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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)**

### **DISCLOSEABLE TRANSACTIONS SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS**

#### **THE SUBSCRIPTIONS**

The Board wishes to announce that from 2019 to 2023, Sichuan Greenland, a subsidiary of the Company, subscribed to 15 wealth management products which constitute disclosable transactions in principal amounts ranging from RMB3 million to RMB10 million.

#### **OVERDUE REDEMPTION OF A WEALTH MANAGEMENT PRODUCT**

As at the date of this announcement, three wealth management products remain outstanding with the aggregate principal amount of RMB10 million. One of such wealth management products in the principal amounts of RMB4 million had become overdue in August 2023 without being redeemed pursuant to the terms of the subscription agreement.

#### **GEM LISTING RULES IMPLICATIONS**

The abovementioned 15 wealth management products subscribed by Sichuan Greenland during the period from 2019 to 2023 are of similar nature and involve the same party or parties within the same group of companies. Taking into account the subscriptions of certain wealth management products that were within a 12-month period of each other, the corresponding outstanding principal amounts of certain wealth management products are aggregated for the purpose of calculating the relevant percentage ratios.

Given that the highest applicable percentage ratio in respect of the Subscriptions, on a standalone basis or an aggregate basis, exceeded 5% but was less than 25%, the Subscriptions constitute discloseable transactions of the Company and should have been subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Board wishes to announce that from 2019 to 2023, Sichuan Greenland, a subsidiary of the Company, subscribed to 15 wealth management products which constitute disclosable transactions in principal amounts ranging from RMB3 million to RMB10 million.

## THE SUBSCRIPTIONS

The principal terms of the Subscriptions are as follows.

Issuer/fund manager	Principal amount of subscription <i>RMB million</i>	Subscription date	Investment period	Redemption date/ maturity date	Expected annualized rate of return	Nature of product, investment scope and payment of principal and interest upon maturity
Beijing Yidi	5	10 April 2019	Seven months	31 October 2019	<i>Note 1</i>	<i>Note 1</i>
Zhong Ronghui	4	12 August 2019	Three months	14 November 2019	<i>Note 2</i>	<i>Note 2</i>
Xizang Five	5	12 May 2020	Six months	11 November 2020	8.5%	<i>Note 3</i>
Xizang Five	5	23 September 2020	Six months	22 March 2021	7.6%	<i>Note 3</i>
Jiangyin Huazhong	5	17 November 2020	Six months	16 May 2021	7.6%	<i>Note 3</i>
Zhongzhi Automobile	5.2	30 August 2021	Six months	1 March 2022	7.1%	<i>Note 3</i>
Zhongzhi Automobile	10	12 January 2022	Six months	11 July 2022	7.1%	<i>Note 3</i>
Zhonghai Shengrong	3	9 March 2022	Six months	8 September 2022	7.1%	<i>Note 3</i>
Zhongzhi International	5	18 April 2022	Six months	17 October 2022	7.7%	<i>Note 3</i>
Zhongzhi International	5	22 July 2022	Six months	21 January 2023	7.1%	<i>Note 3</i>
Zhongzhi International	3	28 September 2022	Six months	27 March 2023	7.1%	<i>Note 3</i>
Zhongzhi International	3	21 October 2022	Six months	20 April 2023	7.0%	<i>Note 3</i>
Zhongzhi International	4	1 February 2023	Six months	31 July 2023	7.1%	<i>Note 3</i>
Zhongzhi Automobile	3	4 April 2023	Six months	3 October 2023	7.2%	<i>Note 3</i>
Zhongzhi Automobile	3	20 April 2023	Seven months	19 November 2023	7.3%	<i>Note 3</i>

