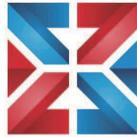

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Zhixin Group Holding Limited**, you should at once hand this circular to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

**MAJOR TRANSACTION
INVESTMENT AGREEMENT
WITH YONGDING NATURAL RESOURCES BUREAU
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to Zhixin Group Holding Limited



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 4 to 14 of this circular.

A notice convening the EGM to be held at Unit 703, Tai Sang Bank Building, 130-132 Des Vouex Road Central, Hong Kong on Monday, 14 August 2023 at 2:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed in this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

This circular will remain on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiamenzhixin.com).

Hong Kong, 26 July 2023

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DEFINITIONS

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

“Announcements”	the announcements of the Company dated 16 May 2023 and 17 May 2023 relating to the Investment Agreement and the transactions contemplated thereunder
“Company”	Zhixin Group Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Unit 703, Tai Sang Bank Building, 130–132 Des Vouex Road Central, Hong Kong on Monday, 14 August 2023 at 2:00 p.m. or any adjournment thereof for considering and, if thought fit, approving the Investment Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Investment Agreement”	the investment agreement dated 16 May 2023 entered into between the Company and Yongding Natural Resources Bureau in relation to the Project
“Latest Practicable Date”	21 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

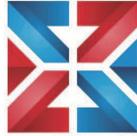
“Mine”	a vein quartz mine for glass located at Fengshi Town, Yongding District, Longyan City, Fujian Province, the PRC (中國福建省龍巖市永定區峰市鎮)
“PRC”	the People’s Republic of China
“Project”	the investment project involving deep processing of quartz ore and the production of lightweight and eco-friendly building materials pursuant to the Investment Agreement
“Project Company”	a company to be established in the PRC and a wholly-owned subsidiary of the Company
“Project Land”	parcels of land located at Phase II of the Yongding Stone Material Industrial Park* (永定石材產業園二期) with a total site area of approximately 300 acres for industrial use
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yongding Natural Resources Bureau”	Natural Resources Bureau of Yongding District, Longyan City* (龍巖市永定區自然資源局)
“%”	per cent

The English names of the entities marked with “” in this circular are translations from their Chinese names and are for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.*

DEFINITIONS

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.13. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ye Zhijie (*Chairman*)
Mr. Huang Wengui
Mr. Lai Quanshui
Mr. Qiu Limiao
Mr. Ye Dan
Mr. Huang Kaining

Independent non-executive Directors:

Ms. Wong Tuen Sau
Mr. Cai Huinong
Mr. Jiang Qinjian

Registered office:

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

*Headquarters and Principal Place of
Business in the PRC*

1#, No. 55, Guankou Avenue
Jimei District, Xiamen City
Fujian Province
The PRC

*Principal place of business in
Hong Kong:*

Suite No. 2, 3/F, Sino Plaza
255 Gloucester Road
Causeway Bay
Hong Kong

26 July 2023

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
INVESTMENT AGREEMENT
WITH YONGDING NATURAL RESOURCES BUREAU
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the Announcements. As disclosed in the announcement of the Company dated 16 May 2023, on 16 May 2023 (after trading hours), the Company entered into the Investment Agreement with Yongding Natural Resources Bureau, pursuant to which the Company

LETTER FROM THE BOARD

has conditionally agreed to invest in a project involving deep processing of quartz ore and the production of lightweight and eco-friendly building materials in Yongding District, Longyan City, Fujian Province, the PRC for a total investment amount of RMB1,100.0 million (equivalent to approximately HK\$1,243.0 million).

The purpose of this circular is to provide you with, among other things, (i) further details of the Investment Agreement and the transactions contemplated therein; (ii) other information as required by the Listing Rules; and (iii) the notice convening the EGM.

2. THE INVESTMENT AGREEMENT

The principal terms of the Investment Agreement are summarised as follows:

- Date:** 16 May 2023
- Parties:** (1) the Company
(2) Yongding Natural Resources Bureau

Condition precedent

The Project is subject to the obtaining of the necessary approval of the Board and the Shareholders.

As at the Latest Practicable Date, the Board had approved the Investment Agreement and the transactions contemplated thereunder, including the Project.

Total investment

RMB1,100.0 million (equivalent to approximately HK\$1,243.0 million).

