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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

Profit for the Year Increased to HK\$62,506,000

Proposed Final Dividend Increased by 37.0% Year-on-Year to HK1 Cent Per Share

	2023	2022	Change
Revenue (HK\$'000)	2,494,534	2,464,242	+1.2%
Gross profit (HK\$'000)	374,166	330,540	+13.2%
Gross profit margin	15.0%	13.4%	+1.6pp
Profit for the year (HK\$'000)	62,506	47,858	+30.6%
Earnings per share for profit for the year attributable to the owners of the Company (HK cents)			
Basic	3.17	2.44	+29.9%
Diluted	2.65	1.71	+55.0%
Total equity (HK\$'000)	1,689,673	1,657,743	+1.9%
Proposed final dividend per share (HK cents)	1	0.73	+37.0%

The Board announces that the audited consolidated results of the Group for the year ended 31 December 2023 and that final results were reviewed by the audit committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	Year ended 31 December	
		2023 HK\$'000	2022 HK\$'000
Revenue	3	2,494,534	2,464,242
Cost of sales	7	(2,120,368)	(2,133,702)
Gross profit		374,166	330,540
Other income	5	8,039	20,738
Other gains, net	6	662	21,498
Selling and distribution expenses	7	(124,033)	(114,563)
Administrative expenses	7	(56,433)	(58,307)
Research and development expenses	7	(108,296)	(103,335)
Foreign exchange (losses) / gains, net		(2,926)	11,708
Changes in fair values of investment properties	12(a)	(2,077)	1,138
Net impairment losses on financial assets	14(c)	(518)	(1,114)
Finance costs, net	8	(18,914)	(50,615)
Profit before income tax		69,670	57,688
Income tax expense	9	(7,164)	(9,830)
Profit for the year attributable to the owners of the Company		62,506	47,858
Other comprehensive (loss) / gain			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences arising on translation into presentation currency		(7,810)	(147,094)
Revaluation of leasehold land and buildings	12(b)	(6,729)	34,898
Recognition of deferred income tax asset / (liability) on revaluation of leasehold land and buildings		1,051	(5,225)
		(13,488)	(117,421)
Total comprehensive income / (loss) for the year attributable to the owners of the Company		49,018	(69,563)
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit for the year attributable to the owners of the Company			
Basic	11(a)	3.17	2.44
Diluted	11(b)	2.65	1.71

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		As at 31 December	
		2023	2022
	Notes	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Investment properties	12(a)	43,728	55,637
Property, plant and equipment	12(b)	1,251,122	1,187,280
Right-of-use assets		416	1,665
Land use rights	13	124,604	130,142
Prepayments and deposits		30,325	20,928
Deferred income tax assets		10,026	1,505
Total non-current assets		1,460,221	1,397,157
Current assets			
Inventories		350,013	422,303
Trade receivables	14	645,519	565,447
Bills receivables	14	713,917	653,069
Prepayments, deposits and other receivables		45,339	63,546
Pledged bank deposits		20,002	80,101
Bank balances and cash		77,138	145,807
Total current assets		1,851,928	1,930,273
Total assets		3,312,149	3,327,430
LIABILITIES			
Non-current liabilities			
Other payables		140	102
Lease liabilities		-	446
Deferred income tax liabilities		27,733	28,007
Total non-current liabilities		27,873	28,555
Current liabilities			
Trade and bills payables	15	795,445	800,885
Other payables and accruals	15	304,427	245,910
Current income tax liabilities		6,105	6,419
Bank borrowings	16	487,537	454,552
Lease liabilities		446	1,292
Derivative financial instruments		643	-
Financial liability at fair value through profit or loss	17	-	132,074
Total current liabilities		1,594,603	1,641,132
Total liabilities		1,622,476	1,669,687
EQUITY			
Share capital	18	1,215,798	1,215,798
Reserves		473,875	441,945
Total equity		1,689,673	1,657,743
Total equity and liabilities		3,312,149	3,327,430

NOTES:

1. GENERAL INFORMATION

Shougang Century Holdings Limited (the “Company”) is an investment holding company and together with its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sales of steel cords.

The Company is a limited company incorporated in Hong Kong. The address of its registered office is Room 1215, 12/F., Honour Industrial Centre, 6 Sun Yip Street, Chai Wan, Hong Kong.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements are presented in thousands of Hong Kong dollar (HK\$’000), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, except for leasehold land and buildings, investment properties, derivative financial instruments and financial liability at fair value through profit or loss, which are measured at fair values.

The financial information relating to the years ended 31 December 2022 and 2023 included in this preliminary announcement of annual results 2023 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2022 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2023 in due course.

The Company’s auditor has reported on the consolidated financial statements of the Group for both years. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1 New and amended standards adopted by the Group

The Group has applied the following new and amended standards for the first time for the annual reporting period commencing from 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 - Comparative Information

The adoption of the above new and amended standards did not have any significant financial impact on these consolidated financial statements.

2.2 Impact of new and amended standards and interpretations issued but not yet applied by the Group

Certain amended standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024

Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statement - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Management is in the process of assessing potential impact of the above amended standards and interpretations that are relevant to the Group upon initial application. It is not yet in a position to state whether these amended standards and interpretations will have a significant impact on the Group's results of operations and financial position.

