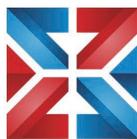


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Zhixin Group Holding Limited

智欣集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2187)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 (“**FY2023**”) with the comparative figures for the corresponding year ended 31 December 2022 (“**FY2022**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

| | Note | Year ended 31 December | |
|---|------|------------------------|---------------------|
| | | 2023 RMB'000 | 2022 RMB'000 |
| Revenue | 3 | 512,770 | 634,152 |
| Cost of sales | 3, 4 | <u>(408,580)</u> | <u>(576,727)</u> |
| Gross profit | | 104,190 | 57,425 |
| Other income | | 4,922 | 19,529 |
| Other losses — net | | (36) | (1,073) |
| Selling expenses | 4 | (23,072) | (20,878) |
| Administrative expenses | 4 | (54,289) | (42,443) |
| Net impairment losses on financial assets | | <u>(996)</u> | <u>(1,560)</u> |
| Operating profit | | 30,719 | 11,000 |
| Finance income | 5 | 22 | 127 |
| Finance costs | 5 | <u>(16,671)</u> | <u>(13,259)</u> |
| Finance costs — net | 5 | <u>(16,649)</u> | <u>(13,132)</u> |
| Profit/(Loss) before income tax | | 14,070 | (2,132) |
| Income tax (expense)/credit | 6 | <u>(3,992)</u> | <u>3,385</u> |
| Profit and total comprehensive income for the year attributable to owners of the Company | | <u>10,078</u> | <u>1,253</u> |
| Earnings per share for profit attributable to owners of the Company | | | |
| Basic earnings per share (RMB) | 7 | 0.013 | 0.002 |
| Diluted earnings per share (RMB) | 7 | <u>0.013</u> | <u>0.002</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

| | | As at 31 December | |
|---|------|-------------------------|-------------------------|
| | | 2023 | 2022 |
| | Note | RMB'000 | RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 408,300 | 390,405 |
| Right-of-use assets | 10 | 100,815 | 104,547 |
| Investment properties | 11 | 35,157 | 36,347 |
| Intangible assets | 12 | 39,457 | 39,513 |
| Trade receivables | 14 | 24,890 | 25,394 |
| Prepayment for non-current assets | | 19 | 8 |
| Deferred income tax assets | | 5,018 | 4,411 |
| | | <u>613,656</u> | <u>600,625</u> |
| Current assets | | | |
| Inventories | 13 | 32,889 | 22,571 |
| Trade receivables | 14 | 596,837 | 692,387 |
| Prepayments and other receivables | | 82,498 | 52,032 |
| Restricted bank balance | | 500 | 1 |
| Cash and cash equivalent | | 25,867 | 17,483 |
| | | <u>738,591</u> | <u>784,474</u> |
| Total assets | | <u><u>1,352,247</u></u> | <u><u>1,385,099</u></u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 6,358 | 6,358 |
| Other reserves | | 364,659 | 364,659 |
| Retained earnings | | 82,131 | 72,053 |
| Total equity | | <u><u>453,148</u></u> | <u><u>443,070</u></u> |

| | | As at 31 December | |
|-------------------------------------|-------------|--------------------------|------------------|
| | | 2023 | 2022 |
| | <i>Note</i> | RMB'000 | RMB'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | <i>16</i> | 132,677 | 186,208 |
| Deferred income | | 11,135 | 1,836 |
| Other payables | | 31,035 | — |
| Deferred income tax liabilities | | 6,722 | 9,319 |
| | | <u>181,569</u> | <u>197,363</u> |
| Current liabilities | | | |
| Trade payables | <i>15</i> | 328,505 | 348,408 |
| Other payables and accruals | <i>15</i> | 75,360 | 134,873 |
| Current income tax liabilities | | 6,925 | 1,720 |
| Borrowings | <i>16</i> | 302,350 | 257,387 |
| Contract liabilities | | 4,390 | 2,278 |
| | | <u>717,530</u> | <u>744,666</u> |
| Total liabilities | | <u>899,099</u> | <u>942,029</u> |
| Total equity and liabilities | | <u>1,352,247</u> | <u>1,385,099</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 and comprehensive utilisation of iron ore tailings from year 2022 after the completion of the acquisition of Zhixin Environmental Technology (Changjiang) Co., Ltd.* (智欣環保科技(昌江)有限公司) (“**Zhixin Environmental Technology**”, previously named as REIT Mingsheng Environment Building Materials (Changjiang) Co., Ltd.* (瑞圖明盛環保建材(昌江)有限公司) in December 2021. The Group’s headquarters is in Xiamen city, Fujian province of the PRC.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited 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.

