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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)

### **PROFIT WARNING**

This announcement is made by the board (the “Board”) of directors (the “Directors”) of Shougang Century Holdings Limited (the “Company”, together with its subsidiaries, collectively the “Group”) pursuant to Rule 13.09(2) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board now wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that, based on the Board’s preliminary assessment of the unaudited consolidated financial statements of the Group for the year ended 31 December 2021 (the “FY2021”) and the information currently available to the Board, the Group will expect to record a profit after tax in the range of approximately HK\$70,000,000 to HK\$90,000,000 for the FY2021 as compared to the profit after tax of approximately HK\$148,000,000 for the year ended 31 December 2020 (the “FY2020”).

During the FY2021, benefiting from an increase in production capacity of the Group’s production base and selling prices, the Group’s total revenue recorded growth. However, the economy in the second half of 2021 was affected by the rebound of the epidemic, the business environment of the Group’s business was full of challenges. The Board considers that the decrease in profit after tax was mainly attributable to:

- the decrease in gross profit margin due to the fact that the substantial increase in raw material prices and ocean freight rates in the second half of 2021 had not been passed to the customers in time;
- the increase in selling and distribution expenses; and
- the absence of a non-recurring income of approximately HK\$47,000,000 arising from the reversal of impairment loss on land use rights for the FY2020.

Based on the unaudited consolidated financial statements for the FY2021, the Group’s financial position remains strong with bank and cash balances not less than HK\$250,000,000 (comprising pledged and non-pledged bank balances), it also records a positive cash inflow from operating activities. Along with productivity enhancement, the Group will continue to sharpen its competitive edge and grasp opportunities in both domestic and international markets, with a view to increasing market share and striving for reasonable returns to the Shareholders. Therefore, the management of the Group is optimistic about the Group’s future operations and prospects.

The Company is still in the process of finalising the Group's final results for the FY2021. The information contained in this announcement is only a preliminary assessment of the unaudited consolidated financial statements of the Group for the FY2021, which have not been audited or reviewed by the independent auditor of the Company. Such information may differ from the audited consolidated final results for the FY2021. Shareholders and potential investors should refer to the final results announcement of the Group for the year ended 31 December 2021 which will be published in March 2022 for detailed information about the performance of the Group for the FY2021.

**Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 18 February 2022

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

*Mr. Su Fanrong (Chairman and Managing Director), Mr. Ye Qian (Executive Director), Mr. Li Jinping (Executive Director), Mr. Adam Touhig (Non-executive Director), Mr. Yip Kin Man, Raymond (Independent Non-executive Director), Mr. Lam Yiu Kin (Independent Non-executive Director) and Mr. Feng Yaoling (Independent Non-executive Director).*