3. REVENUE

The Group is principally engaged in the manufacturing of steel cords. Revenue recognised during the year are as follows:

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales of goods - Manufacturing of steel cords	2,493,165	2,462,767
Rental income	1,369	1,475
	<u>2,494,534</u>	<u>2,464,242</u>

4. SEGMENT INFORMATION

The Company's managing director, being the chief operating decision-maker ("CODM"), examines the Group's performance and allocates resources from a product perspective. The Group's operations are currently organised into one reportable segment which is steel cord segment.

Segment results represent the profit or loss of each segment without allocation of changes in fair value of investment properties, derivative financial instruments, financial liability at fair value through profit or loss, certain foreign exchange gains or losses, central administration costs, the emoluments of directors of the Company, interest income on bank deposits, finance costs and rental and other income. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 December 2023

	Steel cord HK\$'000
<u>Sales of goods</u>	
Segment revenue from external customers	2,493,165
Segment results	101,939
Unallocated amounts	
Rental income	1,369
Other income	61
Other gains, net and foreign exchange losses, net	873
Changes in fair values of investment properties	(2,077)
Expenses	(13,581)
Finance costs, net	(18,914)
Profit before income tax	69,670
Income tax expense	(7,164)
Profit for the year	62,506

For the year ended 31 December 2022

	Steel cord HK\$'000
<u>Sales of goods</u>	
Segment revenue from external customers	2,462,767
Segment results	101,213
Unallocated amounts	
Rental income	1,475
Other income	312
Other gains, net and foreign exchange gains, net	17,117
Changes in fair values of investment properties	1,138
Expenses	(12,952)
Finance costs, net	(50,615)
Profit before income tax	57,688
Income tax expense	(9,830)
Profit for the year	47,858

5. OTHER INCOME

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Government grants (<i>Note</i>)	5,963	19,032
Sales of scrap materials	1,826	1,706
Others	250	-
	<u>8,039</u>	<u>20,738</u>

Note: Government grants mainly represented financial supports for business development by the local governments in the PRC (2022: the government grants mainly represented financial supports for business development by the local governments in the PRC and approved subsidies from Employment Support Scheme under the Anti-epidemic Fund of the Hong Kong Government). There are no unfulfilled conditions or other contingencies attaching to these grants.

6. OTHER GAINS, NET

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Fair value gain on financial liability at fair value through profit or loss (<i>Note 17</i>)	3,554	21,700
Fair value loss on derivative financial instruments	(643)	-
Losses on disposals of property, plant and equipment, net	(2,055)	(92)
Impairment losses on property, plant and equipment (<i>Note 12(b)</i>)	-	(112)
Others	(194)	2
	<u>662</u>	<u>21,498</u>

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses and research and development expenses are analysed as follows:

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Cost of inventories sold (including net provision for inventories)	2,108,550	2,123,045
Employee benefit expense (including directors' emoluments)	301,678	261,756
Depreciation of property, plant and equipment (<i>Note 12(b)</i>)	101,811	105,929
Depreciation of right-of-use assets	1,249	1,249
Amortisation of land use rights (<i>Note 13</i>)	3,707	3,891
Auditor's remuneration		
- Audit services	1,485	1,537
- Non-audit services	408	398
	<u>408</u>	<u>398</u>

8. FINANCE COSTS, NET

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Finance income		
Interest income on bank deposits	2,515	2,246
Foreign exchange gain on financial liability at fair value through profit or loss (<i>Note</i>)	4,488	-
Total finance income	<u>7,003</u>	<u>2,246</u>
Finance costs		
Interest expenses on bank borrowings	(22,846)	(22,747)
Interest expenses on loan from a related company	-	(1,049)
Interest expenses on lease liabilities	(60)	(126)
Amortisation of loan transaction costs	(10)	(389)
Foreign exchange losses on borrowings	(3,001)	(14,479)
Foreign exchange loss on financial liability at fair value through profit or loss (<i>Note</i>)	-	(14,071)
Total finance costs	<u>(25,917)</u>	<u>(52,861)</u>
Finance costs, net	<u>(18,914)</u>	<u>(50,615)</u>

Note: It represented fair value change on financial liability at fair value through profit or loss attributable to foreign exchange translation (*Note 17*).

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
Current income tax:		
- China corporate income tax	13,855	11,085
Under / (over)-provision in prior years	945	(550)
Total current income tax	<u>14,800</u>	<u>10,535</u>
Deferred income tax	(7,636)	(705)
Income tax expense	<u>7,164</u>	<u>9,830</u>

No provision for Hong Kong profits tax for the year ended 31 December 2023 as there is no assessable profit subject to Hong Kong profits tax (2022: same).

Pursuant to the Corporate Income Tax Law of the PRC effective from 1 January 2008 (the “CIT Law”), companies in the PRC are subject to income tax of 25% unless preferential rate is applicable. The applicable CIT tax rate for Jiaxing Eastern Steel Cord Co., Ltd (“JESC”) and Tengzhou Eastern Steel Cord Co., Ltd (“TESC”) were 15% for the year (2022: 15%), as they are qualified as High and New Technology Enterprise.

10. DIVIDENDS

On 24 March 2023, the Board has recommended the payment of a final dividend of HK0.73 cents per fully paid ordinary share, with total amount of approximately HK\$14,389,000 for the year ended 31 December 2022. The dividend was paid in July 2023.

On 18 March 2024, the Board has recommended the payment of a final dividend of HK1 cent per fully paid ordinary share, with total amount of approximately HK\$19,584,000 for the year ended 31 December 2023. The final dividend is subject to the shareholders’ approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2023 has not been recognised as a liability as at 31 December 2023.

11. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2023	2022
Profit attributable to the owners of the Company used in calculating basic earnings per share (<i>HK\$’000</i>)	62,506	47,858
Weighted average number of ordinary shares in issue (<i>shares</i>)	1,970,205,023	1,964,007,474
Basic earnings per share attributable to the owners of the Company (<i>HK cents</i>)	3.17	2.44

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company has one category of potentially dilutive ordinary shares: convertible bonds (2022: same). For the convertible bonds, calculations are done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period) based on the monetary value of the subscription rights attached to outstanding convertible bonds.

For the years ended 31 December 2023 and 2022, convertible bonds issued are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The convertible bonds have not been included in the determination of basic earnings per share.

The convertible bonds were matured in February 2023 and the Company has made full redemption of outstanding principal amount of HK\$126,000,000 of the convertible bonds.

	Year ended 31 December	
	2023	2022
Profit attributable to the owners of the Company used in calculating basic earnings per share (<i>HK\$'000</i>)	62,506	47,858
Profit adjustment for convertible bonds (<i>HK\$'000</i>)	(8,042)	(7,629)
	<u>54,464</u>	<u>40,229</u>
Weighted average number of ordinary shares in issue (<i>shares</i>)	1,970,205,023	1,964,007,474
Adjustment for convertible bonds (<i>shares</i>)	86,489,201	381,818,182
Weighted average number of ordinary shares for diluted earnings per share (<i>shares</i>)	<u>2,056,694,224</u>	<u>2,345,825,656</u>
Diluted earnings per share attributable to the owners of the Company (<i>HK cents</i>)	<u>2.65</u>	<u>1.71</u>

12. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Investment properties

The movement of the net book amount for investment properties is as follows:

	Leasehold land and buildings <i>HK\$'000</i>
At 1 January 2022	57,446
Changes in fair values recognised in profit or loss	1,138
Exchange differences	(2,947)
At 31 December 2022	<u>55,637</u>
At 1 January 2023	55,637
Changes in fair values recognised in profit or loss	(2,077)
Transfer to property, plant and equipment	(9,358)
Exchange differences	(474)
At 31 December 2023	<u>43,728</u>

(b) Property, plant and equipment

The movement of the net book amount for property, plant and equipment is as follows:

	<i>HK\$'000</i>
At 1 January 2022	1,306,197
Additions	70,703
Disposals	(1,678)
Depreciation (<i>Note 7</i>)	(105,929)
Revaluation	34,898
Impairment loss (<i>Note 6</i>)	(112)
Exchange differences	(116,799)
At 31 December 2022	<u>1,187,280</u>
At 1 January 2023	1,187,280
Additions	182,639
Disposals	(2,965)
Depreciation (<i>Note 7</i>)	(101,811)
Revaluation	(6,729)
Transfer from investment properties	9,358
Exchange differences	(16,650)
At 31 December 2023	<u>1,251,122</u>

13. LAND USE RIGHTS

The Group's interests in land use rights represent the prepaid lease payments under operating leases, being a part of the right-of-use assets of the Group.

	<i>HK\$'000</i>
At 1 January 2022	146,264
Amortisation (<i>Note 7</i>)	(3,891)
Exchange differences	(12,231)
At 31 December 2022	<u>130,142</u>
At 1 January 2023	130,142
Amortisation (<i>Note 7</i>)	(3,707)
Exchange differences	(1,831)
At 31 December 2023	<u>124,604</u>

During the year, amortisation expense of HK\$3,707,000 (2022: HK\$3,891,000) has been included in costs of sales.

14. TRADE RECEIVABLES AND BILLS RECEIVABLES

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	667,322	587,033
Less: provision for impairment losses on trade receivables (<i>Note (c)</i>)	(21,803)	(21,586)
	<u>645,519</u>	<u>565,447</u>
Bills receivables (<i>Note (b)</i>)	713,917	653,069
	<u>1,359,436</u>	<u>1,218,516</u>

(a) Trade receivables

The Group's credit terms to trade debtors range from 30 to 90 days. The aging analysis of the trade receivables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	512,979	317,331
91 to 180 days	111,399	202,979
Over 180 days	42,944	66,723
	<u>667,322</u>	<u>587,033</u>

(b) Bills receivables

The aging analysis of the bills receivables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Up to 90 days	80,533	34,226
91 to 180 days	311,170	288,126
Over 180 days	322,214	330,717
	<u>713,917</u>	<u>653,069</u>

As at 31 December 2023, the Group's bills receivables mature within one year (2022: same).

(c) **Provision for impairment losses on trade receivables**

The movement on the provision for impairment losses on trade receivables is as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
At beginning of the year	21,586	22,402
Net impairment losses on trade receivables for the year	518	1,114
Exchange differences	(301)	(1,930)
At end of the year	21,803	21,586

15. TRADE AND BILLS PAYABLES / OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Trade payables (<i>Note (a)</i>)	707,608	601,058
Bills payables (<i>Note (b)</i>)	87,837	199,827
	795,445	800,885
Other payables and accruals - current		
Contract liabilities (<i>Note (c)</i>)	4,793	861
Accrued wages and salaries	30,566	25,372
Other tax payables	8,306	7,336
Other accruals	9,058	8,088
Interest payables	2,215	847
Other payables (including payables for property, plant and equipment)	249,489	203,406
	304,427	245,910
	1,099,872	1,046,795

(a) Trade payables

The Group's credit period granted by the suppliers is 30 days. The aging analysis of the trade payables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Up to 30 days	319,356	164,146
31 to 90 days	191,594	135,552
91 to 180 days	169,927	232,148
181 to 365 days	20,231	62,714
Over 365 days	6,500	6,498
	<u>707,608</u>	<u>601,058</u>

(b) Bills payables

The aging analysis of the bills payables based on invoice date was as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Up to 30 days	5,628	15,673
31 to 90 days	33,524	37,984
91 to 180 days	36,851	139,065
Over 180 days	11,834	7,105
	<u>87,837</u>	<u>199,827</u>

The bills payables of the Group are secured by pledged bank deposits.