*Notes:*

- (1) This wealth management product is for the purpose of utilizing various financial instruments in the capital market, while maintaining an acceptable level of risk, to achieve sustained and robust growth of entrusted assets. The funds to be raised through the issue of such wealth management product are invested in (i) credit-based assets, including corporate bonds, enterprise bonds, convertible bonds, bond funds, and other approved investment varieties managed by the present manager and other financial products approved by regulatory authorities or issued by various regulators recognized by the China Securities Regulatory Commission (the “CSRC”); (ii) cash assets, including cash, bank deposits, and other highly liquid short-term financial products recognized by the CSRC; and (iii) equity assets, including private equity investment funds, equity of non-listed companies, and other investment varieties recognized by the CSRC. The subscriber is entitled to the right of redemption of the investment at a designated date.
- (2) This wealth management product is an inter-firm fixed-income collective asset management plan among futures companies. The funds to be raised through the issue of such wealth management product are invested in (i) bonds traded in the stock exchange and the market by banks, central bank notes, asset-backed securities (limited to senior tranche shares), and non-financial corporate debt financing instruments that meet the requirements of the “Guiding Opinions” on standardized bond assets; (ii) securities repurchase agreements (repos) and reverse repos; (iii) cash management products, including interbank deposits, interbank certificates of deposit, bank deposits, money market funds; and (iv) publicly offered funds, including bond funds. The subscriber is entitled to the right to exit the investment at a designated time every month.
- (3) All of these wealth management products are principal-protected and fixed-return with an annualized rate. The funds to be raised through the issue of such wealth management products will be used as the working capital of the relevant issuer. The relevant issuer shall respectively transfer the principal and interest in a lump sum within five business days after the maturity date (or early redemption date) of the respective product.

To the best of the Directors’ knowledge, information and belief having made all enquiries, (i) the Parties are affiliates of each other; and (ii) the Parties and their ultimate beneficial owners are Independent Third Parties.

## **OVERDUE REDEMPTION OF A WEALTH MANAGEMENT PRODUCT**

As at the date of this announcement, the Company confirms that 12 of the 15 wealth management products mentioned above were redeemed and the Group did not suffer any monetary loss in connection with such subscriptions.

In relation to the remaining three outstanding wealth management products with an aggregate principal amount of RMB10 million:

- (i) one of such products was issued by Zhongzhi International in the principal amount of RMB4 million for a term of six months on 1 February 2023 had become overdue in August 2023 without being redeemed pursuant to the terms of the subscription agreement; and
- (ii) two of such products were issued by Zhongzhi Automobile in the principal amount of RMB3 million for a term of six months on 4 April 2023 and in the principal amount of RMB3 million for a term of seven months on 20 April 2023 are not yet due.

The Board believes that as the Company's cash flow is sufficient taking into consideration the overdue redemption of the above wealth management products and expects no material adverse impact on the Company's recent operations. The Company will take legal measures, including litigation, arbitration, property preservation and negotiation, etc., to do its best to pursue liability for breach of contract from the issuer of the overdue product, to recover investment losses as much as possible, and to protect the interests of Shareholders. At the same time, the Company will assess investment impairment accrued based on the redemption status of each product.

The Company will keep the Shareholders and potential investors informed of any further material developments in connection with the overdue product or other similar products by way of further announcement(s) as and when appropriate and in accordance with the GEM Listing Rules.

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

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS**

The Group is principally engaged in the manufacture and sale of furniture products and sells its products to the domestic PRC market with a large proportion of its sales derived from Sichuan Province, Chongqing City and Guizhou Province, and the data centre business in the PRC.

The Parties are all within the Zhongzhi Enterprise Group. The Zhongzhi Enterprise Group is principally engaged in various industries and businesses, such as semiconductors, big data, consumer goods, healthcare, early childhood education, new energy vehicles, environmental protection and corporate outsourcing services, asset management, financial services, and wealth management. The Parties are affiliated with other companies within the Zhongzhi Enterprise Group such as Kingwisoft Technology Group Company Limited 金慧科技集團股份有限公司 (formerly known as ZZ Technology Group Company Limited 中植科技集團股份有限公司), a company listed on the GEM of the Stock Exchange (Stock Code 8295), which is principally engaged investment holding, provision of back-office services (primarily provision of customer service solutions, and setting up of contact service systems and centres), comprehensive marketing services and data centre services.

In order to enhance the capital efficiency as well as the return from working capital, the Group has utilised its idle capital to subscribe short-term wealth management products issued by Zhongzhi Enterprise Group from time to time since 2018 to earn additional income without affecting its normal operations. It was considered at the relevant time of each of the Subscriptions that would not cause any material adverse effects on the Group's working capital.

Taking into account the above, the Directors are of the view that the terms and conditions of the Subscriptions are fair and reasonable and the Subscriptions were in the interest of the Group and its Shareholders as a whole.

