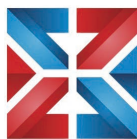


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Zhixin Group Holding Limited (the “**Company**”) hereby announces the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 with the comparative figures for the corresponding year ended 31 December 2021 as follows:

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Year ended 31 December	
		2022	2021
		RMB'000	RMB'000
Revenue	3	634,152	765,088
Cost of sales		<u>(576,727)</u>	<u>(660,828)</u>
<b>Gross profit</b>		<b>57,425</b>	104,260
Other income		19,529	20,764
Other losses — net		(1,073)	(2,313)
Selling expenses	4	(20,878)	(19,636)
Administrative expenses	4	(42,443)	(43,579)
Loss on of financial assets impairment		(1,560)	(3,464)
Listing expenses	4	<u>—</u>	<u>(9,520)</u>
<b>Operating profit</b>		<b>11,000</b>	46,512
Finance income	5	127	215
Finance costs	5	<u>(13,259)</u>	<u>(13,217)</u>
<b>Finance costs — net</b>	5	<u>(13,132)</u>	<u>(13,002)</u>
<b>(Loss)/Profit before income tax</b>		<b>(2,132)</b>	33,510
Income tax credit/(expense)	6	<u>3,385</u>	<u>(13,112)</u>
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<b><u>1,253</u></b>	<b><u>20,398</u></b>
<b>Earnings per share for profit attributable to owners of the Company</b>			
Basic earnings per share (RMB)	7	0.002	0.029
Diluted earnings per share (RMB)	7	<u>0.002</u>	<u>0.029</u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		As at 31 December	
		2022	2021
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	390,405	206,589
Right-of-use assets	10	104,547	118,115
Investment properties	11	36,347	37,536
Intangible assets	12	39,513	39,458
Trade receivables	14	25,394	30,729
Prepayment for non-current assets		8	3,295
Deferred income tax assets		4,411	3,394
		<u>600,625</u>	<u>439,116</u>
<b>Current assets</b>			
Inventories	13	22,571	29,909
Trade receivables	14	692,387	634,413
Prepayments and other receivables		52,032	29,586
Restricted bank balance		1	8,710
Cash and bank balances		17,483	107,199
		<u>784,474</u>	<u>809,817</u>
<b>Total assets</b>		<u><b>1,385,099</b></u>	<u><b>1,248,933</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		6,358	6,358
Other reserves		364,659	364,659
Retained earnings		72,053	70,800
		<u>443,070</u>	<u>441,817</u>
<b>Total equity</b>		<u><b>443,070</b></u>	<u><b>441,817</b></u>

		<b>As at 31 December</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>RMB'000</b>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	<i>16</i>	<b>186,208</b>	65,950
Lease liabilities		—	4,420
Deferred income		<b>1,836</b>	2,119
Deferred income tax liabilities		<b>9,319</b>	14,170
		<u><b>197,363</b></u>	<u>86,659</u>
<b>Current liabilities</b>			
Trade and bills payables	<i>15</i>	<b>348,408</b>	328,289
Other payables and accruals		<b>134,873</b>	112,870
Current income tax liabilities		<b>1,720</b>	10,532
Borrowings	<i>16</i>	<b>257,387</b>	259,039
Contract liabilities		<b>2,278</b>	1,902
Lease liabilities		—	7,825
		<u><b>744,666</b></u>	<u>720,457</u>
<b>Total liabilities</b>		<u><b>942,029</b></u>	<u>807,116</u>
<b>Total equity and liabilities</b>		<u><b>1,385,099</b></u>	<u>1,248,933</u>

## **1 General information of the Group**

The Company was incorporated in the Cayman Islands on 14 November 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together, the “**Group**”) are principally engaged in the manufacturing and sale of ready-mixed concrete and precast concrete components in the People’s Republic of China (the “**PRC**”). The Group commenced the manufacturing and sale of eco-friendly bricks during year 2022 after the completion of the acquisition of REIT Mingsheng Environmental Building Materials (Changjiang) Co., Ltd. (“**REIT Mingsheng**”) in December 2021. The Group’s headquarters is in Xiamen city, Fujian province of the PRC.

The Company successfully completed the listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited and its shares have been listed on the Stock Exchange since 26 March 2021.

The ultimate controlling shareholders and major shareholder of the Company are Mr. Ye Zhijie, the Chairman and executive director of the Company, and Mr Huang Wengui, an executive director of the Company, respectively.

In December 2021, the Group acquired 100% equity interests in REIT Mingsheng, which is in the business of recycling of iron ore tailings and manufacturing of eco-friendly bricks.

## **2 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 2.1 Basis of preparation

The principal accounting policies applied in the preparation of the consolidated financial statements which are in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 are set out below. The consolidated financial statements have been prepared on a historical cost basis.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 2.1.1 New standards and interpretations adopted by the Group

A number of new or amended standards became applicable for the current reporting period commencing 1 January 2022. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRS Standards 2018–2020	
Revised Accounting Guideline 5	
Merger Accounting for Common Control Combinations (AG 5)	

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

### 3 Segment information

	Year ended 31 December 2022			
	Ready- mixed concrete <i>RMB'000</i>	Precast concrete components <i>RMB'000</i>	Iron ore tailings recycling and bricks <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	463,282	142,959	27,911	634,152
Cost of sales	<u>(425,609)</u>	<u>(134,651)</u>	<u>(16,467)</u>	<u>(576,727)</u>
Gross profit	37,673	8,308	11,444	57,425
Selling expenses	(11,442)	(8,828)	(608)	(20,878)
Administrative expenses	<u>(21,991)</u>	<u>(12,871)</u>	<u>(4,042)</u>	<u>(38,904)</u>
Segment results	<u>4,240</u>	<u>(13,391)</u>	<u>6,794</u>	<u>(2,357)</u>