(c) Contract liabilities

As at 31 December 2023, the contract liabilities for the advanced payments received from the customers included in the other payables and accruals amounted to HK\$4,793,000 (2022: HK\$861,000).

Revenue recognised during the year ended 31 December 2023 that was included in the contract liabilities balance at the beginning of the year amounted to HK\$861,000 (2022: HK\$922,000). The Group expects to deliver the goods to satisfy the remaining performance obligations of these contract liabilities within one year or less.

16. BANK BORROWINGS

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Bank loans	469,936	454,217
Discounted bills with recourse	17,601	335
	<u>487,537</u>	<u>454,552</u>
Current portion	<u>487,537</u>	<u>454,552</u>
Secured	17,601	335
Unsecured	469,936	454,217
	<u>487,537</u>	<u>454,552</u>

The Group's bank borrowings were repayable as follows:

	As at 31 December	
	2023	2022
	HK\$'000	HK\$'000
Within 1 year	<u>487,537</u>	<u>454,552</u>

17. FINANCIAL LIABILITY AT FAIR VALUE THROUGH PROFIT OR LOSS

On 11 February 2019 (the "Issuance Date"), the Company issued convertible bonds in the principal amount of HK\$150,000,000 (the "Convertible Bonds") to Jingxi Holdings Limited ("Jingxi Holdings"), a wholly owned subsidiary of Shougang Group Co., Ltd ("Shougang Group", which is the substantial shareholder with significant influence of the Company). The consideration for the Convertible Bonds was HK\$150,000,000. The Convertible Bonds are interest bearing at a coupon rate of 4% per annum.

The holder of the Convertible Bonds has:

- (i) the option to demand the Company to redeem the Convertible Bonds on 11 February 2022 (the "Original Maturity Date") at 100% of the principal amount outstanding plus any accrued and unpaid interest;

- (ii) the option to convert the Convertible Bonds into ordinary shares of the Company at a conversion price derived on certain conditions at the date of conversion falling 6 months from the Issuance Date and up to the maturity date of the Convertible Bonds; and
- (iii) the option to extend the Original Maturity Date twice by one year each to the date falling on 11 February 2024.

The Convertible Bonds, together with the abovementioned options, were designated as a financial liability at fair value through profit or loss.

The Convertible Bonds are initially recognised at the fair value as financial liability at fair value through profit or loss. The fair value of the Convertible Bonds as at 31 December 2022 was valued by the independent and professionally qualified valuer, Greater China Appraisal Limited. The valuation was determined using Black-Scholes model with Trinomial Tree method.

During the year ended 31 December 2022, the Company received from the holder of the Convertible Bonds an extension notice to extend the maturity date to 11 February 2023 and a conversion notice to convert the Convertible Bonds in the principal amount of HK\$24,000,000 at the conversion price of HK\$0.33 per share. The conversion shares were issued on 7 February 2022. As a result of conversion and revaluation of the remaining extended Convertible Bonds, a gain on fair value of HK\$21,700,000 was recorded in profit or loss during the year ended 31 December 2022.

The Convertible Bonds were matured in February 2023 and the Company has made full redemption of outstanding principal amount of HK\$126,000,000 of the Convertible Bonds. As a result of redemption of the remaining extended Convertible Bonds, a gain on fair value of HK\$3,554,000 was recorded in profit or loss during the year ended 31 December 2023.

The movements of the financial liability at fair value through profit or loss during the year are as below:

	Year ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	132,074	183,278
Settlement	(128,520)	(5,504)
Conversion	-	(24,000)
Fair value gain recognised in profit or loss (<i>Note 6</i>)	(3,554)	(21,700)
At end of the year	-	132,074

18. SHARE CAPITAL

	Number of shares	
	<i>Thousand</i>	<i>HK\$'000</i>
Issued and fully paid:		
At 1 January 2022	1,898,653	1,191,798
Conversion of convertible bonds	72,727	24,000
At 31 December 2022 and 1 January 2023	<u>1,971,380</u>	<u>1,215,798</u>
Cancellation of shares	(2,476)	-
At 31 December 2023	<u><u>1,968,904</u></u>	<u><u>1,215,798</u></u>

19. CAPITAL COMMITMENTS

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Commitments in respect of the acquisition of property, plant and equipment - contracted for but not provided in the consolidated financial statements	<u><u>78,842</u></u>	<u><u>119,083</u></u>

20. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	1,035	1,103
In the second to fifth year inclusive	<u>1,010</u>	<u>576</u>
	<u><u>2,045</u></u>	<u><u>1,679</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Review of operations

The Group is principally engaged in the manufacturing and sales of steel cords for radial tyres, sawing wires and hose wires. For the year ended 31 December 2023, the Group recorded revenue of HK\$2,494,534,000 (2022: HK\$2,464,242,000), representing an increase of 1.2% as compared with the last year. Meanwhile, the gross profit increased by 13.2% to HK\$374,166,000 (2022: HK\$330,540,000). Therefore, the Group's net profit increased by 30.6% from same period last year of HK\$47,858,000 to HK\$62,506,000. The Board considered that the increase in profit after tax was primarily attributable to the following reasons:

- the improvement of gross profit margin arisen from the decrease in production costs; and
- the reduction in net finance costs.