The total investment amount is determined after arm's length negotiations between the Company and Yongding Natural Resources Bureau with reference to the expected total amount to be incurred in the construction of automotive production lines and other incidental costs for the exploration and deep processing of quartz ore and the production of silica flour and lightweight and eco-friendly building materials. Such investment amount is expected to be made up of:

- (i) the engineering cost of approximately RMB873.0 million, of which approximately RMB380.3 million is construction cost, RMB362.3 million is for purchase of equipment and machineries, RMB34.4 million is installation cost and RMB96.0 million is other expenses;

LETTER FROM THE BOARD

- (ii) construction related cost of approximately RMB103.0 million, of which approximately RMB3.0 million is the acquisition cost of exploration right, RMB30.0 million is the acquisition cost of mining right and RMB42.0 million is the acquisition cost of land use rights. Other includes construction management fee, feasibility study fee, construction supervision fee, survey fee, design fee, bidding agency fee and environmental assessment fee;
- (iii) reserve fund for the construction of the Project of approximately RMB78.0 million; and
- (iv) general working capital of the Project of approximately RMB46.0 million.

The composition of the investment amount is an estimation only and may be subject to change and materialisation of the Project. The final payment obligation and capital commitment of the Company as a result of the Investment Agreement are subject to the Company having obtained the exploration right and mining right to the Mine and land use rights of the Project Land through public auction successfully.

The Company currently intends to fund the investment amount of the Project by internal resources of the Group and bank borrowings. As disclosed in the section headed “Timetable of the Project” in this letter, the Project is expected to span over 5 years. The Company will be required to pay the investment amount of each phase by stages, subject to progress of the Project. Having considered the tentative timetable of the Project, the Company expects that the Project will be funded principally by (i) the cash and cash equivalents of the Group, which amounted to approximately RMB17.5 million (equivalent to approximately HK\$19.8 million) as at 31 December 2022; (ii) amounts to be received from the recovery of trade receivables, which amounted to approximately RMB692.4 million (equivalent to approximately HK\$782.4 million) as at 31 December 2022; (iii) cash to be generated from the business operations of the Group, including cash to be generated from the production line with an annual processing capacity of 3 million tonnes of iron ore tailings in Hainan Province of the PRC which was completed in early 2023; and (iv) bank borrowings of approximately RMB200.0 million (equivalent to approximately HK\$226.0 million) to be secured by the properties of the said project of the Group in Hainan Province of the PRC which the Company expects to obtain.

LETTER FROM THE BOARD

The Project

The Project is divided into three phases as follows:

Phase 1

Description	Planned site area and floor area	Total investment
The construction of an automotive production line with annual production capacity of 200,000 tonnes of silica flour	Site area: 100 acres Floor area: 40,000 sq.m.	RMB500.0 million (equivalent to approximately HK\$565.0 million)

In addition, Yongding Natural Resources Bureau agreed to provide land use right of a parcel of land in Yongding District with site area of 20 acres for the Company to construct professional talents accommodation housing and staff quarters.

Phase 2

Description	Planned site area and floor area	Total investment
The construction of an automotive production line of lightweight and eco-friendly building materials with annual output of 200,000 cubic meters	Site area: 100 acres Floor area: 20,000 sq.m.	RMB300.0 million (equivalent to approximately HK\$339.0 million)

LETTER FROM THE BOARD

Phase 3

Description	Planned site area and floor area	Total investment
The construction of an automotive production line of lightweight and eco-friendly building materials with annual output of 200,000 cubic meters	Site area: 100 acres Floor area: 20,000 sq.m.	RMB300.0 million (equivalent to approximately HK\$339.0 million)

Construction period

Phase 1:	2 years after (i) the grant of exploration right to the Mine and the commencement of the relevant work of “exploration to mining”; and (ii) the obtaining of the land use right of the relevant site area through public auction
Phase 2:	1 year within 1 year after the completion of the construction and commencement of production of Phase 1
Phase 3:	1 year within 1 year after the completion of the construction and commencement of production of Phase 2

Location of the Project

The Project shall be erected on parcels of land for industrial use located at Phase II of the Yongding Stone Material Industrial Park* (永定石材產業園二期). The Company shall obtain the land use right of the Project Land through public auction in accordance with the applicable laws and regulations of the PRC. The Company shall not transfer the land use right of or lease the Project Land without prior consent of Yongding Natural Resources Bureau.

