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## **ZHI SHENG GROUP HOLDINGS LIMITED**

**智昇集團控股有限公司**

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

**(Stock Code: 8370)**

### **PROFIT WARNING**

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

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders and potential investors of the Company that based on the initial assessment of the information currently available, the Group expects to record a loss attributable to the owners of the Company for the year ended 31 December 2019 as compared to a profit for the corresponding period in 2018. The loss is mainly attributable to the slow-down of economic growth in the PRC, coupled with overall weakness of the office furniture market, leading to significant decrease of over 30% in the Group’s revenue and gross profit for the year ended 31 December 2019 as compared with those for the corresponding period in 2018. Besides, the Group recorded a substantial increase in selling and distribution expenses as compared to the corresponding period in 2018 because it (1) commenced to amortise the renovation and refurbishment of the new exhibition hall at Chengdu, (2) wrote off the display products in the preceding exhibition hall at Chongqing, and (3) incurred higher installation and transportation costs as a result of the increase in scattered customers in remote areas. Meanwhile, aiming at improving its competitiveness, the Group incurred increased product research and development expenditure. This resulted to increased administrative and other expenses as compared to the corresponding period in last year.

The Company is still in the process of finalizing the Group’s annual results for the year ended 31 December 2019. The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and the information currently available, and is not based on any figures or information which have been audited or reviewed by the auditor or the audit committee of the Company. Actual financial results of the Group for the year ended 31 December 2019 may be different from what is disclosed in this announcement. Shareholders and potential investors of the Company are advised to read carefully the annual results announcement of the Company for the year ended 31 December 2019, which is expected to be published in late-March 2020.

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

By order of the Board  
**Zhi Sheng Group Holdings Limited**  
**Yi Cong**  
*Executive Director*

Hong Kong, 22 January 2020

*As at the date of this announcement, the Board comprises Mr. Yi Cong and Mr. Liang Xing Jun as executive directors; Mr. Luo Guoqiang as non-executive director; and Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Kwok Sui Hung as independent non-executive directors.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk), on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company's website at [www.qtbj.com](http://www.qtbj.com).*