During the year, the Group recorded basic earnings per share of HK3.17 cents, an increase of 29.9% when compared to the previous year of HK2.44 cents. Besides, the Group generated positive cash inflow from operations and maintained a sustained healthy financial position. The Board has proposed a final dividend of HK1 cent per share in respect of the financial year ended 31 December 2023 (subject to Shareholders' approval at the forthcoming annual general meeting), representing an increase of 37.0% year-on-year.

Revenue

The economy and society in general resumed normal activities since 2023. However, global political and economic situations remained complicated, and the foundation for sustained recovery and development of the domestic economy was still unstable. In 2023, China's economic development showed the momentum of recovery, with the gross domestic product reaching RMB126,058.2 billion, up by 5.2% year-on-year.

For the year ended 31 December 2023, the Group's revenue of steel cord segment amounted to HK\$2,493,165,000 (2022: HK\$2,462,767,000), representing an increase of 1.2% from the previous year. Because of the increase demand of radial tyres, the steel cord segment sold 228,637 tonnes of steel cord during the year, increased by 18.0% as compared to 193,701 tonnes last year. In respect of the sales of sawing wire products, the sales volume increased by 0.7% from 752 tonnes to 757 tonnes for the corresponding period last year attributable to our persistent effort in exploring new customers as well as the improvement of the photovoltaic, sapphire, and magnetic material markets. There was an increase of 21.3% in the sales volume of our other wire products from 8,886 tonnes to 10,782 tonnes for the corresponding period. The sales volume of this segment for the year is analysed as follows:

	Year ended 31 December				
	2023	% of	2022		
	Sales	total sales	Sales	% of	%
	volume	volume of	volume	total sales	change
	(Tonnes)	steel cords	(Tonnes)	volume of	
				steel cords	
Steel cords for:					
- truck tyres	133,308	58.3	113,889	58.8	+17.1
- off the road truck tyres	15,568	6.8	10,628	5.5	+46.5
- passenger car tyres	79,761	34.9	69,184	35.7	+15.3
Total for steel cords	228,637	100.0	193,701	100.0	+18.0
Sawing wire products	757		752		+0.7
Other steel wires	10,782		8,886		+21.3
Total	240,176		203,339		+18.1

There was no significant change in sales mix during the year, the proportion of sales of steel cords for truck tyres accounted for 58.3% of total sales volume of steel cords for the year, decreased by 0.5pp as compared to the previous year, it remained as the largest sales volume of steel cords of the Group for the year. Attributable to the great effort made by our sales team, the sales of steel cords for off the road truck tyres increased by 46.5% to 15,568 tonnes from 10,628 tonnes last year.

In respect of sales by region, the revenue from export sales amounted to HK\$897,554,000 for the year, decreased by 16.5% as compared to HK\$1,074,701,000 last year. The export sales represented 36.0% of total revenue from sales for the year, compared to 43.6% for last year. The breakdown of sales of steel cords segment for the year by geographical location is as follows:

	Year ended 31 December				% change
	2023	% of total revenue of steel cord segment	2022	% of total revenue of steel cord segment	
	Revenue HK\$'000		Revenue HK\$'000		
PRC	<u>1,595,611</u>	<u>64.0</u>	<u>1,388,066</u>	<u>56.4</u>	+15.0
Export sales:					
Asia (other than PRC)	518,171	20.8	531,056	21.5	-2.4
EMEA (Europe, Middle East and Africa)	188,739	7.5	308,056	12.5	-38.7
North America	148,860	6.0	157,953	6.4	-5.8
South America	41,784	1.7	77,636	3.2	-46.2
Total export sales	<u>897,554</u>	<u>36.0</u>	<u>1,074,701</u>	<u>43.6</u>	-16.5
Total	<u>2,493,165</u>	<u>100.0</u>	<u>2,462,767</u>	<u>100.0</u>	+1.2

Gross profit

Gross profit of this segment increased by 13.3% over last year to HK\$372,939,000 (2022: HK\$329,236,000) for the year. The gross profit margin also increased from 13.4% over last year to 15.0% for the year. This improvement was mainly due to the decrease in production costs.

FINANCIAL REVIEW

Revenue

Revenue of the Group amounted to HK\$2,494,534,000 (2022: HK\$2,464,242,000) for the year, increased by 1.2% over last year. The breakdown of revenue of the Group for the year is as follows:

	Year ended 31 December				% change
	2023		2022		
	<i>HK\$'000</i>	% of total revenue	<i>HK\$'000</i>	% of total revenue	
Steel cords	2,493,165	99.9	2,462,767	99.9	+1.2
Property rental	1,369	0.1	1,475	0.1	-7.2
Total	<u>2,494,534</u>	<u>100.0</u>	<u>2,464,242</u>	<u>100.0</u>	+1.2

Gross profit

Gross profit of the Group increased by 13.2% over last year to HK\$374,166,000 (2022: HK\$330,540,000), which was mainly due to the increase of gross profit of steel cord segment. Accordingly, the gross profit margin of the Group increased by 1.6pp to 15.0% for the year as compared to that of last year. The breakdown of gross profit of the Group for the year is as follows:

	Year ended 31 December				% change
	2023		2022		
	<i>HK\$'000</i>	Gross profit margin (%)	<i>HK\$'000</i>	Gross profit margin (%)	
Steel cords	372,939	15.0	329,236	13.4	+13.3
Property rental	1,227	89.6	1,304	88.4	-5.9
Total	<u>374,166</u>	<u>15.0</u>	<u>330,540</u>	<u>13.4</u>	+13.2

Selling and distribution expenses

Selling and distribution expenses amounted to HK\$124,033,000 (2022: HK\$114,563,000) for the year, increased by 8.3% over last year, mainly due to the increase in sales volume of steel cord segment.