LETTER FROM THE BOARD

Timetable of the Project

The expected timetable of the Project is as follows:

Expected time	Key milestones
August 2023	Obtain the exploration right to the Mine through public auction and engage expert to conduct prospecting and issue exploration report
December 2024	Obtain the mining right to the Mine through public auction
January 2025	Obtain the land use right of Phase 1 of the Project through public auction
February to March 2025	Preliminary and preparation work of Phase 1 of the Project
April 2025	Commence construction of Phase 1 of the Project
December 2026	Completion of construction of Phase 1 of the Project
January 2027	Obtain the land use right of Phase 2 of the Project through public auction
February to March 2027	Preliminary and preparation work of Phase 2 of the Project
April 2027	Commence construction of Phase 2 of the Project
December 2027	Completion of construction of Phase 2 of the Project
January 2028	Obtain the land use right of Phase 3 of the Project through public auction
February to March 2028	Preliminary and preparation work of Phase 3 of the Project

LETTER FROM THE BOARD

Expected time**Key milestones**

April 2028

Commence construction of Phase 3 of the Project

December 2028

Completion of construction of Phase 3 of the Project

The timetable is tentative only and is subject to changes depending on the actual date of the public auctions held by the relevant authorities and the progress of the construction.

Performance guarantee amount

The Company shall pay RMB1.0 million (equivalent to approximately HK\$1.1 million) to Yongding Natural Resources Bureau within five business days from the date of the Investment Agreement, of which 50% shall be returned to the Company upon the commencement of the structural work, 30% shall be returned to the Company upon completion of the structural work, and 20% shall be returned to the Company upon formal production, of Phase 1 of the Project.

As at the date of this circular, the Company had paid the performance guarantee amount of RMB1.0 million (equivalent to approximately HK\$1.1 million) to Yongding Natural Resources Bureau.

Other principal obligations of the Company

Pursuant to the Investment Agreement:

- (i) the Company shall establish the Project Company in Yongding District, Longyan City which shall undertake the rights and obligations of the Investment Agreement and its supplemental agreements (if any). The Company shall be jointly and severally liable if the Project Company is in breach of the Investment Agreement;
- (ii) the Company shall ensure that Phase 1 of the Project shall be completed within 3 years after obtaining the land use right thereof and Phase 2 of the Project shall be completed within 5 years after obtaining the land use right thereof;
- (iii) upon completion and operation of each phase of the Project, the annual tax contributions shall be no less than RMB120,000 per acre of land in each tax year and the Company is required to make-up any shortfall by cash; and

LETTER FROM THE BOARD

- (iv) if Phase 2 of the Project is not completed within the timeframe, Yongding Natural Resources Bureau shall have the right to recall the exploration right or mining right then held by the Company at a discounted price and shall have the right to unilaterally cancel the preferential conditions given to the Company and recover any preferential treatment that has been realised.

Termination

The Investment Agreement shall lapse automatically if the construction of the Project fails to satisfy the requirements of the environmental assessment.

Further, Yongding Natural Resources Bureau has the right to terminate the Investment Agreement if:

- (i) the Company fails to deliver the performance guarantee amount within the agreed time;
- (ii) after obtaining the land use right of the Project Land, the Company fails to commence the construction of the Project within the agreed time or let the Project Land be idle for more than two years;
- (iii) after obtaining the land use right of the Project Land, the Company commences but subsequently suspends the construction of the Project for more than three months; or
- (iv) within 12 months after obtaining the land use right of the Project Land, the developed area of the Project is less than one-third of the agreed area or the fixed assets invested in the Project (excluding the consideration for the Project Land) is less than 25% of the agreed amount.

3. INFORMATION OF THE PARTIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. 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.

Yongding Natural Resources Bureau is a bureau of the PRC government responsible for managing the natural resources in Yongding District, Longyan City, Fujian Province, the PRC.

LETTER FROM THE BOARD

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Yongding Natural Resources Bureau is independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company.

4. REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT

Quartz ore is the raw material for the production of lightweight building materials. There are rich and high-quality quartz ore resources in and around Yongding District, Longyan City, Fujian Province, in particular in Fengshi Town, Yongding District. However, the overall deep processing and utilisation of such resources has not been fully developed.

