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## **SHOUGANG CENTURY HOLDINGS LIMITED**

**首 佳 科 技 製 造 有 限 公 司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 103)

### **CONNECTED TRANSACTION ENTERING INTO THE JOINT VENTURE AGREEMENT**

#### **THE JOINT VENTURE AGREEMENT**

The Board announces that, on 11 September 2024, WMEL (a wholly owned subsidiary of the Company) and RZHL entered into the Joint Venture Agreement, in relation to, among others, the establishment of the Joint Venture in Singapore. Pursuant to the Joint Venture Agreement, WMEL and RZHL will hold 50% and 50% equity interest in the Joint Venture respectively. The Joint Venture will not become a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Group.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, WMEL is a wholly owned subsidiary of the Company, and RZHL is indirectly wholly owned by Mr. Zhao Yue, an executive Director, and is thus a connected person of the Company. As such, entering into the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **BACKGROUND**

The Board announces that, on 11 September 2024, WMEL (a wholly owned subsidiary of the Company) and RZHL entered into the Joint Venture Agreement, in relation to, among others, the establishment of the Joint Venture in Singapore. Pursuant to the Joint Venture Agreement, WMEL and RZHL will hold 50% and 50% equity interest in the Joint Venture respectively. The Joint Venture will not become a subsidiary of the Company and its financial results will not be consolidated into the accounts of the Group.

The principal terms of the Joint Venture Agreement are as follows:

## **THE JOINT VENTURE AGREEMENT**

### **Date**

11 September 2024

### **Parties to the Joint Venture Agreement**

(1) WMEL

(2) RZHL

### **Share capital of the Joint Venture and the capital contribution from each of the Parties**

Pursuant to the Joint Venture Agreement, the share capital of the Joint Venture is USD2,800,000. The total amount of capital contributed from, the number of shares and the percentage of shareholding held by each of the Parties in the Joint Venture are set out as follows:

<b>Name of shareholders</b>	<b>Capital injection</b>	<b>Number of shares</b>	<b>Percentage of issued capital</b>
WMEL	USD1,400,000	1,400,000	50%
RZHL	USD1,400,000	1,400,000	50%
Total	USD2,800,000	2,800,000	100%

### **Terms of payment**

Each of the Parties shall within 30 days or such other mutually agreed time, after the date on which the opening of the Joint Venture's bank account has been completed, make an unconditional application in writing to the Joint Venture for the allotment to each of them for cash (payable on allotment). The capital contributions to the Joint Venture by WMEL, which will be financed by internal resources of the Group, was determined after arm's length negotiations between the parties, with reference to the preliminary business plan of the Joint Venture and the Parties' respective equity interest in the Joint Venture.

## **Objective of operation of the Joint Venture and its Operating Companies**

The Joint Venture shall undertake the business of overseeing and managing the Operating Company's business of (a) distributing, marketing and selling the Products as an agent of the Group, where the Joint Venture facilitates and coordinates third party purchases from the Group and managing overseas branches and teams and (b) executing the Company's projects of overseas investment, merger and acquisition, where the Joint Venture and/or the Operating Company shall be the prioritized entity for the execution of Company's projects of investment in overseas new projects and/or overseas merger and acquisition, provided that it aligns with market principles and compliance requirements, without limiting the Company to invest in new projects or carry out projects of overseas merger and acquisition through other entities (the "Business").

The commencement of operation of any of the Joint Venture and its subsidiaries shall at all times, be subject to the Parties' agreement on the client development plan, budget and/or overhead of operating expenses of the Joint Venture, as well as other business arrangements that Parties deem necessary.

## **Obligations of the Joint Venture**

The Joint Venture undertakes to and agrees to use its best efforts to satisfy and carry out the client development plan and such other arrangements for sales agency services and business development mechanism ancillary thereto as may be determined by WMEL in writing and carried out and implemented by the Joint Venture (the "Development Plans"). In the event where the Development Plans are not achieved by the Joint Venture, either Party shall have the right to initiate and apply for the Joint Venture to be liquidated and such other Party shall not object to the liquidation process and both Parties shall be obligated to do and perform such acts as may be necessary to give effect to such liquidation (including but not limited to the execution of any directors' resolutions, declarations and such other documents as may be required under applicable law).

## **Board of directors of the Joint Venture**

The board of directors of the Joint Venture shall comprise of four (4) directors, among whom, each of RZHL and WMEL shall be entitled to appoint two (2) directors and the chairman of the board of directors shall be appointed by WMEL. The quorum for all meetings of the board of directors of the Joint Venture shall be four (4) directors each present personally. All resolutions of the board of directors of the Joint Venture must be approved by all directors unanimously.

## **General meetings of shareholders of the Joint Venture**

General meetings of shareholders shall take place in accordance with the applicable provisions of the constitution of the Joint Venture, including on the basis that the quorum shall be all the shareholders of the Joint Venture or their duly authorised proxy or representative. All resolutions of the shareholders shall be adopted by such number of shareholders holding all the shares of the Joint Venture and on the basis that each share will carry one vote.