2 Basis of preparation and changes in 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.

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 2023. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

| | |
|--|--|
| HKAS 8 (Amendments) | Definition of Accounting Estimates |
| HKAS 12 (Amendments) | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies |
| HKFRS 17 | Insurance Contracts |
| HKAS 12 (Amendments) | International Tax Reform — Pillar Two Model Rules |

Management is currently assessing the effects of applying these new standards and amendments on the Group’s consolidated financial information. None of these is expected to have a significant effect on the consolidated financial information of the Group. The Group does not expect to adopt these new standards and amendments until their effective dates.

3 Segment information

The Group is engaged in manufacturing and sale of concrete, precast building component products, eco-friendly bricks and comprehensive utilisation of iron ore tailings.

The Company's executive directors are the Group's chief operating decision maker. The Group's chief operating decision maker examines the Group's performance from a product perspective and has identified three operating segments of its business as follows:

- (i) Ready-mixed concrete — manufacturing and sale of ready-fixed concrete in Xiamen,
- (ii) Precast concrete components — manufacturing and sale of precast concrete components in Xiamen, and
- (iii) Iron ore tailings recycling and eco-friendly bricks — sales of iron ore and other products produced from iron ore tailings recycling, and manufacturing and sales of eco-friendly bricks.

The Group started the sales of iron ore tailings recycling products in May 2023, with direct sales of the products to customers. In September 2023, the Group entered into an agreement with a third party to provide processing service for iron ore tailings recycling products.

The Group derived its revenue mainly from the transfer of goods at point in time during the year.

| | Year ended 31 December 2023 | | | |
|-------------------------|---|---|---|-------------------------|
| | Ready- mixed concrete <i>RMB'000</i> | Precast concrete components <i>RMB'000</i> | Iron ore tailings recycling and eco- friendly bricks <i>RMB'000</i> | Total <i>RMB'000</i> |
| Revenue | 258,999 | 85,374 | 168,397 | 512,770 |
| Cost of sales | <u>(242,838)</u> | <u>(81,512)</u> | <u>(84,230)</u> | <u>(408,580)</u> |
| Gross profit | 16,161 | 3,862 | 84,167 | 104,190 |
| Selling expenses | (11,214) | (6,002) | (5,856) | (23,072) |
| Administrative expenses | <u>(20,127)</u> | <u>(12,831)</u> | <u>(16,224)</u> | <u>(49,182)</u> |
| Segment results | <u><u>(15,180)</u></u> | <u><u>(14,971)</u></u> | <u><u>62,087</u></u> | <u><u>31,936</u></u> |

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

| | |
|---|----------------------|
| Results of reportable segments | 31,936 |
| Unallocated costs and expenses | (5,107) |
| Other income | 4,922 |
| Other losses — net | (36) |
| Impairment losses on financial assets | (996) |
| Finance income | 22 |
| Finance costs | <u>(16,671)</u> |
| Profit before income tax | 14,070 |
| Income tax expense | <u>(3,992)</u> |
| Profit and total comprehensive income for the year | <u><u>10,078</u></u> |

| | Year ended 31 December 2023 | | | Total RMB'000 |
|---|--|--|--|------------------|
| | Ready- mixed concrete RMB'000 | Precast concrete components RMB'000 | Iron ore tailings recycling and eco- friendly bricks RMB'000 | |
| Other items for the year ended 31 December 2023: | | | | |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 7,686 | 1,500 | 37,450 | 46,636 |
| Depreciation | 7,748 | 10,075 | 12,090 | 29,913 |
| Amortisation | 26 | — | 58 | 84 |
| | <u>7,712</u> | <u>1,500</u> | <u>37,508</u> | <u>46,720</u> |
| As at 31 December 2023 | | | | |
| Segment assets | 470,630 | 348,026 | 448,382 | 1,267,038 |
| Unallocated assets | | | | 85,209 |
| | | | | <u>1,352,247</u> |
| Total assets | | | | |
| Segment liabilities | 243,663 | 74,781 | 100,046 | 418,490 |
| Unallocated liabilities | | | | 480,609 |
| | | | | <u>899,099</u> |
| Total liabilities | | | | |

