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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The Board presents the unaudited consolidated interim results of the Group for the six months ended 30 June 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
Revenue	5	1,159,711	1,260,697
Cost of sales	7	(993,675)	(1,062,862)
Gross profit		166,036	197,835
Other income	5	9,111	3,906
Other gains, net	6	15,032	7,485
Selling and distribution expenses	7	(73,792)	(67,052)
Administrative expenses	7	(31,970)	(28,915)
Research and development expenses	7	(51,460)	(53,995)
Net reversal of impairment losses on financial assets	13	869	469
Finance costs, net	8	(3,530)	(13,641)
Share of losses of a joint venture		(11)	-
Profit before income tax		30,285	46,092
Income tax expense	9	(535)	(3,569)
Profit for the period attributable to the owners of the Company		29,750	42,523
Other comprehensive income / (expense)			
<i>Items that will not be reclassified to profit or loss</i>			
Exchange differences arising on translation into presentation currency		27,852	(14,587)
Total comprehensive income for the period attributable to the owners of the Company		57,602	27,936

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		<i>HK cents</i>	<i>HK cents</i>
	<i>Notes</i>		(Restated)
Earnings per share for the period			
- Basic	10	1.25	2.14
- Diluted	10	<u>1.25</u>	<u>2.14</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
	Notes		
ASSETS			
Non-current assets			
Investment properties	12	40,119	39,822
Property, plant and equipment	12	1,159,931	1,166,909
Right-of-use assets		3,736	4,691
Land use rights		118,338	118,338
Interest in a joint venture		35	46
Prepayments and deposits		6,341	3,053
Deferred income tax assets		25,119	20,716
Total non-current assets		1,353,619	1,353,575
Current assets			
Inventories		378,244	363,192
Trade receivables	13	608,062	638,935
Bills receivables	13	699,587	665,267
Prepayments, deposits and other receivables		43,671	40,407
Derivative financial instruments		2,398	1,839
Pledged bank deposits		22,962	24,060
Bank balances and cash		637,323	374,207
Total current assets		2,392,247	2,107,907
Total assets		3,745,866	3,461,482
LIABILITIES			
Non-current liabilities			
Other payables		70	67
Lease liabilities		1,964	2,960
Deferred income tax liabilities		31,849	29,566
Total non-current liabilities		33,883	32,593
Current liabilities			
Trade and bills payables	14	848,770	810,194
Other payables and accruals	15	244,314	242,809
Current income tax liabilities		3,540	5,444
Bank borrowings	16	670,045	582,973
Lease liabilities		1,971	1,932
Total current liabilities		1,768,640	1,643,352
Total liabilities		1,802,523	1,675,945
EQUITY			
Share capital	17	1,490,221	1,344,345
Reserves		453,122	441,192
Total equity		1,943,343	1,785,537
Total equity and liabilities		3,745,866	3,461,482

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated financial information is presented in thousands of Hong Kong dollar (HK\$’000), unless otherwise stated.

This condensed consolidated financial information has not been audited.

2. BASIS OF PREPARATION

The condensed consolidated financial information of the Group for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated financial information does not include all the notes of the type normally included in the annual consolidated financial statements, accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards. The financial information relating to the year ended 31 December 2024 that is included in the condensed consolidated financial information for the six months ended 30 June 2025 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year 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 (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622). The Company’s former auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the former auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

3. ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis, except for leasehold land and buildings, investment properties and derivative financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except as described below.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRS Accounting Standards issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2025:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in the condensed consolidated financial information.

4. SEGMENT INFORMATION

The Company's managing director, being the chief operating decision maker (the "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 derivative financial instruments, certain foreign exchange gains or losses, share of losses of a joint venture, 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:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Steel cord segment - sales of goods:		
Segment revenue from external customers	<u>1,156,976</u>	<u>1,260,079</u>
Segment results	32,925	69,295
<u>Unallocated amounts</u>		
Rental income	2,735	618
Other income	26	26
Other gains, net	5,471	313
Expenses	(7,331)	(10,519)
Finance costs, net	(3,530)	(13,641)
Share of losses of a joint venture	(11)	-
Profit before income tax	30,285	46,092
Income tax expense	(535)	(3,569)
Profit for the period	<u>29,750</u>	<u>42,523</u>

5. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue		
Revenue from contracts with customers within the scope of		
Hong Kong Financial Reporting Standard 15		
Sales of goods - Manufacturing of steel cords	1,156,976	1,260,079
Revenue from other source		
Rental income	2,735	618
	<u>1,159,711</u>	<u>1,260,697</u>
Other income		
Government grants (<i>Note</i>)	2,471	2,491
Sales of scrap materials	6,574	712
Others	66	703
	<u>9,111</u>	<u>3,906</u>

Note: Government grants for the period ended 30 June 2025 and 2024 mainly represented financial supports for business development by the local governments in the PRC. There are no unfulfilled conditions or other contingencies attaching to these grants.