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	(2,357)
Unallocated costs and expenses	(3,539)
Other income	19,529
Other losses — net	(1,073)
Reversal of impairment losses on financial assets	(1,560)
Finance income	127
Finance costs	<u>(13,259)</u>
Loss before income tax	(2,132)
Income tax credit	<u>3,385</u>
Profit and total comprehensive income for the year	<u>1,253</u>

Year ended 31 December 2021

	Ready- mixed concrete <i>RMB'000</i>	Precast concrete components <i>RMB'000</i>	Iron ore tailings recycling and bricks <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	533,761	231,327	—	765,088
Cost of sales	<u>(448,763)</u>	<u>(212,065)</u>	<u>—</u>	<u>(660,828)</u>
Gross profit	84,998	19,262	—	104,260
Selling expenses	(6,578)	(13,058)	—	(19,636)
Administrative expenses	<u>(18,506)</u>	<u>(22,530)</u>	<u>—</u>	<u>(41,036)</u>
Segment results	<u>59,914</u>	<u>(16,326)</u>	<u>—</u>	<u>43,588</u>

A reconciliation of results of reportable segments to profit for the year is as follows:

Results of reportable segments	43,588
Unallocated costs and expenses	(15,527)
Other income	20,764
Other losses — net	(2,313)
Finance income	215
Finance costs	<u>(13,217)</u>
Profit before income tax	33,510
Income tax expense	<u>(13,112)</u>
Profit and total comprehensive income for the year	<u>20,398</u>



#### 4 Expenses by nature

The expenses charged to cost of sales, selling expenses, listing expenses and administrative expenses are analysed below:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	<b>446,613</b>	488,743
Changes in inventories of finished goods and work in progress	<b>5,259</b>	22,252
Employee benefit expenses	<b>72,078</b>	69,466
Outsourcing service expenses	<b>19,157</b>	41,933
Transportation expenses	<b>38,526</b>	37,505
Depreciation of property, plant and equipment	<b>18,791</b>	15,692
Amortisation of right-of-use assets	<b>4,585</b>	6,003
Depreciation of investment properties	<b>1,189</b>	509
Amortisation of intangible assets	<b>59</b>	26
Repair and maintenance expense	<b>1,509</b>	1,978
Electricity and water expenses	<b>6,282</b>	6,409
Short-term lease rental expenses	<b>3,005</b>	4,612
Other taxes and levies	<b>3,610</b>	3,922
Provision for impairment of inventories	<b>1,037</b>	2,939
Listing expenses	<b>—</b>	9,520
Auditors' remuneration	<b>2,300</b>	2,314
Others	<b>16,048</b>	19,740
	<hr/>	<hr/>
Total	<b>640,048</b>	<b>733,563</b>

## 5 Finance costs — net

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Finance income</b>		
— Interest income on bank deposits	<u>127</u>	<u>215</u>
<b>Finance costs</b>		
Interest expense on		
— bank borrowings	(16,884)	(11,762)
— lease liabilities	(68)	(706)
— loan from related parties	—	(109)
Other financing costs	<u>(430)</u>	<u>(640)</u>
	(17,382)	(13,217)
Less: interest capitalised in construction in progress	<u>4,123</u>	<u>—</u>
<b>Finance costs expensed</b>	<u>(13,259)</u>	<u>(13,217)</u>
<b>Finance costs — net</b>	<u><u>(13,132)</u></u>	<u><u>(13,002)</u></u>

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the interest rate applicable to the Group's borrowings for construction in process during the year ended 31 December 2022 of 5.17% per annum.

## 6 Income tax (credit)/expense

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax		
— PRC income tax	2,483	14,922
Deferred income tax	<u>(5,868)</u>	<u>(1,810)</u>
Income tax expense	<u><u>(3,385)</u></u>	<u><u>13,112</u></u>

**(i) *Cayman Islands, BVI and Hong Kong profits tax***

The Company is an exempted company incorporated in the Cayman Islands and is not liable for taxation in the Cayman Islands.

The Group's subsidiary incorporated in the BVI is exempted company and is not liable for taxation in the BVI.

Hong Kong profits tax considered at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits during the year. The Group did not have assessable profits in Hong Kong during the year (2021: nil).

**(ii) *PRC corporate income tax ("CIT")***

Taxation on PRC income has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC in which the Group's entities operate. The Company's subsidiaries incorporated in PRC are subject to CIT at the rate of 25% (2021:25%) during the year, except for Xiamen Zhixin Construction Technology Co., Ltd. which is subject to CIT at the preferential rate of 15% (2021: 15%).

Xiamen Zhixin Construction Technology Co., Ltd. obtained the qualification of certified high-tech enterprises in 2021. As approved by the relevant tax authority, the CIT rate applicable to Xiamen Zhixin Construction Technology Co., Ltd in 2022 was 15%.

Xiamen Zhixin Construction Technology Co., Ltd. was entitled to claim special tax deductions in relation to qualifying expenditure under the Research and Development Tax Incentive regime in Xiamen City.

**(iii) *PRC withholding income tax***

According to the CIT Law in the PRC, a 10% withholding tax on dividends received/receivable from PRC companies will be levied on the PRC companies' immediate holding companies established out of the PRC. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign immediate holding companies, such as Hong Kong, and simultaneously certain conditions are satisfied.