## **Deadlock**

In the event where a resolution of the board of directors of the Joint Venture for a certain matter cannot be obtained after 3 successive attempts and/or meetings, such matter shall be submitted to the shareholders for determination at a shareholders' meeting of the Joint Venture.

In the event where a shareholders' resolutions in a shareholders' meeting of the Joint Venture cannot be obtained after 3 successive attempts and/or meetings, such matter shall be submitted to the relevant personnel designated by WMEL and RZHL respectively (the "Deadlock Personnel").

In the event where the Deadlock Personnel are unable to reach a unanimous decision, either WMEL or RZHL ("Proposed Buyer") has the right to propose a specific price ("Proposed Quoted Price") ("Proposed Offer") to the other party ("Proposed Seller") for the transfer of the entirety of the Proposed Seller's shareholding ("Deadlock Shares") to the Proposed Buyer. If the Proposed Seller does not accept the Proposed Offer, the Proposed Seller shall acquire all of the Deadlock Shares held by the Proposed Buyer at the Proposed Quoted Price. The Proposed Quoted Price shall be based on fair value of the Deadlock Shares and shall comply with and subject to the applicable laws, regulations and regulatory rules, and the transfer of the Deadlock Shares shall be conducted in accordance with, and subject to compliance with, laws, regulations and regulatory rules governing the supervision and administration of state-owned assets and securities (including but not limited to the Listing Rules and other applicable Hong Kong securities regulatory rule) and the requirements of any competent regulatory authorities.

## **Call option**

WMEL shall be granted an option (the "Call Option") to require RZHL to sell to WMEL or its nominee, to the fullest extent permitted by law, the entirety of RZHL's shareholding in the Joint Venture as at the date of the Call Option Notice (the "Call Option Shares"), at such consideration as may be agreed between RZHL and WMEL. The exercise of the Call Option is at WMEL's sole discretion.

## **GENERAL INFORMATION**

### **Information on WMEL**

As at the date of this announcement, WMEL is a company incorporated in British Virgin Islands and is the wholly owned subsidiary of the Company. WMEL is primarily engaged in investment holding. The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and sales of steel cords for radial tyres, sawing wires and hose wires. As at the date of this announcement, Shougang Group Co., Ltd. is a state-owned enterprise established in the PRC and a controlling shareholder of the Company. It is ultimately owned by the State-owned Assets Supervision and Administration Commission of Beijing Municipal People's Government. It is principally engaged in a wide variety of businesses such as steel industry, mining, machinery and equipment development, electronics, building, real estate, and related services, etc.

## **Information on RZHL**

As at the date of this announcement, RZHL, a company indirectly wholly owned by Mr. Zhao Yue, is incorporated in British Virgin Islands, whose principal business includes investment holding.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT**

The Group is principally engaged in manufacturing and sales of (i) steel cords for radial tyres; and (ii) sawing wires and hose wires.

The entering into of the Joint Venture Agreement aligns with the Company's internationalisation strategy and multi-channel tactics. It benefits the Group in seizing new opportunities in technology manufacturing and creating an influential "Eastern" brand recognition. It is expected to expand the Group's high-end customers and establish an international market network to achieve well-developed global operations.

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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, WMEL is a wholly owned subsidiary of the Company, and RZHL is indirectly wholly owned by Mr. Zhao Yue, an executive Director, and is thus a connected person of the Company. As such, entering into the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction contemplated under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Zhao Yue, an executive Director, is also the ultimate beneficial owner of RZHL, he is therefore considered to have material interests in the Joint Venture Agreement and the transaction contemplated thereunder and has abstained from voting on relevant resolutions at the Board meeting. Save as disclosed above, none of the other Directors have any material interests in the Joint Venture Agreement and the transaction contemplated thereunder and therefore are required to abstain from voting on relevant resolutions at the Board meeting.

## DEFINITIONS

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

“Joint Venture Agreement”	the agreement dated 11 September 2024 entered into between Winner Max Enterprises Limited and Redamancy.Z Holdings Limited, in relation to the establishment of the Joint Venture
“Board”	the board of Directors
“Call Option Notice”	the issuance of three (3) months’ written notice from WMEL to RZHL, indicating WMEL’s intention to purchase the Call Option Shares
“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)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	any person who is or group of persons who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the Company or who is or are in a position to control the composition of a majority of the board of directors of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Venture”	a company limited by shares to be incorporated under the name of “EASTERN CENTURY INTERNATIONAL HOLDINGS PTE. LTD.” or such other name as agreed by the Parties in Singapore pursuant to the Joint Venture Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“Operating Company(ies)”	a company or companies to be incorporated as a wholly owned subsidiary of the Joint Venture
“Parties”	parties to the Joint Venture Agreement
“Products”	products distributed, marketed and sold by the Operating Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RZHL”	Redamancy.Z Holdings Limited, a company indirectly wholly owned by Mr. Zhao Yue, which is incorporated in British Virgin Islands
“Singapore”	Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States
“WMEL”	Winner Max Enterprises Limited, a company incorporated in British Virgin Islands and is a wholly owned subsidiary of the Company
“%”	per cent

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

Hong Kong, 11 September 2024

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

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