6. OTHER GAINS, NET

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Fair value gain on derivative financial instruments	559	2,431
Gain / (loss) on disposals of property, plant and equipment, net	547	(143)
Foreign exchange gains, net	14,026	5,369
Others	(100)	(172)
	<u>15,032</u>	<u>7,485</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:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold (including net provision for inventories)	986,604	1,057,573
Employee benefit expense (including directors' emoluments)	170,281	161,526
Depreciation of property, plant and equipment (<i>Note 12(b)</i>)	39,218	51,935
Depreciation of right-of-use assets	956	581
Amortisation of land use rights	<u>1,808</u>	<u>1,834</u>

8. FINANCE COSTS, NET

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Finance income		
Interest income on bank deposits	<u>4,328</u>	<u>1,296</u>
Finance costs		
Interest expenses on bank borrowings	(6,632)	(11,558)
Interest expenses on lease liabilities	(90)	(24)
Foreign exchange losses on borrowings	<u>(1,136)</u>	<u>(3,355)</u>
	<u>(7,858)</u>	<u>(14,937)</u>
Finance costs, net	<u>(3,530)</u>	<u>(13,641)</u>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax:		
- PRC corporate income tax	2,816	5,440
Over-provision in respect of prior periods	<u>(315)</u>	<u>(1,429)</u>
Total current income tax	2,501	4,011
Deferred income tax	<u>(1,966)</u>	<u>(442)</u>
	<u>535</u>	<u>3,569</u>

Income tax is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. No provision for Hong Kong profits tax for the six months ended 30 June 2025 and 2024 as there is no assessable profit subject to Hong Kong profits tax for both periods.

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.

If a subsidiary is subject to CIT and qualified as High and New Technology Enterprise, the applicable CIT tax rate is 15%. The applicable CIT tax rate for Jiaying Eastern Steel Cord Co., Ltd ("JESC") and Tengzhou Eastern Steel Cord Co., Ltd ("TESC") was 15% for the six months ended 30 June 2025 and 2024.

10. EARNINGS PER SHARE

Basic earnings per share

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

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Profit attributable to the owners of the Company (HK\$'000)	<u>29,750</u>	<u>42,523</u>
Weighted average number of ordinary shares in issue (shares)	<u>2,375,306,761</u>	(Restated) <u>1,985,241,453</u>
Basic earnings per share (HK cents)	<u>1.25</u>	(Restated) <u>2.14</u>

The diluted earnings per share for the periods ended 30 June 2025 and 2024 were the same as the basic earnings per share as there were no dilutive potential ordinary shares during the periods.

The weighted average number of ordinary shares of the purpose of basic and diluted earnings per share has been adjusted for the bonus element of the rights issue of shares that took place in June 2025 (Note 17) and October 2024.

11. DIVIDENDS

During the current interim period, a final dividend of HK1.71 cents per fully paid ordinary share, totaling to approximately HK\$45,672,000 for the year ended 31 December 2024 was approved. The amount was paid in July 2025.

No interim dividend has paid or proposed for the six months ended 30 June 2025 and 2024.

12. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

(a) Investment properties

The movement of fair value for investment properties is as follows:

	Leasehold land and buildings (Unaudited) HK\$ '000
As at 1 January 2024	43,728
Exchange differences	(153)
As at 30 June 2024	<u>43,575</u>
As at 1 January 2025	39,822
Exchange differences	297
As at 30 June 2025	<u>40,119</u>

(b) Property, plant and equipment

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

	(Unaudited) HK\$ '000
As at 1 January 2024	1,251,122
Additions	37,952
Disposals	(661)
Depreciation	(51,935)
Exchange differences	(9,049)
As at 30 June 2024	<u>1,227,429</u>
As at 1 January 2025	1,166,909
Additions	14,599
Disposals	(373)
Depreciation	(39,218)
Exchange differences	18,014
As at 30 June 2025	<u>1,159,931</u>

