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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 approximately RMB8.8 million to RMB14.7 million in loss, or an increase of 12% to 20% in loss attributable to the owners of the Company for the twelve months ended 30 June 2023 (“**Reporting Period**”) as compared to the eighteen months audited year ended 30 June 2022 (“**Previous Reporting Period**”). The significant increase in loss was mainly attributable to:

- (1) During the Reporting Period, the Company provided an impairment loss on assets of approximately RMB49.8 million in relation to the pledge of properties such as land and buildings by Sichuan Greenland Furniture Co., Limited* (四川青田家俱實業有限公司), a subsidiary of the Company, to assist Mr. Luo Jinyao (as a borrower) or its subsidiary to obtain the financing;
- (2) During the Reporting Period, the Company purchased three wealth management products issued by Zhongzhi Enterprise Group (中植企業集團) with an aggregate principal amount of RMB10 million, and the estimated fair value assessment would require provision of approximately RMB9.5 million due to the higher risk of redemption;

For details of items (1) and (2) above, please refer to the relevant announcements published by the Company on 2 June 2023 and 11 August 2023, respectively.

- (3) However, part of the loss during the Reporting Period is expected to be offset by the significant decrease in administrative and other expenses and selling expenses during the Reporting Period as compared to the Previous Reporting Period which was mainly attributable to: (i) the equity-settled share-based payment expenses of approximately RMB3.8 million recognised during the Reporting Period as a result of the grant of the share options in the Previous Reporting Period, representing a decrease of approximately RMB12.7 million as compared with the Previous Reporting Period; (ii)

the share-based payment expenses of approximately RMB13.8 million derived from the issuance of convertible bonds in the Previous Reporting Period, while there was no such expenses during the Reporting Period; (iii) as the Company has achieved certain results in strengthening daily operation and management, the provision for impairment losses on trade and other receivables and prepayments during the Reporting Period is expected to be lower by approximately RMB6.0 million as compared with the Previous Reporting Period; (iv) the recognition of expenses for the assessment of impairment of goodwill decreased by approximately RMB3.5 million as compared to the Previous Reporting Period; (v) other selling expenses and general and administrative expenses of the Company decreased significantly as compared with the Previous Reporting Period due to the extra six-month reporting period of the Previous Reporting Period and the Company's strengthened control of daily expenses and improved operational efficiency.

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 late September 2023.

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, 25 August 2023

As at the date of this announcement, the Board comprises Mr. Yi Cong, Mr. Liang Xing Jun, Mr. Ma Gary Ming Fai and Mr. Lai Ningning as executive directors; Mr. Luo Guoqiang as non-executive director; and Mr. Chan Wing Kit, Ms. Cao Shao Mu and Mr. Li Saint Chi Sianti 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 Listed Company Information" 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.

* For identification purpose only