| | Year ended 31 December 2022 | | | Total RMB'000 |
|-------------------------|--|--|--|------------------|
| | Ready- mixed concrete RMB'000 | Precast concrete components RMB'000 | Iron ore tailings recycling and eco- friendly bricks RMB'000 | |
| Revenue | 463,282 | 142,959 | 27,911 | 634,152 |
| Cost of sales | (425,609) | (134,651) | (16,467) | (576,727) |
| | <u>37,673</u> | <u>8,308</u> | <u>11,444</u> | <u>57,425</u> |
| Gross profit | | | | |
| Selling expenses | (11,442) | (8,828) | (608) | (20,878) |
| Administrative expenses | (21,991) | (12,871) | (4,042) | (38,904) |
| | <u>(33,433)</u> | <u>(21,700)</u> | <u>(4,650)</u> | <u>(59,783)</u> |
| Segment results | 4,240 | (13,391) | 6,794 | (2,357) |

Year ended 31 December 2022

| | Ready- mixed concrete <i>RMB'000</i> | Precast concrete components <i>RMB'000</i> | Iron ore tailings recycling and eco- friendly bricks <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|---|---|---|-------------------------|
| 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 gains-net | | | | (1,073) |
| Reversal of impairment losses on financial assets | | | | (1,560) |
| Finance income | | | | 127 |
| Finance costs | | | | (13,259) |
| Profit before income tax | | | | (2,132) |
| Income tax expense | | | | 3,385 |
| Profit and total comprehensive income for the year | | | | <u>1,253</u> |
| Other items for the year ended 31 December 2022: | | | | |
| Additions to non-current assets (other than financial instruments and deferred income tax assets) | 10,523 | 8,139 | 187,831 | 206,493 |
| Depreciation | 6,368 | 12,697 | 5,500 | 24,565 |
| Amortisation | <u>26</u> | <u>—</u> | <u>33</u> | <u>59</u> |
| As at 31 December 2022 | | | | |
| Segment assets | 534,490 | 408,732 | 361,691 | 1,304,913 |
| Unallocated assets | | | | <u>80,186</u> |
| Total assets | | | | <u>1,385,099</u> |
| Segment liabilities | 282,191 | 109,754 | 104,155 | 496,100 |
| Unallocated liabilities | | | | <u>445,929</u> |
| Total liabilities | | | | <u>942,029</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 | |
|---|------------------------|-----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Raw materials and consumables used | 278,159 | 446,613 |
| Changes in inventories of finished goods and work in progress | (2,656) | 5,259 |
| Employee benefit expenses | 61,815 | 72,078 |
| Outsourcing service expenses | 34,209 | 19,157 |
| Transportation expenses | 34,674 | 38,526 |
| Depreciation of property, plant and equipment | 24,855 | 18,791 |
| Amortisation of right-of-use assets | 3,732 | 4,585 |
| Depreciation of investment properties | 1,190 | 1,189 |
| Amortisation of intangible assets | 84 | 59 |
| Repair and maintenance expense | 1,258 | 1,509 |
| Electricity and water expenses | 17,579 | 6,282 |
| Short-term lease rental expenses | 1,902 | 3,005 |
| Other taxes and levies | 4,042 | 3,610 |
| Provision for impairment of inventories | (144) | 1,037 |
| Provision for impairment of property, plant and equipment | 2,260 | — |
| Auditors' remuneration | 2,200 | 2,300 |
| Others | 20,782 | 16,048 |
| | <hr/> | <hr/> |
| Total | <u>485,941</u> | <u>640,048</u> |

5 Finance costs — net

| | Year ended 31 December | |
|--|------------------------|------------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Finance income | | |
| — Interest income on bank deposits | <u>22</u> | <u>127</u> |
| Finance costs | | |
| Interest expense on | | |
| — bank borrowings | (20,810) | (16,884) |
| — lease liabilities | — | (68) |
| Other financing costs | <u>(790)</u> | <u>(430)</u> |
| | (21,600) | (17,382) |
| Less: interest capitalised in construction in progress | <u>4,929</u> | <u>4,123</u> |
| Finance costs expensed | <u>(16,671)</u> | <u>(13,259)</u> |
| Finance costs — net | <u><u>(16,649)</u></u> | <u><u>(13,132)</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 2023 of 5.01% per annum.

6 Income tax expense/(credit)

| | Year ended 31 December | |
|-----------------------------|------------------------|-----------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Current income tax | | |
| — PRC income tax | 7,196 | 2,483 |
| Deferred income tax | <u>(3,204)</u> | <u>(5,868)</u> |
| Income tax expense/(credit) | <u><u>3,992</u></u> | <u><u>(3,385)</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% (2022: 16.5%) on the estimated assessable profits during the year. The Group did not have assessable profits in Hong Kong during the year (2022: 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% (2022:25%) during the year, except for Xiamen Zhixin Construction Technology Co., Ltd. and Zhixin Environmental Technology which are subject to CIT at the preferential rate of 15% (2022: 15%/25%).