Administrative expenses

Administrative expenses of the Group amounted to HK\$56,433,000 (2022: HK\$58,307,000) for the year, decreased by 3.2% as compared to last year. The Group would continue to implement the cost control measures.

Research and development expenses

Research and development expenses of the Group amounted to HK\$108,296,000 for the year, increased by 4.8% as compared to HK\$103,335,000 for last year. Such expenses were all incurred by the steel cord segment for aligning with the requirements from our tyres manufacturing customers.

Other income

Other income of the Group decreased by 61.2% from HK\$20,738,000 for the year ended 31 December 2022 to HK\$8,039,000 for the year ended 31 December 2023. This was primarily due to decrease in government grants in the current year.

Other gains, net

Other gains, net of the Group decreased by 96.9% from HK\$21,498,000 for the year ended 31 December 2022 to HK\$662,000 for the year ended 31 December 2023. This was primarily due to the fair value gain on Convertible Bonds decreased from HK\$21,700,000 to HK\$3,554,000 in the current year.

Finance costs, net

Finance costs, net of the Group decreased by 62.6% from HK\$50,615,000 to HK\$18,914,000 for the year. This was mainly because the total net foreign exchange differences on the borrowings and Convertible Bonds for the year ended 31 December 2023 recorded the gains of HK\$1,487,000 while those for the year ended 31 December 2022 were the losses of HK\$28,550,000.

TREASURY AND FUNDING POLICIES

The treasury and funding policies of the Group concentrate on the management of liquidity and the monitoring of financial risks, including interest rate risk, currency risk and counterparty risk. The objectives are to ensure the Group has adequate financial resources to maintain business growth with a viable financial position.

Surplus funds of the Group are generally placed on short term deposits denominated in HKD, EUR, RMB or USD with reputable banks in Hong Kong and the PRC. The financing of the Group principally comprises bank loans. The financing portfolio takes into consideration of the liquidity of the Group and interest costs.

SHARE CAPITAL, LIQUIDITY AND FINANCIAL RESOURCES

Share capital and net asset value

The Company manages its capital structure with the objectives of ensuring that the businesses of the Group can maintain a sustainable growth and providing a long-term reasonable return to its Shareholders.

The total number of issued shares of the Company was 1,968,903,828 Shares as at 31 December 2023 (2022: 1,971,379,828 Shares). Net asset value of the Group was HK\$1,689,673,000 as at 31 December 2023, increased by 1.9% as compared to HK\$1,657,743,000 as at 31 December 2022. Net asset value per Share was HK\$0.86 as at 31 December 2023, also increased by 2.4% as compared to HK\$0.84 as at 31 December 2022.

Convertible Bonds

On 18 December 2018, the Company entered into the Subscription Agreement with Jingxi Holdings (a related party and a wholly-owned subsidiary of Shougang Fund) whereby the Company issued and Jingxi Holdings subscribed for the Convertible Bonds in the principal amount of HK\$150,000,000. The interest rate is 4.0% per annum while Conversion Price is HK\$0.33 per Share, with conversion available commencing 6 months from issuance date till end of term. Tenor is 3 years from issuance date which can be extended by Jingxi Holdings for one year twice to the date falling on 11 February 2024.

The Conversion Price was arrived at after arm's length negotiations between the Group and Jingxi Holdings with reference to the prevailing market prices of the Shares. On 11 February 2019, the issuance of the Convertible Bonds was completed. The net proceeds from the Subscription, after deducting the costs and expenses of approximately HK\$1 million, are approximately HK\$149 million and are expected to be used as follows: (i) as to approximately HK\$37.3 million for repaying interest-bearing borrowings with higher interest rate of the Group (excluding borrowings provided by Shougang HK and its related party(ies)); (ii) as to approximately HK\$110 million for funding the capital investment for the TESC Phase II Project subject to the construction cost and time needed to supplement the production need for both TESC and JESC; and (iii) as to approximately HK\$1.7 million, being the remaining proceeds for supplementing general working capital.

As at 31 December 2020, the Group had fully utilised the aforesaid proceeds. Subsequent to 31 December 2021, the Company received from Jingxi Holdings an extension notice to extend the maturity date to 11 February 2023 and a conversion notice to convert the Convertible Bonds in the principal amount of HK\$24,000,000 at the Conversion Price of HK\$0.33 per Conversion Share. The Conversion Shares were issued in February 2022.

In February 2023, the Convertible Bonds matured. The Company has made full redemption of outstanding principal amount of HK\$126,000,000 of the Convertible Bonds, in accordance with the terms and conditions of the Convertible Bonds.

Bank balances and cash and interest bearing borrowings

The Group's bank balances and cash (including pledged bank deposits) amounted to HK\$97,140,000 as at 31 December 2023, decreased by 57.0% as compared to HK\$225,908,000 as at 31 December 2022. Total interest bearing borrowings of the Group were HK\$487,537,000 (comprised of bank borrowings) as at 31 December 2023, decreased by 16.9% as compared to HK\$586,626,000 (comprised of bank borrowings and Convertible Bonds) as at 31 December 2022. The amount of net interest bearing borrowings (total interest bearing borrowings less pledged bank deposits, bank balances and cash) therefore increased from HK\$360,718,000 as at 31 December 2022 to HK\$390,397,000 as at 31 December 2023.