During the year, no PRC withholding income tax has been provided since the parent entities are able to control the timing of distributions from their PRC subsidiaries and are not expected to distribute these profits in the near future.

As at 31 December 2022, no deferred income tax liabilities is recognised for the withholding tax that would be payable on unremitted earnings of PRC subsidiaries of the Group. The Group does not have an intention to distribute the respective unremitted profits in the foreseeable future.

## 7 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year. The weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effect of changes in share capital of the Company pursuant to resolutions passed by the Company's shareholders' meeting on 4 March 2021. These include (i) the sub-division of shares on 4 March 2021, where 10,000 ordinary share of the Company issued was sub-divided into 1,000,000 ordinary shares, and (ii) the issue and allotment of 560,000,000 ordinary shares to the shareholders whose names appeared on the register of members of the Company as at the date of these resolutions, which were deemed to have been in issue since 1 January 2020.

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
Profit attributable to owners of the Company (RMB'000)	<b>1,210</b>	20,398
Weighted average number of ordinary shares in issue	<b>748,000,000</b>	704,452,055
Basic earnings per share (RMB)	<b><u>0.002</u></b>	<u>0.029</u>

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all potentially dilutive ordinary shares.

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 31 December 2022.

## 8 Dividend

No dividend was paid, declared or proposed during the year ended 31 December 2022 (2021: nil).

## 9 Property, plant and equipment

	Buildings <i>RMB'000</i>	Machineries <i>RMB'000</i>	Concrete mixer trucks <i>RMB'000</i>	Office equipment and vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2022</b>						
Opening net book amount	76,626	80,596	12,582	4,824	31,961	206,589
Additions	6	3,915	7,239	566	194,767	206,493
Transferred from construction in progress	439	4,510	—	—	(4,949)	—
Disposals	—	(3,370)	(479)	(37)	—	(3,886)
Depreciation charge	(3,441)	(10,087)	(3,661)	(1,602)	—	(18,791)
<b>Closing net book amount</b>	<b><u>73,630</u></b>	<b><u>75,564</u></b>	<b><u>15,681</u></b>	<b><u>3,751</u></b>	<b><u>221,779</u></b>	<b><u>390,405</u></b>
<b>At 31 December 2022</b>						
Cost	97,362	138,450	30,283	20,637	221,779	508,511
Accumulated depreciation	(23,732)	(62,886)	(14,602)	(16,886)	—	(118,106)
<b>Net book amount</b>	<b><u>73,630</u></b>	<b><u>75,564</u></b>	<b><u>15,681</u></b>	<b><u>3,751</u></b>	<b><u>221,779</u></b>	<b><u>390,405</u></b>

	Buildings <i>RMB'000</i>	Machineries <i>RMB'000</i>	Concrete mixer trucks <i>RMB'000</i>	Office equipment and vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended</b>						
<b>31 December 2021</b>						
Opening net book amount	45,104	83,387	11,892	2,732	996	144,111
Additions	—	1,320	4,380	551	13,797	20,048
Acquisition of a subsidiary	33,300	5,558	—	1,838	17,181	57,877
Transferred from construction in progress	—	—	—	13	(13)	—
Transferred from right-of-use assets	—	—	—	1,165	—	1,165
Disposals	—	(1)	(917)	(2)	—	(920)
Depreciation charge	(1,778)	(9,668)	(2,773)	(1,473)	—	(15,692)
<b>Closing net book amount</b>	<b><u>76,626</u></b>	<b><u>80,596</u></b>	<b><u>12,582</u></b>	<b><u>4,824</u></b>	<b><u>31,961</u></b>	<b><u>206,589</u></b>
<b>At 31 December 2021</b>						
Cost	96,917	134,252	32,002	20,577	31,961	315,709
Accumulated depreciation	(20,291)	(53,656)	(19,420)	(15,753)	—	(109,120)
<b>Net book amount</b>	<b><u>76,626</u></b>	<b><u>80,596</u></b>	<b><u>12,582</u></b>	<b><u>4,824</u></b>	<b><u>31,961</u></b>	<b><u>206,589</u></b>

During the year, the amounts of depreciation expense charged to profit or loss were as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment		
— Cost of sales	<b>14,043</b>	12,964
— Selling expenses	<b>911</b>	536
— Administrative expenses	<b>3,837</b>	2,192
	<u><b>18,791</b></u>	<u>15,692</u>

As at 31 December 2022, buildings and machineries of the Group with a total net book value of RMB80,877,000 (2021: RMB78,982,000) and construction in progress in relation to the iron ore tailings recycling plant with a book value of RMB208,434,000 (2021: nil) were pledged to secure borrowings of the Group.

For the year ended 31 December 2022, general borrowing interests amounting to approximately RMB4,123,000 (2021: nil) were capitalised into the cost of property, plant and equipment at an average borrowing rate of 5.17% per annum.

