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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 2024

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 2024 (“**FY2024**”) with the comparative figures for the corresponding year ended 31 December 2023 (“**FY2023**”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

		Year ended 31 December	
		2024	2023
	Note	RMB'000	RMB'000
Revenue	3	580,370	512,770
Cost of sales	3,4	(525,992)	(408,580)
Gross profit		54,378	104,190
Other income		10,895	4,922
Other losses — net		(8,053)	(36)
Selling expenses	4	(13,850)	(23,072)
Administrative expenses	4	(82,722)	(54,289)
Net impairment losses on financial assets		(16,934)	(996)
Operating (loss)/profit		(56,286)	30,719
Finance income	5	36	22
Finance costs	5	(18,201)	(16,671)
Finance costs — net	5	(18,165)	(16,649)
(Loss)/Profit before income tax		(74,451)	14,070
Income tax expense	6	(748)	(3,992)
(Loss)/Profit and total comprehensive income for the year attributable to owners of the Company		(75,199)	10,078
Earnings per share for (loss)/profit attributable to owners of the Company			
Basic earnings per share (RMB)	7	(0.101)	0.013
Diluted earnings per share (RMB)	7	(0.101)	0.013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		As at 31 December	
		2024	2023
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	412,302	408,300
Right-of-use assets	10	100,367	100,815
Investment properties	11	31,085	35,157
Intangible assets	12	39,403	39,457
Trade receivables	14	13,810	24,890
Prepayment for non-current assets		—	19
Deferred income tax assets		4,454	5,018
		<u>601,421</u>	<u>613,656</u>
Current assets			
Inventories	13	18,993	32,889
Trade receivables	14	451,217	596,837
Prepayments and other receivables		41,987	82,498
Restricted bank balance		—	500
Cash and cash equivalent		19,036	25,867
		<u>531,233</u>	<u>738,591</u>
Total assets		<u><u>1,132,654</u></u>	<u><u>1,352,247</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		6,358	6,358
Other reserves		364,659	364,659
Retained earnings		6,932	82,131
Total equity		<u><u>377,949</u></u>	<u><u>453,148</u></u>

	<i>Note</i>	As at 31 December	
		2024	2023
		<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES			
Non-current liabilities			
Borrowings	16	132,691	132,677
Deferred income		12,064	11,135
Other payables		—	31,035
Deferred income tax liabilities		6,234	6,722
		150,989	181,569
Current liabilities			
Trade payables	15	299,173	328,505
Other payables and accruals	15	69,964	75,360
Current income tax liabilities		1,828	6,925
Borrowings	16	227,698	302,350
Contract liabilities		5,053	4,390
		603,716	717,530
Total liabilities		754,705	899,099
Total equity and liabilities		1,132,654	1,352,247

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 Xiamen city of Fujian province, and the manufacturing and sale of eco-friendly bricks and the recycling of iron ore tailings in Changjiang county of Hainan province, the People’s Republic of China (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 *Going concern*

The Group recorded a loss of RMB75,199,000 for the year end 31 December 2024, which is mainly attributable to the net loss from the Group’s operations in ready-made concrete and precast concrete components business. Moreover, the production of precast concrete component business has been temporarily suspended during the year. As at 31 December 2024, the Group’s current liabilities exceeded its current assets by approximately RMB72,483,000. These events and conditions may cast significant doubt on the Group’s ability to continue as a going concern.

The Group meets its day-to-day working capital requirements mainly through its operating cash flows and bank borrowings. In view of the above circumstance, in preparing the financial statements, the Directors of the Company have given a careful consideration to the projected needs for liquidity, operation results and the available financial sources of the Group in evaluating whether the Group will have sufficient financial resources to continue as a going concern. Management’s plan has included a number of measures to mitigate the liquidity pressure and to improve the financial position and operation results:

- (i) The Group will continue to make efforts to improve its operating results and cash flows, including but not limited to strengthening the collection of accounts receivables and increasing production capacity of the tailings recycling business;

- (ii) The Group will continue to manage the financing from bank borrowings with the effort to renew or refinance its long-term and short-term bank borrowings upon maturity. The Group has secured new long-term loans with total amount of RMB428,350,000 subsequent to 31 December 2024.

Having considered the above, the directors of the Company believe that the Group has adequate resources to continue operation for the foreseeable future of the period not less than twelve months from the year end date of these financial statements. The directors, therefore, are of the opinion that it is appropriate to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings is given in Note 16.

2.1.2 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 2024. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these standards.

New standards and amendments		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKFRS 16 (Amendments)	Lease liability in sale and leaseback	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier finance arrangements	1 January 2024

2.1.3 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These new standards and interpretations are:

New standards and amendments		Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual improvements project	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

Management is currently assessing the effect 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 and bricks.

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) Tailings recycling and bricks — sales of iron ore and other products produced from iron ore tailings recycling, and manufacturing and sales of eco-friendly bricks in Hainan.