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 2023 was 15%.

Zhixin Environmental Technology obtained the qualification of certified high-tech enterprises in 2023. As approved by the relevant tax authority, the CIT rate applicable to Zhixin Environmental Technology in 2023 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.

Zhixin Environmental Technology was entitled to claim special tax deductions in relation to qualifying expenditure under the Research and Development Tax Incentive regime in Hainan 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 2023, 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.

| | Year ended 31 December | |
|---|-------------------------------|--------------|
| | 2023 | 2022 |
| Profit attributable to owners of the Company (<i>RMB'000</i>) | 10,078 | 1,253 |
| Weighted average number of ordinary shares in issue | 748,000,000 | 748,000,000 |
| Basic earnings per share (<i>RMB</i>) | <u>0.013</u> | <u>0.002</u> |

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 2023.

8 Dividend

No dividend was paid, declared or proposed during the year ended 31 December 2023 (2022: nil).

9 Property, plant and equipment

| | Buildings RMB'000 | Machineries RMB'000 | Concrete mixer trucks RMB'000 | Office equipment and vehicles RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|----------------------|------------------------|-------------------------------------|--|--|------------------|
| Year ended | | | | | | |
| 31 December 2023 | | | | | | |
| Opening net book amount | 73,630 | 75,564 | 15,681 | 3,751 | 221,779 | 390,405 |
| Additions | 7,846 | 4,298 | 7,180 | 3,024 | 24,249 | 46,597 |
| Transferred from construction in progress | 123,842 | 101,723 | — | 920 | (226,485) | — |
| Disposals | — | (881) | (491) | (79) | — | (1,451) |
| Impairment | — | (2,260) | — | — | — | (2,260) |
| Depreciation charge (note 4) | (4,157) | (13,872) | (5,029) | (1,933) | — | (24,991) |
| Closing net book amount | 201,161 | 164,572 | 17,341 | 5,683 | 19,543 | 408,300 |
| At 31 December 2023 | | | | | | |
| Cost | 229,051 | 241,514 | 29,710 | 23,771 | 19,543 | 543,589 |
| Accumulated depreciation | (27,520) | (75,792) | (12,369) | (17,348) | — | (133,029) |
| Impairment | — | (2,260) | — | — | — | (2,260) |
| Net book amount | 201,531 | 163,462 | 17,341 | 6,423 | 19,543 | 408,300 |
| Year ended | | | | | | |
| 31 December 2022 | | | | | | |
| 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 (note 4) | (3,441) | (10,087) | (3,661) | (1,602) | — | (18,791) |
| Closing net book amount | 73,630 | 75,564 | 15,681 | 3,751 | 221,779 | 390,405 |
| At 31 December 2022 | | | | | | |
| 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) |
| Net book amount | 73,630 | 75,564 | 15,681 | 3,751 | 221,779 | 390,405 |

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

| | Year ended 31 December | |
|---|-------------------------------|----------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Depreciation of property, plant and equipment | | |
| — Cost of sales | 20,230 | 14,043 |
| — Selling expenses | 968 | 911 |
| — Administrative expenses | 3,657 | 3,837 |
| | <u>24,855</u> | <u>18,791</u> |

As at 31 December 2023, buildings and machineries of the Group with a total net book value of RMB243,430,000 (2022: RMB80,877,000) and construction in progress in relation to the iron ore tailings recycling plant with a book value of RMB 5,332,000 (2022: RMB 208,434,000) were pledged to secure borrowings of the Group.

For the year ended 31 December 2023, general and specific borrowing interests amounting to approximately RMB4,929,000 (2022: RMB4,123,000) were capitalised into the cost of property, plant and equipment at an average borrowing rate of 5.01% per annum.