## **GEM LISTING RULES IMPLICATIONS**

The abovementioned 15 wealth management products subscribed by Sichuan Greenland during the period from 2019 to 2023 are of similar nature and involve the same party or parties within the same group of companies. Taking into account the subscriptions of certain wealth management products that were within a 12-month period of each other, for the purpose of calculating the relevant percentage ratios, the corresponding outstanding principal amounts of certain wealth management products are aggregated.

Given that the highest applicable percentage ratio in respect of the Subscriptions, on a standalone basis or an aggregate basis, exceeded 5% but was less than 25%, the Subscriptions constitute discloseable transactions of the Company and should have been subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules. Due to inadvertent mistake, the Company has not announced those Subscriptions. The Company and the Board sincerely apologize for the inconvenience caused to the Shareholders and investors of the Company in connection with the non-compliance.

## **REMEDIAL ACTIONS**

To prevent the recurrence of similar incidents in the future, the Group has reviewed its internal regulations and procedures and has taken the following remedial actions:

1. improve the coordination and reporting arrangements between different departments of the Group in respect of requirements under the GEM Listing Rules that may be relevant to the Group and monitor the Group's on-going compliance with the GEM Listing Rules by designating specific staff to monitor any transactions falling within Chapter 19 of the GEM Listing Rules, especially in relation to the subscription of wealth management products;
2. adopt procedures which require the responsible staff of the Group to report to the Group's management and the Directors in respect of proposed transactions or events involving potential investments;
3. remind responsible staff of the necessity to analyse the subscription of wealth management products prior to their subscription from a GEM Listing Rules perspective to avoid the occurrence of similar situations in the future; and
4. in the event the responsible staff or the Directors have doubt as to interpretations of the GEM Listing Rules, the Company will consult external legal or other professional parties prior to any proposed transactions or events so as to ensure that the responsible staff or Directors' apprehension and interpretation of the GEM Listing Rules are correct, and the Group timely complies with the relevant requirements under the GEM Listing Rules.

Going forward, the Company will continue to comply with the procedures of its subscription for wealth management products and make appropriate disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Beijing Yidi”	Beijing Yidi Fund Management Limited* (北京易迪基金管理有限公司), a company established in the PRC with limited liability
“Board”	the board of Directors of the Company
“Company”	Zhi Sheng Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM of the Stock Exchange (stock code: 8370)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party (and where the third party is a corporation, such corporation and its ultimate beneficial owners) who is independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Jiangyin Huazhong”	Jiangyin Huazhong Investment Management Co., Ltd.* (江陰華中投資管理有限公司), a company established in the PRC with limited liability
“Parties”	the issuers of the wealth management products as disclosed in the section headed “The Subscriptions” in this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the issued share capital of the Company
“Shareholders”	holder(s) of the Share(s)

“Sichuan Greenland”	Sichuan Greenland Furniture Co., Limited* (四川青田家俱實業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	the subscriptions of wealth management products as described in the section headed “The Subscriptions” in this announcement
“Xizang Five”	Xizang Five — Dimensional Asset Management Co., Ltd.* (西藏五維資產管理有限公司), a company established in the PRC with limited liability
“Zhonghai Shengrong”	Zhonghai Shengrong (Beijing) Capital Management Group Co., Ltd.* (中海晟融(北京)資本管理集團有限公司), a company established in the PRC with limited liability
“Zhong Ronghui”	Zhong Ronghui Xin Qihuo Limited* (中融匯信期貨有限公司), a company established in the PRC with limited liability
“Zhongzhi Automobile”	Zhongzhi Automobile Anhui Limited* (中植汽車安徽有限公司), a company established in the PRC with limited liability
“Zhongzhi Enterprise”	Zhongzhi Enterprise Group Co., Ltd.* (中植企業集團有限公司), a company established in the PRC with limited liability
“Zhongzhi Enterprise Group”	Zhongzhi Enterprise and its subsidiaries
“Zhongzhi International”	Zhongzhi International Investment Holdings Group Limited* (中植國際投資控股集團有限公司), a company established in the PRC with limited liability
“%”	per cent.

By order of the Board  
**Zhi Sheng Group Holdings Limited**  
**Ma Gary Ming Fai**  
*Executive Director*

Hong Kong, 11 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 Saini 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 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 “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the Company’s website at [www.qtbgj.com](http://www.qtbgj.com).*

*\* For identification purpose only*