ZIXIN GROUP HOLDINGS
紫心集团控股
(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: **www.zixingroup.com.sg**
SGX stock code: **42W**

CHANGE IN USE OF PROCEEDS FROM FY2022 PLACEMENT

Unless otherwise defined, all capitalised terms shall bear the same meaning ascribed to them in the FY2022 Placement Announcements (as defined below).

1. The Board of Directors (the "**Board**" or the "**Directors**") of Zixin Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to:

   (a) the Company's announcements dated 21 September 2021, 23 September 2021, 14 October 2021, 29 October 2021, 10 November 2021 and 19 November 2021 (collectively, the "**FY2022 Placement Announcements**") in relation to the placement exercise that was completed by the Company on 19 November 2021 (the "**FY2022 Placement**"); and

   (b) the Company's announcement dated 14 November 2023 in relation to the unaudited financial statements of the Group for the six-month financial period ended 30 September 2023 (the "**1H FY2024 Announcement**"), in which the Company updated that as at 31 October 2023, a total of S$8,552,000 remained unutilised (the "**Remaining Balance**").

2. Pursuant to Rule 704(30) of the Catalist Rules, the Board wishes to announce that the Company intends to reallocate a total of S$8,400,000 of the Remaining Balance to fund Fujian Zixin's renovation expenses and purchase of equipment and machinery for its new manufacturing facilities. The entire amount will be extended to Fujian Zixin for the abovementioned purpose tentatively by way of a loan from the Company, instead of capital contribution, subject to all necessary approvals obtained for the proposed capital reduction. Please refer to paragraph 3 for more details.

3. The Board is of the view that it is in the best interest of the Group to make the re-allocation for the following reasons:

   (a) Fujian Zixin has an authorised share capital of RMB 80,000,000, and as of the date of this announcement, a paid-up capital of RMB 55,053,043. As of the date of this announcement, the Company has submitted all necessary application and information required to China's governmental and regulatory authorities for the reduction of Fujian Zixin's authorised share capital from RMB 80,000,000 to RMB 60,000,000. Notwithstanding such capital reduction, the proceeds will still be used by Fujian Zixin to fund its renovation expenses, acquisition of equipment and machinery for Fujian Zixin's new manufacturing facilities either by way of a loan from the Company or a capital injection.

   (b) With the Group's business operations in China being back on track after the pandemic, as shown by its improvement in sales and gross profit in 1H FY2024 and completion of the construction of Fujian Zixin's manufacturing facilities, the Board has decided that it

would be in the Group's interest to reallocate the remaining S$3,200,000 Net Cash Proceeds originally allocated for future expansion of the Group's business in Singapore to fund the renovation expenses, acquisition of equipment and machinery for Fujian Zixin's new manufacturing facilities.

4. Details of the change in use of the Net Cash Proceeds are as follows:

Intended Use of the Net Cash Proceeds	**Allocation of the Net Cash Proceeds (S$'000)**	**Balance brought forward from 31 October 2023 (S$'000)**	**Amount utilised as at the date of this announcement (S$'000)**	**Amount to be reallocated (S$'000)**	**Balance of Net Cash Proceeds as at the date of this announcement (S$'000)**
To fulfil the paid-up share capital requirement of Fujian Zixin(1)	5,200	5,200	-	(5,200)	-
Renovation expenses, and acquisition of equipment and machinery for Fujian Zixin's new manufacturing facilities	-	-	-	8,400	8,400
Future expansion of the Group's business in Singapore	4,000	3,200	-	(3,200)	-
Working capital for the Group (2)	2,700	152	(152)	-	-
Total	11,900	8,552	(152)	-	8,400

Note:

(1) For the avoidance of doubt, there is no change in the use of S$5,200,000 in substance. The S$5,200,000 will be injected to Fujian Zixin tentatively by way of a loan from the Company, instead of capital contribution, subject to all necessary approvals obtained for the proposed capital reduction.

(2) A breakdown of the amount utilised for the working capital for the Group is as follows:

	Working Capital (S$'000)
Summary of expenses:	
Administrative and miscellaneous expenses	152
Total	152

5. The Company will continue to make periodic announcements as and when the balance of the Net Cash Proceeds is materially disbursed or utilised, and will also provide a status report on the use of proceeds in the Company's interim and full year financial statements as well as its annual report.

Liang Chengwang
Executive Chairman and Chief Executive Officer

15 March 2024

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch ("**Sponsor**") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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