10 Right-of-use assets

| | Land use rights | Lease of warehouse and factory premises | Total |
|---------------------------------------|------------------------|--|-----------------------|
| | RMB'000 | RMB'000 | RMB'000 |
| Year ended 31 December 2023 | | | |
| Opening net book amount | 104,167 | 380 | 104,547 |
| Amortisation charge (<i>note 4</i>) | (3,352) | (380) | (3,732) |
| Closing net book amount | <u>100,815</u> | <u>—</u> | <u>100,815</u> |
| At 31 December 2023 | | | |
| Cost | 117,287 | 2,736 | 120,023 |
| Accumulated amortisation | (16,472) | (2,736) | (19,208) |
| Net book amount | <u>100,815</u> | <u>—</u> | <u>100,815</u> |

| | Land use rights <i>RMB'000</i> | Lease of warehouse and factory premises <i>RMB'000</i> | Total <i>RMB'000</i> |
|------------------------------------|--------------------------------------|--|-------------------------|
| Year ended 31 December 2022 | | | |
| Opening net book amount | 107,519 | 10,596 | 118,115 |
| Disposals | — | (8,983) | (8,983) |
| Amortisation charge (note 4) | (3,352) | (1,233) | (4,585) |
| Closing net book amount | <u>104,167</u> | <u>380</u> | <u>104,547</u> |
| At 31 December 2022 | | | |
| Cost | 117,287 | 2,736 | 120,023 |
| Accumulated amortisation | (13,120) | (2,356) | (15,476) |
| Net book amount | <u>104,167</u> | <u>380</u> | <u>104,547</u> |

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, Zhixin Environmental Technology 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 2023, land use rights of the Group with a total net book value of RMB100,815,000 (2022: RMB104,167,000) 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.

11 Investment properties

| | Year ended 31 December | |
|------------------------------------|------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Land and buildings, at cost | | |
| Opening net book amount | 36,347 | 37,536 |
| Depreciation charge | (1,190) | (1,189) |
| | <u>35,157</u> | <u>36,347</u> |
| Closing net book amount | | |
| Closing net book amount: | | |
| Cost | 44,553 | 44,553 |
| Accumulated depreciation | (9,396) | (8,206) |
| | <u>35,157</u> | <u>36,347</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 2023, investment properties with a net book amount of RMB32,762,000 (2022: RMB33,807,000) were pledged to secure borrowings of the Group.

12 Intangible assets

| | Goodwill | Software | Total |
|------------------------------------|----------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Year ended 31 December 2023 | | | |
| Opening net book amount | 39,297 | 216 | 39,513 |
| Additions | — | 28 | 28 |
| Amortisation charge | — | (84) | (84) |
| | <u>39,297</u> | <u>160</u> | <u>39,457</u> |
| Closing net book amount | | | |
| At 31 December 2023 | | | |
| Cost | 39,297 | 480 | 39,777 |
| Accumulated amortisation | — | (320) | (320) |
| | <u>39,297</u> | <u>160</u> | <u>39,457</u> |
| Net book amount | | | |

| | Goodwill <i>RMB'000</i> | Software <i>RMB'000</i> | Total <i>RMB'000</i> |
|------------------------------------|----------------------------|----------------------------|-------------------------|
| Year ended 31 December 2022 | | | |
| 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> |
| Closing net book amount | | | |
| | <u>39,297</u> | <u>216</u> | <u>39,513</u> |
| At 31 December 2022 | | | |
| Cost | 39,297 | 452 | 39,749 |
| Accumulated amortisation | — | (236) | (236) |
| | <u>39,297</u> | <u>216</u> | <u>39,513</u> |
| Net book amount | | | |
| | <u>39,297</u> | <u>216</u> | <u>39,513</u> |

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

| | Year ended 31 December | |
|-----------------------------------|-------------------------------|-----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Amortisation of intangible assets | | |
| — Cost of sales (<i>note 4</i>) | <u>84</u> | <u>59</u> |

Impairment test for goodwill

Goodwill was derived from the acquisition of Zhixin Environmental Technology, which became a subsidiary of the Group, in December 2021. The Company has carried out an impairment review of the carrying amount of goodwill as at 31 December 2023 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 Zhixin Environmental Technology 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) revenue growth rate from years 2024 to 2028 at 2.2% (2022: 2%) per annum; ii) average gross profit margin of 48% (2022: 40%); and iii) pre-tax discount rate of 14% (2022: 14.6%).

13 Inventories

| | As at 31 December | |
|---|----------------------|----------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Raw materials | 16,577 | 8,771 |
| Work-in-progress | 474 | 623 |
| Finished goods | 17,019 | 14,214 |
| Less: provision for impairment of inventories | <u>(1,181)</u> | <u>(1,037)</u> |
| | <u>32,889</u> | <u>22,571</u> |

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

| | Year ended 31 December | |
|--|------------------------|---------------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| As at beginning of year | 1,037 | 2,939 |
| Increase in provision recognised in profit or loss during the year | 1,181 | 1,037 |
| Decrease in provision upon sales of inventories | <u>(1,037)</u> | <u>(2,939)</u> |
| As at end of year | <u>1,181</u> | <u>1,037</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 2023, the cost of inventories recognised as expense and included in “cost of sales” amounted to RMB 278,015,000 (2022: RMB449,552,000).

