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Eternity Technology Holdings Limited

恒達科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1725)

PROFIT WARNING

This announcement is made by Eternity Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 (the “**Period**”), the Group expects to record a profit of not more than RMB1.0 million attributable to the Shareholders for the six months ended 30 June 2020 as compared with the Group’s profit of approximately RMB17.9 million attributable to the Shareholders for the corresponding period in 2019. The significant decrease in the profit for the Period was mainly resulted from (i) the decrease in gross profit margin; and (ii) the impairment loss made against trade receivables which were difficult to be recovered for the customers who were in financial difficulties.

The decrease in gross profit margin was mainly due to the following reasons:

- (i) the temporary suspension of the operation of the Group’s production plant in Shenzhen and the lockdown measures imposed by the governments of the PRC amid outbreak of the novel coronavirus disease (COVID-19) in the first quarter, while certain operating costs of the Group remain fixed.
- (ii) The increased rental expenses of the equipment and outsourcing fees incurred to speed up the production process in order to meet the orders delayed in the first quarter of the customers after the resumption of our production plant; and

(iii) We received more orders from customers with a lower gross profit margin due to fierce competition while orders from existing customers with a higher gross profit decreased due to the spread of the novel coronavirus disease (COVID-19) throughout the world during the Period.

The information contained in this announcement is only based on a preliminary assessment by the Board according to the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 and information currently available to the Company as at the date of this announcement, and is not based on any figures or information which have been reviewed or audited by the Company's independent auditor or have been confirmed by the audit committee of the Company and are subject to adjustments. The Company is in the process of finalising the interim results of the Group for the six months ended 30 June 2020. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended 30 June 2020, which is expected to be published by the end of August 2020 in accordance with the Listing Rules.

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

By order of the Board
Eternity Technology Holdings Limited
Ma Fujun
Chairman

Hong Kong, 7 August 2020

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

Executive Directors

Mr. Ma Fujun (*Chairman*)
Ms. Chen Xiaoyuan
Mr. Cheng Bin

Independent Non-executive Directors

Mr. Wu Chi-luen
Mr. Chan Chung Kik Lewis
Mr. Chow Kit Ting