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## **CENTENARY UNITED HOLDINGS LIMITED**

### **世紀聯合控股有限公司**

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

**(Stock Code: 1959)**

### **PROFIT WARNING**

This announcement is made by Centenary United Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the 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 shareholders of the Company (the “**Shareholders**”) and potential investors of the Company that based on the information currently available to the Board and its preliminary review and assessment of the Group’s latest unaudited consolidated management accounts for the year ended 31 December 2021 (the “**Management Accounts**”), the revenue and the consolidated net profit after tax of the Group for the year ended 31 December 2021 (the “**Reporting Period**”) are expected to be approximately RMB2 billion and RMB2.0 million, respectively, as compared to a revenue of approximately RMB1.9 billion and consolidated net profit after tax of the Group of approximately RMB21.5 million for the year ended 31 December 2020 (the “**corresponding period in 2020**”).

The significant decline in financial performance was mainly attributable to (i) the raised sales target for obtaining rebate set by the automobile manufacturers; (ii) a decline in gross profit of insurance agency services; (iii) the increase in employee salary expenses; and (iv) the provision made due to a suspected misappropriation of funds of a subsidiary of the Company by a former employee.

With the gradual economy recovery following the stabilisation of the COVID-19 pandemic, the automobile manufacturers have raised their sales target of 2021 for automobile dealers in general. To boost the Group's sales volume of new vehicles in achieving the year-end incentive rebates, the Group adopted a strategy of reducing the sales price of vehicles in the first half of 2021. At the end of 2021, the Group had obtained year-end incentive rebates from automobile manufacturers, however, the rebates could not fully offset the effect brought by the reduced sales price in the first half of the year, which in turn led to a decline in the Group's gross profit.

In addition, the China Banking and Insurance Regulatory Commission has implemented the circular of the guiding opinions on the comprehensive reform of automobile insurance since September 2020, which requires various insurance companies to “cut prices, increase coverage, and improve quality.” Given the wider coverage of vehicle damage insurance, the overall premiums paid by consumers have been lowered. Also, there was a downward adjustment on handling fee rates of agents by insurance companies, all of which result in a decline of the gross profit from the Group's insurance agency services from approximately RMB20.1 million for the corresponding period in 2020 to approximately RMB13.6 million for the Reporting Period.

At the same time, due to the severity of the COVID-19 pandemic, the Group experienced a three-month semi shutdown in 2020, and employees were only paid the basic salary. Moreover, the Group was granted social security relief for employees by the PRC government due to the COVID-19 pandemic, which resulted in the Group's employee salary expenses for the corresponding period in 2020 being lower than the normal level. During the Reporting Period, the salary of the Group's employees have returned to normal and the Group no longer received employee social security relief. In addition, the Group had recruited additional staff due to the development of its new energy vehicle business. The number of employees increased from 837 as at 31 December 2020 to 902 as at 31 December 2021, resulting in an increase in employee salary expenses from approximately RMB70.8 million in the corresponding period of 2020 to approximately RMB90.4 million in the Reporting Period.

Furthermore, in early March 2022, the Company found that a former employee of the Group (who was once a salesperson of Zhongshan Century Jaguar Automobile Co., Ltd.\* (中山市世紀捷虎有限公司) (“**Zhongshan Century Jaguar**”), a wholly-owned subsidiary of the Company), who has been dismissed legally, was suspected to have misappropriated certain transaction funds of Zhongshan Century Jaguar (the “**Incident**”). In relation to this Incident, the Group would need to make a provision of approximately RMB7.4 million during the Reporting Period. For details of the Incident, please refer to the announcement of the Company dated 11 March 2022.

The Company is still in the process of finalising the annual results of the Group for the year ended 31 December 2021. The information contained in this announcement is only a preliminary assessment by the Board based on the Management Accounts and the latest information currently available, which have not been reviewed by the auditor or the audit committee of the Company and may be subject to adjustments. Finalised annual results of the Group for the year ended 31 December 2021 may be different from what is disclosed in this announcement. Shareholders and potential investors are advised to read the Group's annual results announcement for the year ended 31 December 2021, which is expected to be published at the end of March 2022.

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

\* *For identification purpose only*

By order of the Board  
**Centenary United Holdings Limited**  
**Law Hau Kit**  
*Chairman, Executive Director and*  
*Chief Executive Officer*

Hong Kong, 11 March 2022

*As at the date of this announcement, the executive Directors are Mr. Law Hau Kit, Mr. Chen Shaoxing and Ms. Li Huifang; the non-executive Director is Mr. Woo King Hang; and the independent non-executive Directors are Mr. Li Wai Keung, Mr. Hui Chun Tak and Ms. Yan Fei.*