## 10 Right-of-use assets

	Land use rights <i>RMB'000</i>	Lease of warehouse and factory premises <i>RMB'000</i>	Lease of vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Year ended 31 December 2022</b>				
Opening net book amount	107,519	10,596	—	118,115
Disposals	—	(8,983)	—	(8,983)
Amortisation charge	(3,352)	(1,233)	—	(4,585)
<b>Closing net book amount</b>	<b><u>104,167</u></b>	<b><u>380</u></b>	<b><u>—</u></b>	<b><u>104,547</u></b>
<b>At 31 December 2022</b>				
Cost	117,287	2,736	—	120,023
Accumulated amortisation	(13,120)	(2,356)	—	(15,476)
<b>Net book amount</b>	<b><u>104,167</u></b>	<b><u>380</u></b>	<b><u>—</u></b>	<b><u>104,547</u></b>
<b>Year ended 31 December 2021</b>				
Opening net book amount	21,740	16,717	1,206	39,663
Additions	24,102	—	—	24,102
Acquisition of a subsidiary	62,800	—	—	62,800
Transferred to property, plant and equipment	—	—	(1,165)	(1,165)
Disposals	—	(1,282)	—	(1,282)
Amortisation charge	(1,123)	(4,839)	(41)	(6,003)
<b>Closing net book amount</b>	<b><u>107,519</u></b>	<b><u>10,596</u></b>	<b><u>—</u></b>	<b><u>118,115</u></b>
<b>At 31 December 2021</b>				
Cost	117,287	21,986	—	139,273
Accumulated amortisation	(9,768)	(11,390)	—	(21,158)
<b>Net book amount</b>	<b><u>107,519</u></b>	<b><u>10,596</u></b>	<b><u>—</u></b>	<b><u>118,115</u></b>



The land use rights represent the Group's interest in leasehold land in the PRC that the Group has made prepayment for the lease of the land. These include various land lots for the factory office premises and production plants at Jimei district of Xiamen city, Fujian province, the PRC, which are under leases of 20 to 42 years. In addition, the Group's subsidiary, REIT Mingsheng holds land use rights in leasehold land in Changjiang city, Hainan Province, the PRC, which are under a lease term of 50 years.

As at 31 December 2022, land use rights of the Group with a total net book value of RMB104,167,000 (2021: RMB107,519,000) were pledged to secure borrowings of the Group.

The Group also leases certain factory premises, factory production plants and warehouses under lease periods ranging from 3 to 5 years.

The consolidated statements of comprehensive income and the consolidated statements of cash flows contain the following amounts relating to leases:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
(i) Profit or loss:		
Depreciation of right-of-use assets, charged to cost of sales and administrative expenses	<b>4,585</b>	6,003
Interest expenses relating to lease liabilities, charged to finance costs	<b>68</b>	706
Rental expense relating to short-term leases, charged to cost of sales and administrative expenses	<b>3,005</b>	4,612
	<u><b>3,005</b></u>	<u>4,612</u>
(ii) Cash flow:		
The cash outflow for leases presented as financing activities	<b>6,503</b>	4,336
The cash outflow for short-term leases presented as operating activities	<b>2,647</b>	4,612
	<u><b>9,150</b></u>	<u>8,948</u>

## 11 Investment properties

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
<b>Land and buildings, at cost</b>		
Opening net book amount	37,536	10,045
Acquisition of a subsidiary	—	28,000
Depreciation charge	(1,189)	(509)
	<u>36,347</u>	<u>37,536</u>
Closing net book amount	<b><u>36,347</u></b>	<b><u>37,536</u></b>
Closing net book amount:		
Cost	44,553	44,553
Accumulated depreciation	(8,206)	(7,017)
	<u>36,347</u>	<u>37,536</u>

The Group's investment properties were stated at historical cost to the Group less subsequent accumulated depreciation and any accumulated impairment losses at the end of each reporting period.

As at 31 December 2022, investment properties with a net book amount of RMB33,807,000 (2021: RMB34,852,000) were pledged to secure borrowings of the Group.

### *Fair value of investment properties for disclosure purpose*

The fair values of the investment properties of the Group as at 31 December 2022 were determined by valuation based on income approach and market approach, respectively, by an independent property valuer. The total fair values of the investment properties of the Group amounted to RMB45,300,000 (2021: RMB45,200,000).

## 12 Intangible assets

	<b>Goodwill</b> <i>RMB'000</i>	<b>Software</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Year ended 31 December 2022</b>			
Opening net book amount	39,297	161	39,458
Acquisition of a subsidiary	—	114	114
Amortisation charge	—	(59)	(59)
	<u>39,297</u>	<u>216</u>	<u>39,513</u>
<b>Closing net book amount</b>	<b><u>39,297</u></b>	<b><u>216</u></b>	<b><u>39,513</u></b>
<b>At 31 December 2022</b>			
Cost	39,297	452	39,749
Accumulated amortisation	—	(236)	(236)
	<u>39,297</u>	<u>216</u>	<u>39,513</u>
<b>Net book amount</b>	<b><u>39,297</u></b>	<b><u>216</u></b>	<b><u>39,513</u></b>
<b>Year ended 31 December 2021</b>			
Opening net book amount	—	187	187
Addition	39,297	—	39,297
Amortisation charge	—	(26)	(26)
	<u>39,297</u>	<u>161</u>	<u>39,458</u>
<b>Closing net book amount</b>	<b><u>39,297</u></b>	<b><u>161</u></b>	<b><u>39,458</u></b>
<b>At 31 December 2021</b>			
Cost	39,297	338	39,635
Accumulated amortisation	—	(177)	(177)
	<u>39,297</u>	<u>161</u>	<u>39,458</u>
<b>Net book amount</b>	<b><u>39,297</u></b>	<b><u>161</u></b>	<b><u>39,458</u></b>

During the year, the amounts of amortisation expense charged to profit or loss were as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Amortisation of intangible assets		
— Cost of sales	<b>59</b>	<b>26</b>

### ***Impairment test for goodwill***

Goodwill was derived from the acquisition of REIT Mingsheng, which became a subsidiary of the Group, in December 2022. The Company has carried out an impairment review of the carrying amount of goodwill as at 31 December 2022 and have concluded that no provision for impairment is required.