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

14 Trade receivables

| | As at 31 December | |
|--------------------------------|-----------------------|-----------------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| Current: | | |
| Trade receivables | 610,359 | 704,195 |
| Less: provision for impairment | <u>(13,522)</u> | <u>(11,808)</u> |
| | <u>596,837</u> | <u>692,387</u> |
| Non-current: | | |
| Retention receivables | 25,725 | 26,947 |
| Less: provision for impairment | <u>(835)</u> | <u>(1,553)</u> |
| | <u>24,890</u> | <u>25,394</u> |
| Total | <u><u>621,727</u></u> | <u><u>717,781</u></u> |

The Group is engaged in manufacturing and sale of concrete, precast building component products, eco-friendly bricks, iron ore and other products produced in iron ore tailings recycling. The Group's customers are mainly the construction companies for various types of construction projects including municipal, and infrastructural, commercial, industrial, and residential projects for public and private sectors and mineral trading companies. The Group adopts various payment methods in sales contracts for the customers of ready-mixed concrete, precast concrete components and eco-friendly bricks business. For the customers of iron ore tailings recycling business, the credit terms grant to customers are generally within 30 days.

(i) 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 | |
|---------------|-------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | 299,298 | 465,067 |
| 1 and 2 years | 196,208 | 205,149 |
| 2 and 3 years | 114,428 | 52,185 |
| Over 3 years | 26,150 | 8,741 |
| | <u>636,084</u> | <u>731,142</u> |

(ii) 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:

| | Year ended 31 December | |
|---|------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| As at 1 January | 13,361 | 12,082 |
| Increase in loss allowance recognised in profit or loss during the year | 996 | 1,560 |
| Write-off | — | (281) |
| As at 31 December | <u>14,357</u> | <u>13,361</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 payables and other payables and accruals

| | As at 31 December | |
|--|--------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables | | |
| Trade payables | <u>328,505</u> | <u>348,408</u> |
| Other payables and accruals | | |
| Payables for purchase of property, plant and equipment | 27,785 | 52,091 |
| Amount due to related parties | — | 44,502 |
| Accrual for operating expenses | 10,592 | 11,277 |
| Other taxes payable excluding income tax liabilities | 6,974 | 10,289 |
| Employee benefits payables | 3,747 | 4,223 |
| Payables for the acquisition of a subsidiary | 3,000 | 4,500 |
| Payment and advance payment on behalf of others | 14,284 | — |
| Others | <u>8,978</u> | <u>7,991</u> |
| Total other payables and accruals | <u>75,360</u> | <u>134,873</u> |
| Total | <u>403,865</u> | <u>483,281</u> |

Payables for the acquisition of a subsidiary were the unpaid consideration arising from the acquisition of Zhixin Environmental Technology on 22 November 2021.

The ageing analysis of trade payables as at 31 December 2023 based on invoice date is as follows:

| | As at 31 December | |
|---------------|--------------------------|----------------|
| | 2023 | 2022 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within 1 year | 277,987 | 325,543 |
| 1–2 years | 41,920 | 19,158 |
| Over 2 years | <u>8,598</u> | <u>3,707</u> |
| | <u>328,505</u> | <u>348,408</u> |

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

16 Borrowings

| | As at 31 December | | | | | |
|-------------------------|-------------------|----------------|----------------|----------------|----------------|----------------|
| | 2023 | | | 2022 | | |
| | RMB'000 | | | RMB'000 | | |
| | Current | Non-current | Total | Current | Non-current | Total |
| Bank borrowings | | | | | | |
| — Secured | 290,480 | 132,677 | 423,157 | 237,801 | 186,208 | 424,009 |
| — Unsecured | — | — | — | — | — | — |
| — Factoring borrowings | 11,870 | — | 11,870 | 19,586 | — | 19,586 |
| | <u>302,350</u> | <u>132,677</u> | <u>435,027</u> | <u>257,387</u> | <u>186,208</u> | <u>443,595</u> |
| Loan from a third party | | | | | | |
| — Unsecured | — | — | — | — | — | — |
| Total borrowings | <u>302,350</u> | <u>132,677</u> | <u>435,027</u> | <u>257,387</u> | <u>186,208</u> | <u>443,595</u> |