As a leading concrete-based building materials manufacturer and supplier in Xiamen, Fujian Province, in light of the “13th Five-Year Plan” where the PRC government promotes the high-tech strategic transformation from the downstream to the upstream of the industrial chain, the Group explores the possibility of expanding its business to upstream resources to capture new business opportunities. Leverage on the Group’s capabilities and strengths, upon the investment in the Project, the Group is able to form an industrial chain from exploration to deep processing of quartz ore, and to the production and sales of lightweight and eco-friendly building materials.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Investment Agreement are fair and reasonable and on normal commercial terms, and the Project is in the interests of the Company and the Shareholders as a whole.

5. FINANCIAL EFFECT OF THE INVESTMENT AGREEMENT

It is expected that long term stable income will be generated for the Group from the production and sales of lightweight and eco-friendly building materials as a result of the Project. However, given that the building materials production as a result of the Project is subject to the successful purchases of land use right, exploration right and mining right, and considering the estimated time required to construct the production facilities, it is expected that the Project will not have immediate material impact on the earnings of the Group.

As the Company currently intends to fund the investment amount of the Project by internal resources of the Group and bank borrowings, after the Company having successfully obtained the land use right of the Project Land and the Project having been carried out pursuant to the Investment Agreement, there will be a reduction in the Group’s cash and cash equivalents and an increase in the Group’s property, plant and equipment, right-of-use assets and bank borrowings. As a result, the finance costs of the Group will increase due to the increase in bank borrowings.

LETTER FROM THE BOARD

6. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Investment Agreement and the transactions contemplated thereunder based on the total investment amount exceeds 25% but are all less than 100%, the Investment Agreement and the transactions contemplated thereunder constitute a major transaction for the Company and are subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will comply with the applicable Listing Rules (including the shareholders' approval requirement, where applicable) when the transactions contemplated under the Project are finalised which include the acquisition of the exploration right, mining right and land use rights.

7. THE EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM to be held at Unit 703, Tai Sang Bank Building, 130–132 Des Vouex Road Central, Hong Kong on Monday, 14 August 2023 at 2:00 p.m. at which resolution will be proposed to the Shareholders to consider and, if thought fit, to approve the Investment Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders has any material interest in the Investment Agreement and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting on the resolution in relation to the Investment Agreement and the transactions contemplated thereunder at the EGM. None of the Directors have material interest in the Investment Agreement and the transactions contemplated thereunder, and was required to abstain from voting on the relevant board resolution relating to the Investment Agreement.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor

LETTER FROM THE BOARD

Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

The register of members of the Company will be closed from Wednesday, 9 August 2023 to Monday, 14 August 2023 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. In order to be eligible to attend and vote at the EGM, all unregistered holders of the shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 8 August 2023.

8. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Investment Agreement are fair and reasonable and on normal commercial terms, and the Project is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolution to be proposed at the EGM.

9. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
By Order of the Board
Zhixin Group Holding Limited
Ye Zhijie
Chairman and Executive Director

1. FINANCIAL INFORMATION

The audited consolidated financial information of the Group for the years ended 31 December 2020, 2021 and 2022 is disclosed in the annual reports of the Company for the years ended 31 December 2020, 2021 and 2022, respectively, which are available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.xiamenzhixin.com:

- Pages 66 to 135 of the annual report of the Company for the year ended 31 December 2020 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0430/2021043001533.pdf>)
- Pages 72 to 151 of the annual report of the Company for the year ended 31 December 2021 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0408/2022040801158.pdf>)
- Pages 71 to 147 of the annual report of the Company for the year ended 31 December 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042100013.pdf>)

2. FINANCIAL AND TRADING PROSPECTS

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.

Despite the higher competition in Xiamen, the anticipated increase in the use of precast concrete components (the “**PC components**”) in new buildings as encouraged by the government policy will provide continual demand for the Group’s PC component products. With the new production lines currently under construction, the Group’s production capacity will increase which will enable the Group to meet the anticipated increase in demand in future. Further, in early 2023, the construction of the production line for recycling iron ore tailings 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. The sales of products produced in iron ore tailings recycling are expected to generate additional revenue to the Group.

