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SUNLIGHT TECHNOLOGY HOLDINGS LIMITED

深藍科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1950)

PROFIT WARNING

This announcement is made by Sunlight Technology Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) 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 “**Directors**”) of the Company (the “**Board**”) wishes to inform the shareholders (the “**Shareholders**”) and potential investors of the Company that, based on the information currently available to the Board, the Group is expected to record (i) a decrease in revenue of approximately 26.4% for the year ended 31 December 2020 (the “**FY2020**”) as compared to the same for the year ended 31 December 2019 (the “**FY2019**”); and (ii) a net loss of approximately RMB900,000 for the FY2020, as compared to a net profit of approximately RMB24.0 million for the FY2019. The Board considered that the loss for the FY2020 is mainly attributable to (i) the recognition of non-recurring listing expenses of approximately RMB10.0 million recognised for the FY2020; and (ii) the decrease in revenue from the Group’s business of sales of faux leather chemicals due to the following factors:

- (1) the global outbreak of the novel coronavirus in 2020 (“**COVID-19 Outbreak**”) has had a strong impact on the global economy and financial markets, where foreign countries had implemented draconian measures to prevent further spread of epidemic including lock-down measures, travel and transportation restrictions etc., and have not been fully resumed as of the end of 2020. This adversely affected the overall economic environment and the consumer market which led to a decrease in the market demand in faux leather manufacturing industries such as apparel, footwear, handbags and luggage, home furnishings and sports equipment. In addition, the lock-down measures adopted by countries in response to COVID19 has had an adverse effect on the production and operation of the Group’s downstream customers which subsequently affected the faux leather chemicals manufacturing industry and the Group’s revenue;

- (2) the lock-down measures adopted by countries in response to COVID-19 Outbreak and the escalating tension between the United States (the “US”) and the People’s Republic of China (the “PRC”) have had a strong impact on the trading activities and logistics arrangement globally, which affected the performance of the overall manufacturing exports industries and the downstream industries of faux leather manufacturing industry such as apparel, footwear, handbags and luggage, home furnishings and sports equipment. It subsequently affected the overall faux leather manufacturing industry, faux leather chemicals manufacturing industry and the Group’s revenue; and
- (3) the faux leather manufacturing industry was affected by significant increase in upstream chemical materials prices such as petroleum and titanium dioxide, and recurring negative impact from the pandemic rebound.

The Company is still in the course of preparing and finalising the annual results of the Group for the FY2020. The information contained in this announcement is only based on a preliminary assessment of the consolidated management accounts and relevant revenue estimates made available to the Board as at the date hereof and which have not been audited or reviewed by the Company’s auditors or the audit committee of the Company and may be subject to adjustments where necessary.

Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the FY2020, which will be published by the end of March 2021 in accordance with the requirements of the Listing Rules.

Shareholders and potential investors are advised to exercise caution in dealing in the shares of the Company. If in doubt, they should consult their own professional advisers.

By order of the Board
Sunlight Technology Holdings Limited
Ms. Liu Jing
Chairman and executive Director

Hangzhou, PRC, 8 March 2021

As at the date of this announcement, the Board comprises Ms. Liu Jing, Mr. Chen Hua, Ms. Zhu Jianqin and Mr. Li Xiangyu as executive Directors; Mr. Tian Jingyan, Mr. Ho Ho Tung Armen and Ms. Yu Zhen as independent non-executive Directors.