Debt and liquidity ratios

Gearing ratio represented total interest bearing borrowings less bank balances and cash (including pledged bank deposits) divided by total equity of the Group and increased from 21.8% as at 31 December 2022 to 23.1% as at 31 December 2023. The current ratio (calculated as current assets divided by current liabilities) of the Group remained at 1.2 times as at 31 December 2023 and 2022.

FOREIGN CURRENCY AND INTEREST RATE EXPOSURES

The Group's source of revenue is mainly denominated in EUR, RMB and USD, while those of purchases and payments are mainly denominated in HKD, RMB and USD. As at 31 December 2023, the interest bearing borrowings were mainly at variable rates, the Group also entered into cross currency swap transactions to manage our risks on exchange and interest rate in respect of our interest bearing borrowings.

We will review and adjust the currency composition of our interest bearing borrowings from time to time to minimise these risk. In any event, we would keep monitoring the currency and interest rate composition of the Group's interest bearing borrowings under the guidance of the Internal Control Manual and take appropriate action to minimise our exchange and interest rate risks when needed.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had commitments in respect of property, plant and equipment amounted to HK\$78,842,000.

BUSINESS DEVELOPMENT PLAN

In 2019, TESC entered into agreements with the relevant governmental authorities of Tengzhou in relation to the investment of a construction project to be carried out on the three parcels of land through a public auction in 2010 and 2011 (the “Lands”). Pursuant to the agreements, TESC shall invest in construction of the production lines for an annual capacity of 100,000 tonnes steel cords on the Lands. The Tengzhou governmental authorities shall assist TESC in the construction project, such as handling relevant procedures for the construction, facilitating in the construction of infrastructure of the project such as water, electricity and roads, and assisting in application of governmental policy support and applicable support funds.

The construction project has commenced to acquire the machineries and construct the factory plant, ancillary facilities and peripheral roads since November 2019. The project is carried out by phases according to the market conditions and the financial capacity of the Company from time to time. Facing the growing automotive and tyre market, the Group strives to enhance its productivity. During the year under review, the Group continued to propel an expansion plan at TESC. Our steel cord / wire production capacity at TESC was expanded to reach an annual production capacity of 160,000 tonnes. Together with the annual capacity of 80,000 tonnes at JESC, the Group’s annual production capacity of steel cords increased to 240,000 tonnes. Since the increase in productivity significantly enhances the Group’s core competitiveness and profitability, the Group continues to make great strides towards its goal to manufacture over 300,000 tonnes of high-quality steel cords annually.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

As at 31 December 2023, the Group had a total of 2,413 employees located in Hong Kong and the PRC. The emolument policy regarding the employees of the Group is based on their merit, qualifications and competence as well as the prevailing market condition of the industry. Remuneration packages, which include an element of discretionary bonuses, are generally reviewed annually. In addition to salary payments, other employee benefits include medical subsidies, hospitalisation scheme and a defined contribution provident fund, Mandatory Provident Fund Scheme and other retirement scheme or other similar defined contribution provident fund stipulated by the regulations of the PRC which provided retirement benefits to employees in Hong Kong and the PRC respectively. The Group’s contributions to these schemes are charged against profits or loss as they are incurred. The total employee benefit expense for the year amounted to approximately HK\$301.7 million.

The Group had also provided training programmes or courses for the mainland staff at all levels from different departments, and also for Directors and employees of the Company so as to further enhance their technical skills in production operation and management, professional skills and knowledge, respectively.

The emoluments of the Directors are decided by the remuneration committee of the Company, having regard to individual performance, the Group's performance and profitability, remuneration benchmark in the industry and prevailing market condition.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group had no contingent liabilities as at 31 December 2023.

As at 31 December 2023, the carrying amounts of assets pledged as security for bank borrowings and bills payables are:

1. Bills receivables of HK\$17,601,000; and
2. Bank deposits of HK\$20,002,000.

BUSINESS OUTLOOK

The moderation of the epidemic and gradual relaxation of the government across the globe's quarantine measures had a positive effect on returning our daily life to normalcy gradually. In 2023, China has gradually resumed steady economic growth. However, the threat posed by the Sino-American relations, Russia-Ukraine conflict and Israel-Hamas war still brought uncertainty in the global economy in 2024. But we, Shougang Century, are confident and optimistic about our business in light of the followings:

- The PRC's macro-economic environment in infrastructure investment is expected to improve, this leads the sales in the automotive and tyre industry to increase continuously;
- To continue the construction of our production lines at TESC to facilitate the expansion plan of an additional 100,000 tonnes of steel cord manufacturing capacity within the 14th Five-Year Plan;
- Through our diligence and conviction to reduce our costs of production, we are confident to make orderly investment in expanding our steel cord/wire production capacity at TESC which has reached an annual capacity of 160,000 tonnes;
- 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.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK1 cent per fully paid ordinary share (2022: HK0.73 cents), with total amount of approximately HK\$19,584,000 for the year ended 31 December 2023 (2022: HK\$14,389,000), payable to Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 17 July 2024. The final dividend is subject to the Shareholders' approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2023 has not been recognised as a liability as at 31 December 2023.