13. TRADE RECEIVABLES AND BILLS RECEIVABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade receivables (<i>Note (a)</i>)	629,246	660,654
Less: provision for impairment losses on trade receivables (<i>Note (c)</i>)	(21,184)	(21,719)
	<u>608,062</u>	<u>638,935</u>
Bills receivables (<i>Note (b)</i>)	699,587	665,267
	<u><u>1,307,649</u></u>	<u><u>1,304,202</u></u>

(a) Trade receivables

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 90 days	487,721	469,593
91 to 180 days	92,833	137,869
Over 180 days	48,692	53,192
	<u>629,246</u>	<u>660,654</u>

(b) Bills receivables

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 90 days	47,474	55,479
91 to 180 days	269,875	247,791
Over 180 days	382,238	361,997
	<u>699,587</u>	<u>665,267</u>

As at 30 June 2025, the Group's bills receivables mature within one year (31 December 2024: same).

(c) Provision for impairment losses on trade receivables

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

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
At beginning of the period	21,719	21,803
Net reversal of impairment losses on trade receivables for the period	(869)	(469)
Exchange differences	334	440
At end of the period	21,184	21,774

14. TRADE AND BILLS PAYABLES

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Trade payables (<i>Note (a)</i>)	736,112	707,120
Bills payables (<i>Note (b)</i>)	112,658	103,074
	848,770	810,194

(a) Trade payables

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 30 days	331,445	278,522
31 to 90 days	222,033	163,202
91 to 180 days	131,034	188,180
181 to 365 days	42,538	53,075
Over 365 days	9,062	24,141
	736,112	707,120

(b) Bills payables

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

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Up to 30 days	32,897	25,269
31 to 90 days	-	30,561
91 to 180 days	67,665	33,235
Over 180 days	12,096	14,009
	112,658	103,074

15. OTHER PAYABLES AND ACCRUALS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Contract liabilities	4,732	4,124
Accrued wages and salaries	26,244	29,610
Other tax payables	7,658	8,408
Other accruals	3,094	5,434
Interest payables	1,276	2,833
Dividend payables	45,672	-
Other payables (including payables for property, plant and equipment)	155,638	192,400
	244,314	242,809

16. BANK BORROWINGS

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Bank loans	663,882	582,973
Discounted bills with recourse	6,163	-
	<u>670,045</u>	<u>582,973</u>
Current portion	<u>670,045</u>	<u>582,973</u>
Secured	6,163	-
Unsecured	663,882	582,973
	<u>670,045</u>	<u>582,973</u>

The Group's bank borrowings were repayable as follows:

	As at 30 June 2025 (Unaudited) HK\$'000	As at 31 December 2024 (Audited) HK\$'000
Within 1 year	<u>670,045</u>	<u>582,973</u>

The carrying amounts of the bank borrowings approximate their fair values.

As at 30 June 2025, the carrying amount of fixed rate bank borrowings and variable rate bank borrowings are approximately HK\$479,544,000 (31 December 2024: HK\$482,973,000) and HK\$190,501,000 (31 December 2024: HK\$100,000,000) respectively.

17. SHARE CAPITAL

	Number of shares '000	HK\$ '000
Issued and fully paid:		
As at 1 January 2024	1,968,904	1,215,798
Cancellation of shares (<i>Note (a)</i>)	(10,522)	-
As at 30 June 2024	<u>1,958,382</u>	<u>1,215,798</u>
As at 1 January 2025	2,350,058	1,344,345
Rights issue of shares (<i>Note (b)</i>)	325,082	145,876
As at 30 June 2025	<u>2,675,140</u>	<u>1,490,221</u>

Notes:

(a) 10,522,000 shares repurchased during the year ended 31 December 2023, were cancelled in January 2024.

(b) During the six months ended 30 June 2025, the Company issued 325,081,515 ordinary shares, for a consideration of HK\$0.455 per share. HK\$145,876,000 is received after deducted all the related expenses. The 325,081,515 ordinary shares were issued on 25 June 2025 to the existing shareholders, on the basis of three rights share for every twenty ordinary shares currently held on 28 May 2025.