For the purposes of impairment testing, goodwill acquired has been allocated to the lowest level of cash generating units (“CGUs”) identified, which is REIT Mingsheng in the segment of tailings recycling and manufacturing of bricks. The recoverable amount of the CGU is determined based on value-in-use calculations. The calculation of the recoverable amount of the CGU uses cash flow projections based on the financial estimates made by management of the Company, with reference to the amount of investments in production facilities and timing of commercial operation of the facilities and the prevailing market conditions, covering a period of five years. The major assumptions adopted in the cash flow projection included: i) the new tailings recycling facilities will commence operations in quarter two of year 2023, and reach full capacity; ii) revenue growth rate from years 2024 to 2026 at 2% (2021: 2%) per annum; iii) average gross profit margin of 40% (2021: 40%); and iv) pre-tax discount rate of 14.6% (2021: 14.6%).

## 13 Inventories

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	8,771	12,752
Work-in-progress	623	1,373
Finished goods	14,214	18,723
Less: provision for impairment of inventories	<u>(1,037)</u>	<u>(2,939)</u>
	<u><b>22,571</b></u>	<u><b>29,909</b></u>

The provision for impairment of inventories is reconciled to the opening balance of that provision as follows:

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
As at beginning of year	2,939	1,529
Increase in provision recognised in profit or loss during the year	1,037	2,939
Write-off of provision upon sales of inventories	<u>(2,939)</u>	<u>(1,529)</u>
As at end of year	<u><b>1,037</b></u>	<u><b>2,939</b></u>

The costs of individual items of inventory were determined using weighted average costs at the end of each month.

During the year ended 31 December 2022, the cost of inventories recognised as expense and included in “cost of sales” amounted to RMB449,552,000 (2021: RMB510,995,000).

## 14 Trade receivables

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Current:		
Trade receivables	704,195	645,318
Less: provision for impairment	(11,808)	(10,905)
	<u>692,387</u>	<u>634,413</u>
Non-current:		
Retention receivables	26,947	31,906
Less: provision for impairment	(1,553)	(1,177)
	<u>25,394</u>	<u>30,729</u>
Total	<u><u>717,781</u></u>	<u><u>665,142</u></u>

The Group is engaged in manufacturing and sale of concrete, precast building component products and bricks. The Group's customers are mainly construction companies for various types of construction projects including residential, commercial, industrial, municipal and infrastructure projects for the public and private sectors. The credit terms grant to customers are generally within 40 days.

Certain of the Group's sales receivables are required to be held back the settlement for up to 6 months after the completion of warranty periods grant to customers which normally last for 3 months to 24 months. The Group is responsible for remedial works, which may arise from the defective works or materials used and the related costs are usually immaterial. In the consolidated statements of financial position, these retention receivables are presented as non-current assets.

(i) *Transferred receivables*

The carrying amounts of the trade receivables as at 31 December 2022 include receivables amounting to RMB19,586,000 (2021: RMB10,470,000) which were subject to factoring arrangements. Under this arrangement, the Group has transferred the relevant receivables to the factors (banks in the PRC) in exchange for cash and is prevented from selling or pledging the receivables, while the Group retained the risk of late payment and credit risk. The Group therefore continues to recognise the transferred receivables in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

(ii) *Ageing analysis of trade receivables*

The ageing analysis of the trade receivables including retention receivables as at the balance sheet dates based on invoice date is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Within 1 year	465,067	547,485
1 and 2 years	205,149	99,324
2 and 3 years	52,185	25,566
Over 3 years	8,741	4,849
	<u>731,142</u>	<u>677,224</u>

(iii) *Impairment of trade receivables*

The Group applies the simplified approach to provide for expected credit loss, which is the lifetime expected loss allowance for the trade receivables and retention receivables as prescribed by HKFRS 9.

The movements in provision for impairment of trade receivables are as follows:

	<b>Year ended 31 December</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
As at 1 January	<b>12,082</b>	5,172
Increase in loss allowance recognised in profit or loss during the year	<b>1,560</b>	3,464
Write-off	<b>(281)</b>	—
Acquisition of a subsidiary	<b>—</b>	3,446
	<u><b>13,361</b></u>	<u>12,082</u>
As at 31 December	<u><b>13,361</b></u>	<u>12,082</u>

The carrying amounts of the Group's trade receivables approximated their fair values as at the balance sheet date, and were denominated in RMB.

## **15 Trade and bills payables and other payables and accruals**

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
<b>Trade and bills payables</b>		
Trade payables	<b>348,408</b>	308,589
Bills payable	<b>—</b>	19,700
	<u><b>348,408</b></u>	<u>328,289</u>
Total trade and bills payables	<u><b>348,408</b></u>	<u>328,289</u>
<b>Other payables and accruals</b>		
Payables for the acquisition of a subsidiary	<b>4,500</b>	45,000
Payables for purchase of property, plant and equipment	<b>52,091</b>	20,156
Amount due to a related party	<b>44,502</b>	—
Accrual for operating expenses	<b>11,277</b>	20,260
Employee benefits payables	<b>4,223</b>	11,186
Other taxes payable excluding income tax liabilities	<b>10,289</b>	9,889
Contingent liability	<b>—</b>	2,900
Others	<b>7,991</b>	3,479
	<u><b>134,873</b></u>	<u>112,870</u>
Total other payables and accruals	<u><b>134,873</b></u>	<u>112,870</u>
Total	<u><b>483,281</b></u>	<u>441,159</u>



The ageing analysis of trade and bills payables as at 31 December 2022 based on invoice date is as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	<b>325,543</b>	312,519
1–2 years	<b>19,158</b>	12,104
Over 2 years	<b>3,707</b>	3,666
	<b><u>348,408</u></b>	<u>328,289</u>

The carrying amounts of trade and bills payables and other payables and accruals approximated their fair values as at the balance sheet dates due to their short-term nature.