Subject to Shareholders' approval of the proposed final dividend at the Company's annual general meeting to be held on Thursday, 27 June 2024, the final dividend is expected to be paid on or about Wednesday, 31 July 2024. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. (Hong Kong time) on Wednesday, 17 July 2024, for registration.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 20 June 2024 to Thursday, 27 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the forthcoming annual general meeting which is scheduled to be held on Thursday, 27 June 2024, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. (Hong Kong time) on Wednesday, 19 June 2024.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company was authorised at its annual general meetings to repurchase its own ordinary shares not exceeding 10% of the total number of its issued shares as at the dates of resolutions being passed. During the year, the Company repurchased its ordinary shares on the Stock Exchange when they were trading at a significant discount to the Company's net asset value in order to enhance value of Shareholders' investment.

During the year ended 31 December 2023, the Company repurchased an aggregate of 12,654,000 ordinary shares for a total consideration of HK\$2,699,402 (excluding relevant trading costs directly attributable to share repurchase) on the Stock Exchange. All the aforesaid repurchased shares were cancelled in December 2023 and January 2024 respectively. Details of the shares repurchased are as follows:

Month of repurchase in 2023	Number of shares repurchased	Consideration per Share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
August	158,000	0.175	0.172	27,506
September	368,000	0.184	0.163	64,528
October	526,000	0.18	0.168	92,194
November	1,080,000	0.195	0.168	196,216
December	10,522,000	0.243	0.196	2,318,958
Total	12,654,000			2,699,402

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE CODE

The Board is committed to practicing and achieving a high standard of corporate governance. It also recognises that effective risk management and internal control systems are crucial to the long term development of the Company. Thus, the Board reviews from time to time the daily corporate governance practices and procedures of the Company and its subsidiaries and procures the Company and its subsidiaries to strictly comply with the relevant laws and regulations, and the rules and guidelines of regulatory bodies, aiming to maintain sound and effective risk management and internal control systems of the Group, such as financial, operational and compliance controls and risk management functions. The Company has adopted the SCHL Corporate Governance Code and the Internal Control Manual, which will be amended and revised where appropriate, in order to enhance the effectiveness of the corporate governance practices and the risk management and internal control systems, and to get in line with the relevant amendments of law, rules and regulations.

In the opinion of the Board, the Company has complied with all the principles and Code Provisions (the "Code Provisions") of the Code and also the SCHL Corporate Governance Code, except for the deviation from Code Provision C.2.1 of the Code during the period from 1 January 2023 to 30 June 2023, the details of which are set out below:

Deviation from Code Provision C.2.1 of the Code

During the period from 1 January 2023 to 30 June 2023, the roles of chairman and managing director in the Company are performed by Mr. Su Fanrong (“Mr. Su”) which constitutes the deviation from the code provision C.2.1 of the Code which stipulates that the roles of chairman and managing director should be separate and should not be performed by the same person. In order to satisfy the requirement of the code provision C.2.1 of the Code, the Board appointed Mr. Li Jinping as the managing Director with effect from 1 July 2023, and Mr. Su ceased to act as the managing Director with effect from the same date but remains as the chairman of the Company.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express sincere gratitude to all Shareholders, suppliers and customers for their longstanding support. I would also like to thank my fellow members on the Board and the staff members of the Group for their unwavering commitment to the Group’s business. I am confident that the Group will continue to explore and capture opportunities in the coming year and beyond.

FORWARD LOOKING STATEMENTS

This announcement contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company’s expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions have the meanings set out below:

“Board”	the board of Directors
“Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Company” / “Shougang Century”	Shougang Century Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main board of the Stock Exchange
“Conversion Price”	HK\$0.33 per Conversion Share (subject to adjustments)
“Conversion Rights”	the rights to convert the Convertible Bonds into Conversion Shares
“Conversion Share(s)”	the Share(s) to be issued by the Company upon the holder(s) of the Convertible Bonds exercising its/their Conversion Rights attached to the Convertible Bonds in accordance with the terms and conditions of the instrument constituting the Convertible Bonds
“Convertible Bonds”	the 4% unsecured fixed coupon convertible bonds issued by the Company to Jingxi Holdings pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company
“EUR”	Euros, the lawful currency of the participating states within the European Union
“Group”	the Company and its subsidiaries
“HKD” / “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Internal Control Manual”	an internal management and control manual of the Company adopted in 1999 and revised from time to time thereafter
“JESC”	Jiaxing Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“Jingxi Holdings”	Jingxi Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and a wholly owned subsidiary of Shougang Fund
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“pp”	percentage point(s)
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SCHL Corporate Governance Code”	Shougang Century Holdings Limited Code on Corporate Governance (revised 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 Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Convertible Bonds by Jingxi Holdings pursuant to the terms and subject to the conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 18 December 2018 entered into between the Company and Jingxi Holdings in relation to the subscription for the Convertible Bonds by Jingxi Holdings pursuant to the terms and subject to the conditions of the Subscription Agreement
“TESC”	Tengzhou Eastern Steel Cord Co., Ltd., a company incorporated under the laws of the PRC and an indirect wholly owned subsidiary of the Company
“TESC Phase II Project”	the construction project of production lines
“USD”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 18 March 2024

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

Mr. Su Fanrong (Chairman), Mr. Li Jinping (Managing Director), Mr. Yang Junlin (Deputy Managing Director), Mr. Zhang Dan (Executive Director), Mr. Adam Touhig (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).

This final results announcement is published on the websites of the Company at <http://www.irasia.com/listco/hk/shougangcentury/> and the Stock Exchange at <http://www.hkexnews.hk>. The 2023 Annual Report will be despatched to Shareholders and made available on the above websites in due course.