18. CAPITAL COMMITMENTS

	As at 30 June 2025 (Unaudited) HK\$ '000	As at 31 December 2024 (Audited) HK\$ '000
Commitments in respect of the acquisition of property, plant and equipment		
- contracted for but not provided in the condensed consolidated financial information	<u>12,570</u>	<u>29,626</u>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Group is principally engaged in the manufacturing and sales of steel cords for radial tyres, sawing wires and hose wires. For the six months ended 30 June 2025, the Group recorded revenue of approximately HK\$1,159,711,000 (2024: HK\$1,260,697,000), representing a decrease of approximately 8.0% as compared with the last corresponding period. The gross profit also decreased by 16.1% to HK\$166,036,000 (2024: HK\$197,835,000). Therefore, the Group's net profit decreased by 30.0% from the same period last year of HK\$42,523,000 to HK\$29,750,000. The basic earnings per Share for the six months ended 30 June 2025 was HK1.25 cents.

BUSINESS REVIEW

According to the National Bureau of Statistics, in the first half of 2025, China's gross domestic product was RMB66,053.6 billion, representing a year-on-year growth of 5.3% calculated at constant prices. However, fierce competition has emerged since the second half of 2024, in order to maintain market share, the sales price of steel cords declined year-on-year, resulting in a decline in gross profit. Compared to the second half of 2024, the situation in the first half of 2025 continued to improve. The profit after tax for the six months ended 30 June 2025 achieved to HK\$29,750,000, which approached the full-year profit after tax for 2024.

For the six months ended 30 June 2025, the steel cord segment sold 119,919 tonnes of steel cords and decreased by 0.6% as compared to 120,658 tonnes in the same period last year. In respect of the sales of sawing wire products, it increased by 30.9% from 421 tonnes to 551 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 a 22.0% increase in the sales of our other wire products from 6,282 tonnes to 7,662 tonnes for the corresponding period. The sales volume of this segment for the period is analysed as follows:

	Six months ended 30 June				
	2025	% of	2024	% of	%
	Sales volume (Tonnes)	total sales volume of steel cords	Sales volume (Tonnes)	total sales volume of steel cords	Change
Steel cords for:					
- truck tyres	62,366	52.0	68,185	56.5	-8.5
- off the road truck tyres	10,685	8.9	9,267	7.7	+15.3
- passenger car tyres	46,868	39.1	43,206	35.8	+8.5
Total for steel cords	119,919	100.0	120,658	100.0	-0.6
Sawing wire products	551		421		+30.9
Other wire products	7,662		6,282		+22.0
Total	128,132		127,361		+0.6

In respect of sales of steel cords by region, the volume of export sales amounted to 38,464 tonnes for the period, increased by 2.6% as compared to 37,478 tonnes for the same period last year signaling the increasing recognition of our brand to the international tyres manufacturers. The volume of export sales represented 32.1% of total sales volume of steel cords for the period, compared to 31.1% for the same period last year. The breakdown of sales volume of steel cords for the period is as follows:

	Six months ended 30 June				
	2025		2024		
	Sales volume (Tonnes)	% of total sales volume of steel cords	Sales volume (Tonnes)	% of total sales volume of steel cords	% change
PRC sales	81,455	67.9	83,180	68.9	-2.1
Export sales	38,464	32.1	37,478	31.1	+2.6
Total	<u>119,919</u>	<u>100.0</u>	<u>120,658</u>	<u>100.0</u>	<u>-0.6</u>

FINANCIAL REVIEW

Revenue

Revenue of the Group amounted to HK\$1,159,711,000 (2024: HK\$1,260,697,000) for the period, decreased by 8.0% over the same period last year, which was primarily due to the impact of price competition of the steel cords/wire products. The breakdown of revenue of the Group for the period is as follows:

	Six months ended 30 June				
	2025		2024		
	HK\$'000	% of total revenue	HK\$'000	% of total revenue	% change
Steel cords / wire products	1,156,976	99.8	1,260,079	99.9	-8.2
Property rental	2,735	0.2	618	0.1	+342.6
Total	<u>1,159,711</u>	<u>100.0</u>	<u>1,260,697</u>	<u>100.0</u>	<u>-8.0</u>

Gross profit

The gross profit of the Group decreased by 16.1% over the same period last year to HK\$166,036,000 (2024: HK\$197,835,000). The gross profit margin of the Group also decreased by 1.4 percentage points from 15.7% to 14.3% for the current period as compared to that of last period. The breakdown of gross profit of the Group for the period is shown in the table below. To counter such price cutting pressure, both our manufacturing plants would continue to lower unit production cost of steel cords through the enhancement in production efficiency and higher production volume.