(a) Bank borrowings

The secured bank borrowings of the Group as at 31 December 2023 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 | |
|---|-------------------|----------------|
| | 2023 | 2022 |
| | RMB'000 | RMB'000 |
| <i>Assets of the Group pledged as securities:</i> | | |
| — Property, plant and equipment | 243,430 | 80,877 |
| — Construction in progress | 5,332 | 208,434 |
| — Right-of-use assets | 100,815 | 104,167 |
| — Investment properties | 32,762 | 33,807 |
| — Transferred receivables | 11,870 | 19,586 |
| Total | <u>394,209</u> | <u>446,871</u> |

For the years ended 31 December 2023, the weighted average effective interest rate on bank borrowings was 4.85% (2022: 5.08%) per annum.

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

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 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 successful acquisition of Zhixin Environmental Technology (Changjiang) Co., Ltd.* (智欣環保科技(昌江)有限公司) (“**Zhixin Environmental Technology**”, previously named as REIT Mingsheng Environment Building Materials (Changjiang) Co., Ltd.* (瑞圖明盛環保建材(昌江)有限公司)), 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 annual production capacity of 3 million tonnes of iron ore tailings, which is one of the largest iron ore tailings processing line in Hainan Province. Substantial revenue has been achieved since the iron ore tailing recycling business was put into operation commencing from May 2023.

OUTLOOK

The competition in the business of ready-mixed concrete and PC components in Xiamen remained fierce during the year ended 31 December 2023. On the other hand, the Group achieved a breakthrough in the business of iron ore tailings recycling in Hainan with a significant increase in revenue and gross profit.

The Group is very optimistic on the prospect of the comprehensive utilisation of iron ore tailings. 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 sustainable revenue to the Group going forward.

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 RMB121.4 million or approximately 19.1% from approximately RMB634.2 million for FY2022 to approximately RMB512.8 million for FY2023.

Ready-mixed concrete and PC components

Revenue derived from the sale of ready-mixed concrete decreased from approximately RMB463.3 million for FY2022 to approximately RMB259.0 million for FY2023, representing a decrease of approximately 44.1%.

Revenue derived from sale of PC components decreased from approximately RMB143.0 million for FY2022 to approximately RMB85.4 million for FY2023, representing a decrease of approximately 40.3%.

The decrease in revenue from sales of ready-mixed concrete and PC components in FY2023 was mainly due to the increased competition 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 increased from approximately RMB27.9 million for FY2022 to approximately RMB168.4 million for FY2023, representing an increase of approximately 503.6%. The increase in revenue was mainly attributable to the iron ore tailings recycling business which was put into operation commencing from May 2023.

Cost of Sales

Cost of sales decreased by approximately RMB168.1 million or approximately 29.1% from approximately RMB576.7 million for FY2022 to approximately RMB408.6 million for FY2023. The decrease in cost of sales was mainly due to the decrease in sales of ready-mixed concrete and PC components in FY2023.

Gross profit and gross profit margin

The Group's overall gross profit increased by approximately RMB46.8 million or approximately 81.5% from approximately RMB57.4 million for FY2022 to approximately RMB104.2 million for FY2023. The Group's overall gross profit margin increased from approximately 9.1% for FY2022 to approximately 20.3% for FY2023.

Ready-mixed concrete and PC components

The gross profit of ready-mixed concrete decreased from approximately RMB37.7 million for FY2022 to approximately RMB16.2 million for FY2023. Gross profit margin decreased from approximately 8.1% for FY2022 to approximately 6.3% for FY2023.

The gross profit of PC components decreased from approximately RMB8.3 million for FY2022 to approximately RMB3.9 million for FY2023. The gross profit margin decreased from approximately 5.8% for FY2022 to approximately 4.6% for FY2023.

The decrease in gross profit and gross profit margin of ready-mixed concrete and PC components in FY2023 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 increased from approximately RMB11.4 million for FY2022 to approximately RMB84.2 million for FY2023. The gross profit margin increased from approximately 40.9% for FY2022 to approximately 50.0% for FY2023.

OTHER INCOME

Other income decreased by approximately RMB14.6 million or approximately 74.9% from approximately RMB19.5 million for FY2022 to approximately RMB4.9 million for FY2023 mainly due to the decrease in government grants in FY2023.

SELLING EXPENSES

Selling expenses increased by approximately RMB2.2 million or approximately 10.5% from approximately RMB20.9 million for FY2022 to approximately RMB23.1 million for FY2023 which was primarily attributable to the increase in loading and unloading charges of the products from the iron-ore tailings recycling operation.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RMB11.9 million or approximately 28.1% from approximately RMB42.4 million for FY2022 to approximately RMB54.3 million for FY2023 which was primarily attributable to the increase in administrative staff costs and provision for impairment of property, plant and equipment.

