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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 preliminary assessment of the information currently available, the Group expects to record an increase of more than 60% in loss attributable to the owners of the Company for the six months period ended 30 June 2021 (“**Reporting Period**”) as compared to the corresponding period last year, mainly attributable to (1) revenue realized from the furniture segment decreased by more than 40% as compared to the corresponding period last year, because the majority of deliveries for sale orders in the corresponding period last year were placed prior to the previous year’s epidemic, while during the Reporting Period, the majority of potential customers were cautious in purchasing or postponing the replacement of furniture products, resulting in fewer new sales orders being placed; (2) the Group continued to compete for more furniture sales orders with lower product prices so as to maintain effective operations; (3) loss provisions arising from the disposal of inventory increased as compared to the corresponding period last year; and (4) administrative and other expenses of the furniture segment increased by more than 30% as compared to the corresponding period last year, mainly attributable to the increasing research and development expenses and provision for expected credit loss of the trade receivables.

Besides, the data centre business grew steadily. Excluding the amortization of intangible asset arising from the acquisition of the data centre business, its financial results will have a positive impact on the Group’s financial performance.

The Company is still in the process of finalizing the Group's results for the Reporting Period. 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 results of the Group for the Reporting Period may be different from those disclosed in this announcement. Shareholders and potential investors of the Company are advised to read carefully the results announcement of the Company for the Reporting Period, which is expected to be published in mid-August 2021.

Shareholders and potential investors of the Company 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, 21 July 2021

As at the date of this announcement, the Board comprises Mr. Yi Cong, Mr. Liang Xing Jun and Mr. Ma Gary Ming Fai 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 collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, 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, on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company's website at www.qtbj.com.