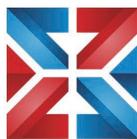


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Zhixin Group Holding Limited

智欣集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2187)

DISCLOSEABLE TRANSACTION INVESTMENT AGREEMENT WITH THE MANAGEMENT COMMITTEE

THE INVESTMENT AGREEMENT

On 22 November 2023 (after trading hours), REIT Mingsheng entered into the Investment Agreement with the Management Committee, pursuant to which REIT Mingsheng has conditionally agreed to invest in a project involving comprehensive utilisation of tailings and the production of various building materials in Changjiang, Hainan Province, the PRC for a total investment amount of RMB350.0 million (equivalent to approximately HK\$385.0 million).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Investment Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the Investment Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 22 November 2023 (after trading hours), REIT Mingsheng entered into the Investment Agreement with the Management Committee, pursuant to which REIT Mingsheng has conditionally agreed to invest in the Project.

THE INVESTMENT AGREEMENT

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

- Date:** 22 November 2023
- Parties:** (1) REIT Mingsheng
(2) the Management Committee

Total investment

RMB350.0 million (equivalent to approximately HK\$385.0 million).

The total investment amount is determined after arm's length negotiations between REIT Mingsheng and the Management Committee with reference to the expected total amount to be incurred in the construction of factory and production lines and other incidental costs for the comprehensive utilisation of tailings and the production of various building materials. Such investment amount is expected to be made up of:

- (i) engineering cost for the construction of factory of approximately RMB104.8 million (equivalent to approximately HK\$115.3 million);
- (ii) purchase and installation cost of equipment and machineries of approximately RMB146.3 million (equivalent to approximately HK\$160.9 million);
- (iii) construction related cost of approximately RMB34.6 million (equivalent to approximately HK\$38.1 million), which includes construction management fee, construction supervision fee, survey fee and design fee;
- (iv) reserve fund for the Project of approximately RMB14.3 million (equivalent to approximately HK\$15.7 million); and
- (v) general working capital of the Project of approximately RMB50.0 million (equivalent to approximately HK\$55.0 million).

The composition of the investment amount is an estimation only and may be subject to change and materialisation of the Project. The Group currently intends to fund the investment amount of the Project by internal resources of the Group and bank borrowings, subject to the progress of the Project.

The Project

The Project is a solid waste processing project which involves comprehensive utilisation of tailings and is expected to have an annual capacity to process approximately 5,000,000 tonnes of tailings and produce various building materials including approximately 2,000,000 tonnes of coarse aggregate, 1,400,000 tonnes of machine-made sand, 1,250,000 tonnes of tail mud (尾泥) and 350,000 tonnes of iron ore (分揀鐵礦) per annum.

Construction period

The construction period of the Project is around 24 months and it is expected that the construction will commence in or around March 2024 and complete in or around March 2026.

Location of the Project

The Project shall be erected on a parcel of land owned by REIT Mingsheng as at the date of this announcement and located at Chuanhe Circular Economy Industrial Demonstration Zone* (叉河循環經濟產業示範區) in the Hainan (Changjiang) Clean Energy High-tech Industrial Park* (海南 (昌江) 清潔能源高新技術產業園).

Other principal obligations of the Company

Pursuant to the Investment Agreement:

- (i) REIT Mingsheng shall obtain all necessary approvals in accordance with the applicable PRC laws and regulations before commencement of the construction of the Project;
- (ii) REIT Mingsheng undertakes to complete the construction and commence the operation of the Project within 28 months from the date of the Investment Agreement and reach the production targets within 30 months from the date of the Investment Agreement,
- (iii) the investment intensity of the Project shall be no less than RMB2,400,000 per acre of land; and
- (iv) upon completion of the Project, the annual output value shall be no less than RMB2,400,000 per acre of land and the annual tax contribution shall be no less than RMB150,000 per acre of land each tax year and REIT Mingsheng is required to make-up any shortfall.

INFORMATION ON THE PARTIES

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.

REIT Mingsheng is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. REIT Mingsheng is principally engaged in comprehensive utilisation of iron ore tailings and the business of manufacturing eco-friendly bricks.

The Management Committee is a management committee of the Hainan (Changjiang) Clean Energy High-tech Industrial Park responsible for planning and managing of the said park.

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

REASONS FOR AND BENEFITS OF THE INVESTMENT AGREEMENT

In December 2021, the Group acquired the entire equity interest in REIT Mingsheng and since then, the Group has been engaging in the business of comprehensive utilisation of iron ore tailings and manufacturing of eco-friendly bricks in Changjiang, Hainan Province, the PRC.

The Board considers that the Investment Agreement provides an opportunity for the Group to strengthen its business in the solid waste processing industry and generate additional revenue to the Group. Leverage on the Group's capabilities and strengths, upon completion of the Project, the Group is able to form an additional industrial chain from comprehensive utilisation of tailings to the production and sales of building materials being produced in the Project so as to promote the Group's orderly expansion of the entire industry chain. The Board is optimistic about the future development and prospect of solid waste processing and is of the view that the Project will enrich the Group's portfolio of business production chain.

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.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Investment Agreement and the transactions contemplated thereunder exceeds 5% but is less than 25%, the Investment Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless otherwise defined, terms used shall have the following meanings:

“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“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 22 November 2023 entered into between REIT Mingsheng and the Management Committee in relation to the Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Management Committee”	Hainan (Changjiang) Clean Energy High-tech Industrial Park Management Committee* (海南(昌江)清潔能源高新技術產業園管理委員會)
“PRC”	the People’s Republic of China
“Project”	the proposed investment in a project involving comprehensive utilisation of tailings and the production of various building materials pursuant to the Investment Agreement

“REIT Mingsheng”	REIT Mingsheng Environment Building Materials (Changjiang) Co., Ltd. (瑞圖明盛環保建材(昌江)有限公司), an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 22 November 2023

As at the date of this announcement, the Board comprises Mr. Ye Zhijie, Mr. Huang Wengui, Mr. Lai Quanshui, 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.

* *For identification purposes only*