	Six months ended 30 June				
	2025		2024		
	<i>HK\$'000</i>	Gross profit margin (%)	<i>HK\$'000</i>	Gross profit margin (%)	% change
Steel cords / wire products	163,424	14.1	197,274	15.7	-17.2
Property rental	2,612	95.5	561	90.8	+365.6
Total	<u>166,036</u>	14.3	<u>197,835</u>	15.7	-16.1

Other gains, net

Other gains, net of the Group for the six months ended 30 June 2025 recorded HK\$15,032,000 while that for the six months ended 30 June 2024 was HK\$7,485,000. This was mainly due to the net foreign exchange gains increased from HK\$5,369,000 to HK\$14,026,000 in the current period.

Selling and distribution expenses

Selling and distribution expenses of the Group amounted to HK\$73,792,000 (2024: HK\$67,052,000) for the period, increased by HK\$6,740,000 over the same period last year, mainly because of the increase in export sales volume during the period under review.

Administrative expenses

Administrative expenses of the Group amounted to HK\$31,970,000 (2024: HK\$28,915,000) for the period, increased by HK\$3,055,000 as compared to the same period last year. The Group would implement the cost control measures.

Research and development expenses

Research and development expenses of the Group amounted to HK\$51,460,000 for the period, decreased by HK\$2,535,000 as compared to HK\$53,995,000 for the same period last year. Such expenses were all incurred by the steel cord segment.

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 mainly denominated in HKD, EUR, RMB or USD with reputable banks in Hong Kong and the PRC. The financing of the Group principally comprises the cash generated from operations, equity fundraising and debt financing. The financing portfolio mainly takes into consideration 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 2,675,139,708 Shares as at 30 June 2025 (31 December 2024: 2,350,058,193 Shares). Net asset value of the Group was HK\$1,943,343,000 as at 30 June 2025, increased by 8.8% as compared to HK\$1,785,537,000 as at 31 December 2024. Net asset value per Share was HK\$0.73 as at 30 June 2025, was decreased by 3.9% as compared to HK\$0.76 as at 31 December 2024.

During the period under review, the Group seized favourable opportunities in the market to successfully complete the fundraising by way of rights issue and raised net proceeds of approximately HK\$145,876,000. The funds raised from the rights issue will be mainly used to upgrade the technology, replenish general working capital and to repay loans and borrowings. At the same time, the completion of the rights issue will further enhance the capital position and strengthen the core competitiveness of the Group. For details of the rights issue, please refer to the Company's announcements dated 13 May 2025 and 24 June 2025 and the Company's prospectus dated 2 June 2025.

Bank balances and cash and interest bearing borrowings

The Group's bank balances and cash (including pledged bank deposits) amounted to HK\$660,285,000 as at 30 June 2025, increased by 65.8% as compared to HK\$398,267,000 as at 31 December 2024. Total interest bearing borrowings of the Group (comprised of bank borrowings) were HK\$670,045,000 as at 30 June 2025, increased by 14.9% as compared to HK\$582,973,000 as at 31 December 2024. The amount of net interest bearing borrowings (total interest bearing borrowings less bank balances and cash) therefore decreased from HK\$184,706,000 as at 31 December 2024 to HK\$9,760,000 as at 30 June 2025.

Debt and liquidity ratios

Gearing ratio (calculated as total interest bearing borrowings less bank balances and cash (including pledged bank deposits) divided by Shareholders' equity) of the Group decreased from 10.3% as at 31 December 2024 to 0.5% as at 30 June 2025. The current ratio (calculated as current assets divided by current liabilities) of the Group was 1.4 times at 30 June 2025 and compared to 1.3 times at 31 December 2024. We are committed to improving our liquidity ratios in order to attain a vibrant yet manageable position to facilitate sustainable growth of our business.

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. During the period under review, the interest bearing borrowings were mainly at fixed rates. The Group also entered into cross currency swap transactions to manage its 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 risks. 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 30 June 2025, the Group had commitments in respect of the acquisition of property, plant and equipment amounted to approximately HK\$12,570,000.

BUSINESS DEVELOPMENT PLAN

The Company continues to formulate its business transformation plan: it intends to leverage the existing land of its two production bases to expand production capacity while significantly improving and reducing costs. On one hand, the Company will initiate capacity expansion projects at JESC and TESC, with JESC planned to gradually expand to a production capacity of 100,000 tonnes, and TESC to expand in phases from its current production capacity to 200,000 tonnes. On the other hand, the Company will continue to carry out cost reduction and efficiency enhancement initiatives, and will continue to invest in greening, digitalisation, automation, equipment optimisation, intelligent inspection and process optimisation to achieve comprehensive production cost reduction.