The carrying amounts of the Group's trade and bills payables and other payables and accruals were denominated in the following currencies:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<i>RMB'000</i>	<i>RMB'000</i>
RMB	<b>480,693</b>	440,817
HKD	<b>2,588</b>	342
	<b><u>483,281</u></b>	<u>441,159</u>

## 16 Borrowings

	As at 31 December					
	2022			2021		
	RMB'000			RMB'000		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings						
— Secured	237,801	186,208	424,009	248,569	65,950	314,519
— Factoring borrowings	19,586	—	19,586	7,470	—	7,470
	<u>257,387</u>	<u>186,208</u>	<u>443,595</u>	<u>256,039</u>	<u>65,950</u>	<u>321,989</u>
Loan from a third party						
— Unsecured	—	—	—	3,000	—	3,000
	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,000</u>	<u>—</u>	<u>3,000</u>
Total borrowings	<u>257,387</u>	<u>186,208</u>	<u>443,595</u>	<u>259,039</u>	<u>65,950</u>	<u>324,989</u>

### (a) Bank borrowings

The secured bank borrowings of the Group as at 31 December 2022 were secured by the pledge of assets of the Group as set out below, corporate guarantees provided by two subsidiaries of the Group, and guarantees from Mr. Ye Zhijie, Mr. Huang Wengui and his spouse and one independent third party credit guarantee corporation.

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Assets of the Group pledged as securities:		
— Property, plant and equipment	80,877	78,982
— Construction in progress	208,434	—
— Right-of-use assets	104,167	107,519
— Investment properties	33,807	34,852
— Transferred receivables	19,586	10,470
	<u>446,871</u>	<u>231,823</u>
Total	<u>446,871</u>	<u>231,823</u>

For the years ended 31 December 2022, the weighted average effective interest rate on bank borrowings was 5.08% (2021: 5.65%) per annum.

The carrying amounts of the Group's bank loans were denominated in RMB.

**(b) Loan from a third party**

The Group acquired a subsidiary, REIT Mingsheng, and assumed a loan from a third party amounting to RMB3,000,000 as at 31 December 2021. The loan had been fully repaid in January 2022.

**(c) Repayment periods**

As at 31 December 2022, the Group's borrowings were repayable as follows:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Within 1 year	<b>257,387</b>	238,039
Between 1 and 2 years	<b>53,530</b>	36,700
Between 2 and 3 years	<b>9,987</b>	50,250
Over 3 years	<b>122,691</b>	—
	<b>443,595</b>	324,989

**(d) Undrawn financing facilities**

The Group had the following undrawn financing facilities:

	<b>As at 31 December</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
Bank borrowings, at floating rates		
— Expiring within 1 year	—	51,360
— Expiring between 1 and 2 years	<b>40</b>	—
— Expiring between 2 and 3 years	<b>500</b>	—
— Expiring over 3 years	<b>401</b>	—
	<b>941</b>	51,360

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a manufacturer and supplier of concrete-based building materials in Xiamen, Fujian Province of the PRC, and engages in the comprehensive utilisation of iron ore tailings and the business of manufacturing eco-friendly bricks in Changjiang, Hainan Province of the PRC. The business segments can be categorised into three types, namely ready-mixed concrete, precast concrete components (“**PC components**”), and iron ore tailings recycling and eco-friendly bricks.

After the completion of the acquisition of REIT Mingsheng Environment Building Materials (Changjiang) Co., Ltd.\* (瑞圖明盛環保建材(昌江)有限公司) (“**REIT Mingsheng**”) in December 2021, the Group has invested heavily in the advanced automated assembly line, which consists of fully automated and integrated production equipment for the recycling of iron ore tailings. In early 2023, the construction of the production line was completed with an annual processing capacity of 3 million tonnes of iron ore tailings, which is one of the largest iron ore tailings processing line in Hainan Province. In addition, REIT Mingsheng has a fully automated molding production line for various types of eco-friendly bricks, with an annual production capacity of 1 million metre square.

### OUTLOOK

Despite the higher competition in Xiamen, the anticipated increase in the use of PC components in new buildings as encouraged in the government policy will certainly provide continual demand for the Group’s PC component products. The Group is looking forward to the new production lines currently under construction, which will increase the Group’s production capacity and enable the Group to meet the anticipated increase in demand in future.

The Group is very optimistic on the prospect of the comprehensive utilisation of iron ore tailings in Hainan. There are hundreds of million tonnes of iron ore tailings available to be processed in Changjiang county of Hainan, making it the tailings with the largest scale of reserves in Hainan and demonstrating great development potentials thereof, which will ensure a long-term supply for the Group’s comprehensive utilisation of iron ore tailings with an annual processing capacity of 3 million tonnes of iron ore tailings. Raw materials, such as sand and gravel, produced in processing tailings may contribute to the expansion of the raw material industry chain together with the Group’s existing ready-mixed concrete and PC components businesses. The sales of products produced in iron ore tailings recycling are expected to generate additional revenue to the Group. In general, the development of comprehensive utilisation of iron ore tailings craves a path for the Group’s long-term growth in the future.