3. INDEBTEDNESS

At the close of business on 31 May 2023, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this circular, the total indebtedness of the Group was as follows:

	As at 31 May 2023 <i>RMB'000</i> (unaudited)
Bank borrowings	
— Secured, guaranteed	335,385
— Unsecured, guaranteed	100,910
— Factoring borrowings, secured	<u>18,261</u>
	454,556
Amount due to a related party	
— Mr. Ye Zhijie, unsecured	<u>32,429</u>
Total	<u><u>486,985</u></u>

The secured, guaranteed bank borrowings of the Group as at 31 May 2023 of approximately RMB335,385,000 were secured by the assets of the Group, including property, plant and equipment, construction in progress, right-of-use assets and investment properties, and guaranteed by subsidiaries of the Company, Mr. Huang Wengui and Mr. Ye Zhijie. In addition, approximately RMB140,000,000 of the bank borrowings were further secured by the proceeds from the sales of products from iron ore tailings recycling of the Group, the related bank balances and the stock rights of REIT Mingsheng Environmental Building Materials (Changjiang) Co., Ltd.* (瑞圖明盛環保建材(昌江)有限公司), a subsidiary of the Company and is principally engaged in the iron ore tailings recycling and manufacturing of eco-friendly bricks in Changjiang, Hainan Province, the PRC.

The unsecured, guaranteed bank borrowings of the Group as at 31 May 2023 were guaranteed by subsidiaries of the Company, an independent third party credit guarantee corporation, Mr. Huang Wengui, Mr. Ye Zhijie and his spouse.

The secured factoring borrowings of the Group as at 31 May 2023 were secured by the underlying trade receivables that were subject to factoring arrangements with the banks.

The amount due to a related party as at 31 May 2023 represented advances from Mr. Ye Zhijie to supplement working capital needs of the Group. The amount was unsecured, interest free and repayable on demand.

Save as aforesaid, as at the close of business on 31 May 2023, the Group did not have any debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills and payables) or other similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments or other material contingent liabilities.

4. WORKING CAPITAL

Taking into account of the financial resources available to the Group (including internally generated funds from its business operations and existing credit facilities), the Directors, after due and careful enquiry, are of the opinion that the Group shall have sufficient working capital to meet its present requirements for at least 12 months from the date of this circular in the absence of any unforeseen circumstances.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. INTERESTS OF DIRECTORS

(a) Interests and short position of Directors in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the issued share capital of the Company ⁽²⁾
Mr. Ye Zhijie ⁽³⁾	Interest of controlled corporation	274,706,100 (L)	36.73%
Mr. Huang Wengui ⁽⁴⁾	Interest of controlled corporation	121,568,700 (L)	16.25%
Mr. Lai Quanshui	Beneficial interest	30,000,000 (L)	4.01%

Name of Director	Capacity	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the issued share capital of the Company ⁽²⁾
Mr. Huang Kaining	Beneficial interest	6,000,000 (L)	0.80%
Mr. Qiu Limiao	Beneficial interest	56,000 (L)	0.01%
Mr. Ye Dan	Beneficial interest	50,000 (L)	0.01%

Notes:

1. The letter “L” denotes the person’s long position in the Shares.
2. Based on 748,000,000 issued Shares as at the Latest Practicable Date.
3. Mr. Ye Zhijie is the sole shareholder of Zhixin Investment Holding Limited which holds 274,706,100 Shares. Therefore, Mr. Ye Zhijie is deemed to be interested in Zhixin Investment Holding Limited’s interest in the Shares pursuant to the SFO.
4. Mr. Huang Wengui is the sole shareholder of Yaohe Holding Limited which holds 121,568,700 Shares. Therefore, Mr. Huang Wengui is deemed to be interested in Yaohe Holding Limited’s interest in the Shares pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, chief executive nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders

As at the Latest Practicable Date, the following persons, other than the interest disclosed in the section headed “2. Interests of Directors — (a) Interests and short position of Directors in the Shares, underlying shares and debentures of the Company and its associated corporations”, having interest 5% or more in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO have notified to the Company and have been recorded in the register required to be kept under section 336 of Part XV of the SFO:

Name of shareholder	Capacity	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Zhixin Investment Holding Limited ⁽²⁾	Beneficial interest	274,706,100	36.73%
Ms. Hong Wei ⁽²⁾	Interest of spouse	274,706,100	36.73%
Yaohe Holding Limited ⁽³⁾	Beneficial interest	121,568,700	16.25%
Ms. Lin Lingling ⁽³⁾	Interest of spouse	121,568,700	16.25%
Mr. Lai Yiyang	Beneficial interest	58,480,000	7.82%

Notes:

1. Based on 748,000,000 issued Shares as at the Latest Practicable Date.
2. Ms. Hong Wei is the spouse of Mr. Ye Zhijie. By virtue of the SFO, Ms. Hong Wei is deemed to be interested in all the Shares in which Mr. Ye Zhijie is deemed to be interested; Mr. Ye Zhijie is the sole shareholder of Zhixin Investment Holding Limited. Therefore, Mr. Ye Zhijie is deemed to be interested in Zhixin Investment Holding Limited's interest in the Shares, pursuant to the SFO.
3. Ms. Lin Lingling is the spouse of Mr. Huang Wengui. By virtue of the SFO, Ms. Lin Lingling is deemed to be interested in all the Shares in which Mr. Huang Wengui is deemed to be interested; Mr. Huang Wengui is the sole shareholder of Yaohe Holding Limited. Therefore, Mr. Huang Wengui is deemed to be interested in Yaohe Holding Limited's interest in the Shares, pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person, other than the interest disclosed in the section headed “2. Interests of Directors — (a) Interests and short position of Directors in the Shares, underlying shares and debentures of the Company and its associated corporations”, having interest 5% or more in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO have notified to the Company and have been recorded in the register required to be kept under section 336 of Part XV of the SFO.

(c) Interests of Directors in the assets of the Company

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2022, being the date of the latest published audited financial statements of the Company, been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

(d) Interests of Directors in contracts

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested in and which was significant to the business of the Group.

3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS’ INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was considered to have interests in business which compete with, or was likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. MATERIAL CONTRACTS

The following material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the members of the Group) having been entered into by any member of the Group within the two years preceding the Latest Practicable Date:

- (a) the sale and purchase agreement dated 12 November 2021 entered into between Xiamen Zhixin Construction Material Group Limited* (廈門智欣建材集團有限公司) and Zhixin Group (HK) Limited (智欣集團(香港)有限公司) (as purchasers), both an indirect wholly-owned subsidiary of the Company, and Beijing REIT Technology Development Co., Ltd (北京瑞圖科技發展有限公司) and REIT Holdings (China) Limited (瑞圖控股(中國)有限公司) (as vendors) for the sale and purchase of the entire equity interests in REIT Mingsheng Environment Building Materials (Changjiang) Co., Ltd.* (瑞圖明盛環保建材(昌江)有限公司) at a total consideration of RMB60.0 million; and
- (b) the Investment Agreement.

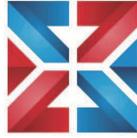
7. MISCELLANEOUS

- (a) The joint company secretaries of the Company are Mr. Yuen Chi Wai, a fellow member of The Hong Kong Institute of Certified Public Accountants, and Mr. Zhong Dezhu, an employee in position of financial manager of the Company.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business in Hong Kong of the Company is situated at No. 2, 3/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

8. DOCUMENTS ON DISPLAY

Copies of the material contracts referred to in the paragraph headed “Material Contracts” in this appendix will be published on website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiamenzhixin.com) for the period of 14 days commencing from the date of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Zhixin Group Holding Limited (the “**Company**”) will be held at Unit 703, Tai Sang Bank Building, 130–132 Des Vouex Road Central, Hong Kong on Monday, 14 August 2023 at 2:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the investment agreement dated 16 May 2023 (the “**Investment Agreement**”), a copy of which is marked “A” and signed by the chairman of the meeting for the purpose of identification, entered into by the Company and Natural Resources Bureau of Yongding District, Longyan City* (龍巖市永定區自然資源局) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company (the “**Directors**”) be and are hereby authorised to execute all documents and do all such things and take all such steps which, in his/her opinion, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated in the Investment Agreement and to agree to such variation, amendment or waiver in relation thereto.”

By Order of the Board

Zhixin Group Holding Limited

Ye Zhijie

Chairman and Executive Director

26 July 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Wednesday, 9 August 2023 to Monday, 14 August 2023 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. In order to be eligible to attend and vote at the EGM, all unregistered holders of the shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 8 August 2023. Shareholders of the Company whose names are recorded in the register of members of the Company on Wednesday, 9 August 2023 are entitled to attend and vote at the EGM.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint registered holders of any share of the Company, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
5. As at the date of this notice, the executive Directors are Mr. Ye Zhijie, Mr. Huang Wengui, Mr. Lai Quanshui, Mr. Qiu Limiao, Mr. Ye Dan and Mr. Huang Kaining; and the independent non-executive Directors are Ms. Wong Tuen Sau, Mr. Cai Huinong and Mr. Jiang Qinjian.