



Shenguan Holdings (Group) Limited

神冠控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 829.HK)

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ANNOUNCEMENT OF 2019 INTERIM RESULTS OF SHENGUAN HOLDINGS (829.HK)

ACHIEVING OUTSTANDING RESULTS IN NEW PRODUCT RESEARCH AND DEVELOPMENT BY PROMOTING DIVERSIFIED INDUSTRIAL LAYOUT

(On 19 August 2019 – Hong Kong) – Shenguan Holdings (Group) Limited (“Shenguan Holdings” or the “Company”, Stock Code: 829), a manufacturer specialized in collagen products, and its subsidiaries (collectively, the “Group”) announced the unaudited interim results for the six months ended 30 June 2019 (the “Period”).

Revenue slightly increased by approximately 2.8% to approximately RMB386.8 million for the Period from approximately RMB376.2 million for the six months ended 30 June 2019 (the “Prior Period”). In spite of the influence of African swine fever, the sales volume of collagen sausage casing for the Period recorded a slight increase as compared with the Prior Period. The gross profit margin decreased from approximately 36.7% to approximately 26.5% for the Period. The decrease in gross profit margin is mainly due to the increased raw material prices and trial production cost of casings. Since the fourth quarter of 2018, raw material prices have risen due to the continuous increase of environmental protection requirements in China. Since the second quarter of 2019, the Group continues to negotiate with raw material suppliers and as a result, raw material prices saw a certain extent of decrease. In addition, during the Period, as the Group continued to actively develop various new casings to meet the continuously developing customer needs, the trial production cost of casings also increased significantly. Due to the aforesaid reasons, profit attributable to owners of the Company decreased by approximately 15.7% to approximately RMB31.4 million for the Period from approximately RMB37.2 million for the Prior Period.

Shenguan Holdings is striving to research and develop new technologies and new

products in various fields covering collagen food products, healthcare products, skincare products and medicinal products. During the reporting period, the Company achieved outstanding results in new product research and development. Various kinds of collagen food developed by the Company were put into trial production, some of which were already sold in the market. For collagen skincare products, the development of collagen skincare product series of the Group based on the market development trend achieved substantial progress, while certain new products are undergoing trial production. The mechanical equipment of the R&D and production base in Singapore has also been basically installed. For collagen medical materials, collagen-based bone repairing biomaterials (膠原基骨修復生物材料), is being tested for its product technical indicators. New products such as sterile low endotoxin medical collagen (低內毒素無菌醫療級膠原蛋白) and hydrophilic band-aids (親水性創口貼) are under research and development by the Company. The corporate standards on Fibrous Type I Collagen, Medical Soluble Type I Collagen and Collagen Wound Dressing have been filed to Guangdong provincial authorities. In addition, the Company has submitted an application of production permits for collagen wound dressing (type 3 medical devices), but it is still pending approval.

Under the environment of fluctuating global meat product industry as affected by the overall situation and increasingly fierce market competition, Shenguan Holdings' production and operation will be ridden with both opportunities and challenges. It is critical for the Group to create and seize opportunities in the second half of the year. The Group will continue to place “principal business consolidation and new product launch” as its work priorities for the second half of 2019, accelerate the implementation of product diversification strategies and put efforts in the research and development of new collagen-based food products, healthcare products, cosmetics, medicine and medical materials. The Group will utilize automation and intellectualization as a means to achieve product diversification and extend its reach to the great health industry and the strategic emerging industries, and seek overseas cooperation opportunities, so as to build Shenguan Holdings into a world-class base for collagen research and development and application as well as a major supplier of collagen raw materials, and generate fabulous returns to the shareholders of the Group in the long run.

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About Shenguan Holdings (Group) Limited

Shenguan Holdings is a manufacturer specialized in collagen products, committed to the development of its core collagen technologies, and engaged in the manufacture and sale of edible collagen sausage casing products in the PRC. The Group has started to expand its business to medicine, food products and skincare products since 2015. The Group is listed on the main board of The Stock Exchange of Hong Kong Limited.

For further details of Shenguan Holdings, please refer to its website: <http://www.shenguan.com.hk/>.

This press release is issued by **Wonderful Sky Financial Group Holdings Limited** on behalf of **Shenguan Holdings (Group) Limited**.

For inquiries, please contact:

Wonderful Sky Financial Group Holdings Limited

Alice Wong/Alicen Wang

Tele: (852) 3970 2238/ (852) 3970 2226

Fax: (852) 2865 1638

E-mail: alicewong@wsfg.hk/alicienwangal@wsfg.hk