FINANCE COSTS — NET

Finance costs — net increased by approximately RMB3.5 million or approximately 26.7% from approximately RMB13.1 million for FY2022 to approximately RMB16.6 million for FY2023 which was mainly attributable to the increase in interest expense on bank borrowings.

INCOME TAX EXPENSE/(CREDIT)

Income tax credit for FY2022 was approximately RMB3.4 million and the income tax expense for FY2023 was approximately RMB4.0 million. The increase in income tax expense for FY2023 was mainly due to the increase in taxable profit from the Group's operation in the PRC and the decrease in deferred income tax credit.

PROFIT FOR THE YEAR

Due to the factors of the foregoing, the profit for the year increased from approximately RMB1.3 million for FY2022 to approximately RMB10.1 million for FY2023.

LIQUIDITY AND FINANCIAL RESOURCES

During FY2023, the Group funds its operations mainly with cash generated from its operations and borrowings. As at 31 December 2023, the Group's net current assets were approximately RMB21.1 million (31 December 2022: RMB39.8 million), while the Group's cash and cash equivalents as at 31 December 2023 was approximately RMB25.9 million (31 December 2022: RMB17.5 million).

As at 31 December 2023, the Group had current borrowings of approximately RMB302.4 million (31 December 2022: RMB257.4 million) and non-current borrowings of approximately RMB132.7 million (31 December 2022: RMB186.2 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 2023 was approximately 49% (31 December 2022: 52%).

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 2023, the Group's capital commitments amounted to approximately RMB113.2 million (31 December 2022: RMB148.3 million).

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 16(a) of this results announcement.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group has no significant contingent liabilities (31 December 2022: nil).

CAPITAL STRUCTURE

The Group's capital structure has remained unchanged since the listing of the Company's shares on 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

The Group did not have any significant acquisitions and disposals relating to subsidiaries, associates and joint ventures during FY2023.

SIGNIFICANT INVESTMENTS

On 16 May 2023, the Company entered into an investment agreement with the Natural Resources Bureau of Yongding District, Longyan City* (龍巖市永定區自然資源局), pursuant to which the Company 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 million (equivalent to approximately HK\$1,242.5 million). For further details, please refer to the announcement of the Company dated 16 May 2023 and the circular of the Company dated 26 July 2023. As disclosed in the circular, the Company would acquire the relevant exploration right through public auction. The public auction took place on 28 December 2023 and the Company failed to acquire the exploration right. As the final payment obligation and capital commitment of the Company as a result of the investment agreement are subject to the Company having obtained, amongst others, the exploration right through public auction successfully, the project will not be able to proceed and the investment agreement has lapsed.

In addition, on 22 November 2023, Zhixin Environmental Technology entered into an investment agreement with 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), pursuant to which Zhixin Environmental Technology 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). For further details, please refer to the announcement of the Company dated 22 November 2023.

Save as disclosed herein, the Group did not have any significant investments during FY2023.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group employed 438 (31 December 2022: 508) 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 2023 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 31 December 2022 <i>HK\$ million</i> | Unutilised net proceeds as at 1 January 2023 <i>HK\$ million</i> | Utilised net proceeds from 1 January 2023 to 31 December 2023 <i>HK\$ million</i> | Unutilised net proceeds as at 31 December 2023 <i>HK\$ million</i> | Expected timeline for utilising the unutilised net proceeds |
|---|--|---|---|--|---|---|
| (i) Expanding the Group’s PC component production capacity | 24.5 | 17.2 | 7.3 | 0.8 | 6.5 | By December 2025 |
| (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 |
| Total | <u>238.7</u> | <u>231.4</u> | <u>7.3</u> | <u>0.8</u> | <u>6.5</u> | |

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 C1 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) during FY2023.

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 FY2023.

EVENT AFTER THE REPORTING DATE

Save as disclosed in this announcement, there were no significant events 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, 18 June 2024 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, 12 June 2024 to Tuesday, 18 June 2024, 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, 11 June 2024.

REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR

The Group's audited financial statements for FY2023 has been reviewed by the audit committee of the Board, 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 FY2023 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 FY2023 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 and the website of the Stock Exchange at www.hkexnews.hk. The 2023 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, 28 March 2024

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.

* *The English names of the companies referred to in this results announcement represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or are available.*