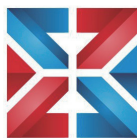


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Zhixin Group Holding Limited

智欣集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2187)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021 AND CHANGE IN USE OF PROCEEDS

Reference is made to (i) the prospectus of Zhixin Group Holding Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 March 2021 (the “**Prospectus**”); and (ii) the interim report of the Company for the six months ended 30 June 2021 (the “**Interim Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as defined in the Prospectus.

CHANGE IN USE OF PROCEEDS

As disclosed in the section headed “Management Discussion and Analysis — Use of Proceeds” in the Interim Report, the net proceeds from the Share Offer received by the Company, after deducting the underwriting fees and listing expenses in connection with the Share Offer, amounted to approximately HK\$238.7 million (the “**Actual Net Proceeds**”).

As disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus, to the extent that the Actual Net Proceeds are not immediately applied to the purposes as disclosed in the Prospectus and to the extent permitted by applicable laws and regulations, the Company will only place the unused Actual Net Proceeds (the “**Unutilised Net Proceeds**”) into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong and/or China to avoid investment risks to the Unutilised Net Proceeds.

During the six months ended 30 June 2021, the Company has applied part of the Unutilised Net Proceeds of (i) approximately RMB88.8 million (equivalent to HK\$104.5 million) for early repayment of borrowings; and (ii) approximately RMB9.9 million (equivalent to HK\$11.6 million) for general working capital. Details of the borrowings early repaid by the Company are as follows:

Nature	Principal (RMB million)	Interest rate per annum	Maturity date	Early repayment date	Early repaid amount (RMB million)	Approximate interest expenses saving (RMB million)
Bank borrowing from a bank in China	84.0	5.355%	18 November 2021	23 June 2021	20.0	0.5
Entrusted loan from an independent third party	25.9	5.0%	22 October 2022	8 June 2021	25.9	1.8
Entrusted loan from an independent third party	26.3	5.0%	28 October 2022	14 April 2021	26.3	2.0
Entrusted loan from an independent third party	16.6	5.0%	27 December 2022	24 May 2021	<u>16.6</u>	<u>1.3</u>
Total:					<u>88.8</u>	<u>5.6</u>

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As disclosed in the section headed “Management Discussion and Analysis — Use of Proceeds” in the Interim Report, the expected timeline for utilising the Unutilised Net Proceeds is by December 2022 (HK\$4.2 million), June 2023 (HK\$8.4 million) and June 2024 (HK\$199.6 million), respectively (the “**Expected Utilisation Time**”).

The Board considers that the utilisation of part of the Unutilised Net Proceeds as set out in the section headed “Change in Use of Proceeds” above and before the Expected Utilisation Time is in the interests of the Company and the Shareholders as a whole, since (i) the interest expenses saved by early repayment of borrowings are higher than the interest income that can be generated by the repayment amount. Total interest expenses of approximately RMB5.6 million has been saved by early repayment of borrowings, while annual interest income of approximately RMB1.3 million (equivalent to HK\$1.5 million) based on the one-year benchmark deposit interest rate of 1.5% per annum could have been generated if the same amount is placed in bank deposit; (ii) the Unutilised Net Proceeds cannot be invested in wealth management products with higher return for avoidance of investment risk; and (iii) further annual interest expenses of approximately RMB0.5 million (equivalent to HK\$0.6 million) have been saved by utilising part of the Unutilised Net Proceeds of approximately RMB9.9 million (equivalent to HK\$11.6 million) as general working capital rather than using the existing bank facilities available to the Group (the “**Available Bank Facilities**”) of approximately RMB114.7 million (equivalent to HK\$134.9 million) as at 30 June 2021.

The Available Bank Facilities were obtained by the Group from two banks in the PRC. Pursuant to the facility agreements, the Available Bank Facilities may be used in the form of, among others, loans, bills acceptance, bills discount, trade financing and bank guarantees, and the terms, interest rate and usage are to be set out in the definitive agreement to be entered into with the banks.

The Company plans to finance the intended use of proceeds as disclosed in the Prospectus by the Expected Utilisation Time by using its cash balance (which amounted to approximately RMB81.7 million (equivalent to HK\$96.1 million) as at 30 June 2021) and the Available Bank Facilities. Not taking into account any fund to be generated from the Group's business operations, the Available Bank Facilities and the cash balance are already sufficient to provide capital required for the intended use of proceeds and hence it is expected that there will not be any significant impact to and change in the Group's future plan as disclosed in the Prospectus.

By order of the Board
Zhixin Group Holding Limited
Ye Zhijie
Chairman and Executive Director

Hong Kong, 26 November 2021

As at the date of this announcement, the Board comprises Mr. Ye Zhijie, Mr. Huang Wengui, Mr. Qiu Limiao, Mr. Ye Dan and Mr. Huang Kaining as executive Directors; and Ms. Wong Tuen Sau, Mr. Cai Huinong and Mr. Jiang Qinjian as independent non-executive Directors.

For illustration purpose only, RMB is converted into HK\$ at an exchange rate of RMB1.0 = HK\$1.1765 in this announcement.