## **FINANCIAL REVIEW**

### **Revenue**

The Group derived its revenue from sales of (i) ready-mixed concrete, (ii) PC components, and (iii) the products produced in iron ore tailings recycling and eco-friendly bricks. The Group's revenue decreased by approximately RMB130.9 million or approximately 17.1% from approximately RMB765.1 million for FY2021 to approximately RMB634.2 million for FY2022.

#### ***Ready-mixed concrete and PC components***

Revenue derived from sale of ready-mixed concrete decreased from approximately RMB533.8 million for FY2021 to approximately RMB463.3 million for FY2022, representing a decrease of approximately 13.2%.

Revenue derived from sale of PC components decreased from approximately RMB231.3 million for FY2021 to approximately RMB143.0 million for FY2022, representing a decrease of approximately 38.2%.

The decrease in revenue from sales of ready-made concrete and PC components in FY2022 was mainly due to the temporarily suspension and delays in certain construction projects impacted by the increase in days with adverse weather conditions in FY2022, and 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.

#### ***Iron ore tailings recycling and eco-friendly bricks***

Revenue derived from the sales of products produced in iron ore tailings recycling and eco-friendly bricks for FY2022 amounted to approximately RMB27.9 million, which was mainly attributable to the sales of eco-friendly bricks from REIT Mingsheng which was acquired by the Group in December 2021.

### **Cost of sales**

Cost of sales decreased by approximately RMB84.1 million or approximately 12.7% from approximately RMB660.8 million for FY2021 to approximately RMB576.7 million for FY2022. The decrease in cost of sales was mainly due to the decrease in sales of ready-mixed concrete and PC components in FY2022.

## **Gross profit and gross profit margin**

The Group's overall gross profit decreased by approximately RMB46.8 million or approximately 44.9% from approximately RMB104.3 million for FY2021 to approximately RMB57.4 million for FY2022. The Group's overall gross profit margin decreased from approximately 13.6% for FY2021 to approximately 9.1% for FY2022.

### ***Ready-mixed concrete and PC components***

The gross profit of ready-mixed concrete decreased from approximately RMB85.0 million for FY2021 to approximately RMB37.7 million for FY2022. Gross profit margin decreased from approximately 15.9% for FY2021 to approximately 8.1% for FY2022.

The gross profit of PC components decreased from approximately RMB19.3 million for FY2021 to approximately RMB8.3 million for FY2022. The gross profit margin decreased from approximately 8.3% for FY2021 to approximately 5.8% for FY2022.

The decrease in gross profit and gross profit margin of ready-made concrete and PC components in FY2022 were due to the decrease in revenue and the lesser extent of decrease in cost of sales.

### ***Iron ore tailings recycling and eco-friendly bricks***

The gross profit of iron ore tailings recycling and eco-friendly bricks for FY2022 amounted to approximately RMB11.4 million, representing a gross profit margin of approximately 41.0%.

## **OTHER INCOME**

Other income decreased by approximately RMB1.3 million or approximately 5.9% from approximately RMB20.8 million for FY2021 to approximately RMB19.5 million for FY2022 mainly due to the decrease in rental income.

## **SELLING EXPENSES**

Selling expenses increased by approximately RMB1.3 million or approximately 6.3% from approximately RMB19.6 million for FY2021 to approximately RMB20.9 million for FY2022 which was primarily attributable to the increase in transportation expenses.

## **ADMINISTRATIVE EXPENSES**

Administrative expenses decreased by approximately RMB1.1 million or approximately 2.6% from approximately RMB43.6 million for FY2021 to approximately RMB42.4 million for FY2022 which was primarily attributable to the decrease in expenses in relation to listing celebration in FY2021 which were one-off in nature.

## **FINANCE COSTS — NET**

Finance costs — net slightly increased by approximately RMB0.1 million or approximately 1.0% from approximately RMB13.0 million for FY2021 to approximately RMB13.1 million for FY2022.

## **INCOME TAX EXPENSE**

Income tax credit for FY2022 was approximately RMB3.4 million and the income tax expense for FY2021 was approximately RMB13.1 million. The decrease in income tax expense for FY2022 was mainly due to the decrease in taxable profit from the Group's operation in the PRC and the increase in deferred income tax credit arising from previously unrecognised tax losses.

## **PROFIT FOR THE YEAR**

Due to the factors of the foregoing, the profit for the year decreased from approximately RMB20.4 million for FY2021 to approximately RMB1.3 million for FY2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During FY2022, the Group funds its operations mainly with cash generated from its operations and borrowings. As at 31 December 2022, the Group's net current assets was approximately RMB39.8 million (31 December 2021: approximately RMB89.4 million), while the Group's cash and cash equivalents as at 31 December 2022 was approximately RMB17.5 million (31 December 2021: approximately RMB107.2 million). The Company was successfully listed on 26 March 2021 with net proceeds from the initial public offering of its shares (the "**Share Offering**") amounting to approximately HK\$238.1 million.

As at 31 December 2022, the Group had current borrowings of approximately RMB257.4 million (31 December 2021: approximately RMB259.0 million) and non-current borrowings of approximately RMB186.2 million (31 December 2021: approximately RMB66.0 million).

