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## **SHENGLONG SPLENDECOR INTERNATIONAL LIMITED**

**盛龍錦秀國際有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8481)**

### **PROFIT WARNING**

This announcement is made by Shenglong Splendecor International Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders and potential investors of the Company that based on the preliminary assessment of the latest unaudited consolidated management accounts of the Group for the year ended 31 December 2017 and the information currently available to the Board, the Group expects to record a significant decrease in the profit attributable to owners of the Company for the year ended 31 December 2017 as compared with that for the year ended 31 December 2016 despite there was an increase in revenue.

Such decrease is primarily attributable to an increase in the costs for the Group’s major raw materials, in particular the base paper for production of decorative paper and melamine impregnated paper. The average purchase price during the year ended 31 December 2016 was approximately RMB8.4 per kilogram, the average purchase price raised to approximately RMB9.3 per kilogram during the six months ended 30 June 2017 and further raised to approximately RMB10.1 per kilogram in December 2017. As a result of the increase in purchase costs of certain major raw materials, it lowered the Group’s gross profit margin and reduced the consolidated net profit of the Group despite there was an increase in revenue. Further, a net foreign exchange loss of approximately RMB1.8 million is expected to be

recorded during the year ended 31 December 2017 (compared to a net foreign exchange gain of approximately RMB2.9 million for the year ended 31 December 2016) as a result of appreciation of Renminbi.

The Company has yet to finalise the annual results of the Group for the year ended 31 December 2017. The information contained in this announcement is only based on a preliminary assessment by the management of the Company with reference to the information currently available, which have not been reviewed or audited by the Company's auditors or reviewed by the Audit Committee of the Board. The audited results of the Group for the year ended 31 December 2017 may be different from what is disclosed herein. Details of the audited financial information of the Group will be disclosed in the annual results announcement of the Company for the year ended 31 December 2017 which is expected to be published in March 2018.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company and read the announcement of the annual results of the Company for the year ended 31 December 2017 carefully when it is published.

By order of the board  
**Shenglong Splendecor International Limited**  
**Sheng Yingming**  
*Chairman and Chief Executive Officer*

Hong Kong, 6 February 2018

*As at the date of this announcement, the Board comprises (i) four executive directors, namely Mr. Sheng Yingming, Ms. Sheng Sainan, Mr. Fang Xu and Mr. Yu Zemin and (ii) three independent non-executive directors, namely Mr. Lee Ho Yiu Thomas, Mr. Ma Lingfei and Ms. Huang Yueyuan.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM") of the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website (<http://www.hkgem.com>) for at least 7 days from the date of its publication and on the Company's website (<http://www.splendecor.com>).*