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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)

PROFIT WARNING

This announcement is made in accordance with 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of Zhixin Group Holding Limited (the “**Company**”) wishes to inform the shareholders and potential investors of the Company that, based on the preliminary review of unaudited consolidated management accounts of the Company, together with its subsidiaries (the “**Group**”), and the information currently available to the Group for the year ended 31 December 2022 (the “**Year**”), it is expected that the Group will record a reduction in the Group’s net profit for the Year to a profit or loss close to breakeven as compared with the net profit of approximately RMB20.4 million for the year ended 31 December 2021. Such reduction in net profit is mainly attributable to: (i) the decrease in revenue as a result of temporarily suspension and delays in certain construction projects impacted by the increase in days with adverse weather conditions during the Year, as well as certain new competitors compete at low prices in the market which caused the Group to provide additional price concessions to certain customers after considering the balance between the profit/loss and maintaining competitiveness, resulting in a decline in the revenue of both ready-made concrete and precast concrete components this Year; the extent of decrease was partially offset by the new revenue stream derived from the sales of eco-friendly construction materials (including bricks and tiles) which was acquired by the Group in November 2021; and (ii) one-off compensation expense for the early termination of the lease of precast concrete components production plant located in Jimei District of Xiamen and the disposal loss of the production facilities on this leased property subsequent to the successful acquisition of the land use rights of a parcel of land for construction of new production plant.

As the Group's results for the Year are subject to further review and have not been finalised, the information contained in this announcement is solely based on the information currently available and the preliminary review by the Board of the unaudited sales and other financial information of the Group for the Year, which are subject to finalisation and necessary adjustments and have not yet been audited. Therefore, the actual consolidated results of the Group for the year ended 31 December 2022, which are expected to be released and set out in the annual results announcement of the Company by the end of March 2023, may differ from the information contained in this announcement. Shareholders and potential investors of the Company are therefore advised to peruse the results with care when the results announcement is released.

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

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

Hong Kong, 24 February 2023

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.