraph headed "7. Qualification and Consent of Expert" in this Appendix; and
- (c) the Prospectus Documents.

15. MISCELLANEOUS

This Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text unless otherwise specified.