Facing the growing automotive and tyre market, the Group strives to enhance its productivity and plans to improve domestic production capacity by strengthening technological transformation and production automation, while simultaneously achieving production cost reduction and efficiency improvement. The Group will strive to make great strides towards its goal to manufacture over 300,000 tonnes of high-quality steel cords annually. This increase in productivity will also significantly enhance the Group's core competitiveness and profitability.

The Company actively advances its overseas expansion strategy, exploring both self-built and acquisition plans for capacity expansion. Dealing with the ever-changing international political and economic situation, in order to further respond to the needs of international customers for a secure supply chain, the Company will continue to focus on expanding high-end customers and establishing an international market network. On one hand, the Company will continue to strengthen cooperation with its Shareholders, develop new overseas customers and establish new overseas plants to drive incremental overseas sales. On the other hand, the Board will consider to commence and review the feasibility study of establishing a production base in Europe, preferably in Eastern Europe, and to explore the proposal for global capacity acquisition and cooperation within and outside the industry. The Company currently explores opportunities in capacity self-construction and capacity acquisition cooperation, and will implement corresponding capital arrangements as and when appropriate. By developing global production capacity of the Group, we aim to achieve expansion of global operation, seize new opportunities in technology manufacturing and create an influential “Eastern” brand recognition, thereby bringing the best interests to the Group and the Shareholders.

In addition, the Company firmly advances its new business strategy by leveraging its steel cord production technology to develop tendon materials for robot bodies and dexterous hands. The Company has currently gradually engaged with downstream users for sample testing and will continue to promote the research and development, and production and sales of this business.

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEME OF THE GROUP

As at 30 June 2025, the Group had a total of 2,662 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 period under review amounted to approximately HK\$170.3 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 conditions.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The Group had no material contingent liabilities as at 30 June 2025.

As at 30 June 2025, the carrying amounts of assets pledged as security for bank borrowings and bills payables were:

1. Bills receivables of HK\$6,163,000; and
2. Bank deposits of HK\$22,962,000.

BUSINESS OUTLOOK

Looking forward, the instability of the political and economic situation arising from the Sino-American relations, conflicts in Russia-Ukraine and the Middle East region, as well as the risk of global recession due to high interest rates have not yet been averted. But we, Shougang Century, are confident and optimistic about our business in light of the followings:

- To continue the construction of our production lines at TESC to facilitate the expansion plan of an additional 100,000 tonnes of steel cords manufacturing capacity;
- To further reduce our cost of production by streamlining our manufacturing process and increasing automation;
- 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;
- 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; and
- To explore new business growth opportunities, particularly the innovative applications of the Group's products in robotic dexterous hands and tendon-driven mechanisms for robotic bodies.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

CHANGE OF AUDITOR

The Board resolved to propose the appointment of SHINEWING (HK) CPA Limited (“SHINEWING”) as the auditor of the Company for 2025 to replace PricewaterhouseCoopers. It was considered and approved at the annual general meeting on 10 June 2025. The respective term of service of SHINEWING has commenced from the date of the approval at the annual general meeting up to the date of next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 9 May 2025, the circular of the Company dated 12 May 2025 and the announcement of the Company dated 10 June 2025.

AUDIT COMMITTEE

The audit committee has reviewed the unaudited interim results for the six months ended 30 June 2025. In addition, the independent auditor of the Company, SHINEWING, has reviewed the unaudited interim financial information for the period in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2025.

CORPORATE GOVERNANCE CODE

The Board is committed to practising 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 of the Code and also the SCHL Corporate Governance Code throughout the six months ended 30 June 2025.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt thanks to our customers, suppliers and Shareholders for their continued support and trust. I would also like to take this opportunity to express my sincere gratitude to all the fellow members on the Board for their diligence and valuable contributions, as well as to the management and colleagues for their unwavering commitment, dedication and continued hard work to the Group throughout the period under review.

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 Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administration Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SCHL Corporate Governance Code”	Shougang Century Holdings Limited’s 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)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 29 August 2025

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. Sun Chao as her Alternate 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 interim 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 2025 Interim Report will be despatched to Shareholders and made available on the above websites in due course.