Gearing ratio is calculated based on net debt divided by total capital. Net debt is calculated as total borrowings, lease liabilities and amounts due to related parties less cash and cash equivalents and restricted bank balance. Total capital is calculated as equity as shown in the consolidated statements of financial position plus net debt. The Group's gearing ratio as at 31 December 2022 was approximately 52% (31 December 2021: 33%).

## **CURRENCY RISK**

Majority of the subsidiaries of the Group operate in the PRC and their functional currency is RMB. The Group does not expect to face any significant currency risk that might have a material impact on the operating results of the Group. Currently, the Group does not have any hedging policy for foreign currencies. Nevertheless, the Group's management will continue to monitor the foreign currency risk and will consider hedging significant foreign currency risk when necessary.

## **CAPITAL COMMITMENTS**

As at 31 December 2022, the Group's capital commitments amounted to approximately RMB148.3 million (31 December 2021: RMB235.0 million).

## **PLEDGE OF ASSETS**

Details of the pledge of assets of the Group as at 31 December 2022 are set out in Note 16(a) of this results announcement.

## **CONTINGENT LIABILITIES**

As at 31 December 2022, the Group has no significant contingent liabilities (31 December 2021: contingent liabilities amounted to approximately RMB2.9 million arising from the acquisition of REIT Mingsheng).

## **CAPITAL STRUCTURE**

The Group's capital structure has remained unchanged since the listing of the shares of the Company (the "**Listing**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group's capital structure comprises equity attributable to owners of the Company (including issued share capital and reserves). The Board reviews the Group's capital structure on a regular basis. As part of the review, the Board has considered the costs of capital and risks relating to various types of capital.

## **SIGNIFICANT ACQUISITIONS AND DISPOSALS**

Pursuant to the reorganisation of the Group in relation to the Listing, the Company became the holding company of the Group upon completion of the reorganisation. Details of the reorganisation are set out in the paragraph headed "Reorganisation" under the section "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 16 March 2021.



Save as disclosed herein, the Group did not have any significant acquisitions and disposals relating to subsidiaries, associates and joint ventures during FY2022.

## SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Group did not have any significant investments.

## EMPLOYEES AND REMUNERATION POLICY

As of 31 December 2022, the Group employed 508 (31 December 2021: 613) employees. Employees' remunerations are determined with reference to factors such as qualifications, duties, contributions and experience. Besides, the Group outsourced some factory workers for the PC component production lines from several employment agents to enhance workforce efficiency, workforce flexibility and manageability.

## USE OF PROCEEDS

The net proceeds from the Share Offering received by the Company, after deducting the underwriting fees and listing expenses in connection with the Share Offering, amounted to approximately HK\$238.7 million. The following table sets forth the status of the use of the net proceeds from the Share Offering as at 31 December 2022 with reference to the updated intended utilisation of net proceeds in accordance with the announcement of the Company dated 26 August 2022 (the "Announcement"):

	Updated intended utilisation of net proceeds as disclosed in the Announcement <i>HK\$ million</i>	Utilised net proceeds up to 30 June 2022 as disclosed in the Announcement <i>HK\$ million</i>	Utilised net proceeds from 1 July 2022 to 31 December 2022 <i>HK\$ million</i>	Unutilised net proceeds as at 31 December 2022 <i>HK\$ million</i>	Expected timeline for utilising the unutilised net proceeds
(i) Expanding the Group's PC component production capacity	24.5	16.8	0.4	7.3	By December 2023
(ii) Enhancing the Group's information technology system	1.2	1.2	—	—	N/A
(iii) Improving the Group's environmental protection system	1.2	1.2	—	—	N/A
(iv) Acquiring mixer and concrete pump trucks	2.0	2.0	—	—	N/A
(v) General working capital	105.3	105.3	—	—	N/A
(vi) Repayment of borrowings	104.5	104.5	—	—	N/A
<b>Total</b>	<b>238.7</b>	<b>231.0</b>	<b>0.4</b>	<b>7.3</b>	

Please refer to the Announcement and the announcement of the Company dated 28 September 2022 for further details of the utilisation of net proceeds.

## **CORPORATE GOVERNANCE**

To the best knowledge of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the year ended 31 December 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2022.

## **EVENT AFTER THE REPORTING DATE**

Save as disclosed in this announcement, there were no significant event which had material effect on the Group subsequent to the end of the reporting period of the Company and up to the date of this announcement.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (the “**AGM**”) will be held on Tuesday, 27 June 2023 in Hong Kong. The notice of AGM will be published and despatched to the Company’s shareholders in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 21 June 2023 to Tuesday, 27 June 2023, both days inclusive, during which no transfer of shares in the Company will be effected. In order to be eligible to attend and vote at the AGM, all transfers documents, accompanied by the relevant share certificates, must be lodged with the branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Tuesday, 20 June 2023.

## **REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR**

The Group's audited financial statements for the year ended 31 December 2022 has been reviewed by the Audit Committee, which is of the opinion that such statements comply with applicable accounting standards, the Listing Rules and other legal requirements, and that adequate disclosures have been made.

The financial figures in this results announcement of the Group's results for the year ended 31 December 2022 have been compared by the Group's auditor, PricewaterhouseCoopers, Certified Public Accountants ("PwC"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022 and the amounts were found to be in agreement. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this results announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the Company's website at [www.xiamenzhixin.com](http://www.xiamenzhixin.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk). The 2022 annual report of the Company will be despatched to shareholders of the Company and published on the above-mentioned websites in due course.

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

Hong Kong, 31 March 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.*