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

	Year ended 31 December 2024			
	Ready- mixed concrete <i>RMB'000</i>	Precast concrete components <i>RMB'000</i>	Tailings recycling and bricks <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	302,900	14,087	263,383	580,370
Cost of sales	<u>(307,300)</u>	<u>(38,844)</u>	<u>(179,848)</u>	<u>(525,992)</u>
Gross (loss)/profit	(4,400)	(24,757)	83,535	54,378
Selling expenses	(3,844)	(1,954)	(8,052)	(13,850)
Administrative expenses	<u>(33,518)</u>	<u>(16,013)</u>	<u>(28,570)</u>	<u>(78,101)</u>
Segment results	<u><u>(41,762)</u></u>	<u><u>(42,724)</u></u>	<u><u>46,913</u></u>	<u><u>(37,573)</u></u>

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

Results of reportable segments	(37,573)
Unallocated costs and expenses	(4,621)
Other income	10,895
Other losses — net	(8,053)
Impairment losses on financial assets	(16,934)
Finance income	36
Finance costs	<u>(18,201)</u>
Loss before income tax	(74,451)
Income tax expense	<u>(748)</u>
Loss and total comprehensive income for the year	<u><u>(75,199)</u></u>

	Year ended 31 December 2024			
	Ready- mixed concrete <i>RMB'000</i>	Precast concrete components <i>RMB'000</i>	Tailings recycling and bricks <i>RMB'000</i>	Total <i>RMB'000</i>
Other items for the year ended 31 December 2024:				
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,558	4,941	60,052	67,551
Depreciation	7,910	5,119	18,449	31,478
Amortisation	<u>26</u>	<u>—</u>	<u>28</u>	<u>54</u>
Segment assets and liabilities are: As at 31 December 2024				
Segment assets	412,215	191,060	441,842	1,045,117
Unallocated assets				<u>87,537</u>
Total assets				<u><u>1,132,654</u></u>
Segment liabilities	259,123	24,956	98,333	382,412
Unallocated liabilities				<u>372,293</u>
Total liabilities				<u><u>754,705</u></u>

	Year ended 31 December 2023			
	Ready- mixed concrete <i>RMB'000</i>	Precast concrete components <i>RMB'000</i>	Tailings recycling and 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			
	Ready- mixed concrete <i>RMB'000</i>	Precast concrete components <i>RMB'000</i>	Tailings recycling and bricks <i>RMB'000</i>	Total <i>RMB'000</i>
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	37,314	46,500
Depreciation	7,748	10,075	11,954	29,777
Amortisation	<u>26</u>	<u>—</u>	<u>58</u>	<u>84</u>
Segment assets and liabilities are: As at 31 December 2023				
Segment assets	470,630	348,026	448,382	1,267,038
Unallocated assets				<u>85,209</u>
Total assets				<u><u>1,352,247</u></u>
Segment liabilities	243,663	74,781	100,046	418,490
Unallocated liabilities				<u>480,609</u>
Total liabilities				<u><u>899,099</u></u>

4 Expenses by nature

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

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials and consumables used	358,732	278,159
Changes in inventories of finished goods and work in progress	9,601	(2,656)
Employee benefit expenses	65,731	61,815
Outsourcing service expenses	36,807	34,209
Transportation expenses	34,763	34,674
Depreciation of property, plant and equipment	30,425	24,855
Depreciation of right-of-use assets	3,394	3,732
Depreciation of investment properties	1,126	1,190
Amortisation of intangible assets	54	84
Electricity and water expenses	22,755	17,579
Short-term lease rental expenses	1,182	1,902
Other taxes and levies	4,829	4,042
Provision/(Reversal of provision) for impairment of inventories	421	(144)
Provision for impairment of property, plant and equipment	26,767	2,260
Auditors' remuneration	2,500	2,200
Consulting fee	6,167	2,175
Others	17,310	19,865
Total	<u>622,564</u>	<u>485,941</u>

5 Finance costs — net

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
— Interest income on bank deposits	<u>36</u>	<u>22</u>
Finance costs		
Interest expense on		
— bank borrowings	(19,400)	(20,810)
Other financing costs	<u>(371)</u>	<u>(790)</u>
	(19,771)	(21,600)
Less: interest capitalised in construction in progress	<u>1,570</u>	<u>4,929</u>
Finance costs expensed	<u>(18,201)</u>	<u>(16,671)</u>
Finance costs — net	<u><u>(18,165)</u></u>	<u><u>(16,649)</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 2024 of 5.18% (2023: 5.01%) per annum.

6 Income tax expense

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— PRC income tax	672	7,196
Deferred income tax	<u>76</u>	<u>(3,204)</u>
Income tax expense	<u><u>748</u></u>	<u><u>3,992</u></u>

(a) 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% (2023: 16.5%) on the estimated assessable profits during the year. The Group did not have assessable profits in Hong Kong during the year (2023: nil).

(b) 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% (2023: 25%) during the year, except for Xiamen Zhixin Construction Technology Co., Ltd. ("**Zhixin Technology**") and Zhixin Environmental Technology (Changjiang) Co., Ltd. ("**Zhixin Changjiang**") which are subject to CIT at the preferential rate of 15% (2023: 15%).

Zhixin Technology obtained the qualification of certified high-tech enterprises in 2021. As approved by the relevant tax authority, the CIT rate applicable to Zhixin Technology in 2024 was 15%.

Zhixin Changjiang obtained the qualification of certified high-tech enterprises in 2023. As approved by the relevant tax authority, the CIT rate applicable to Zhixin Changjiang in 2024 was 15%.

These two PRC subsidiaries were entitled to claim super tax deductions in relation to the qualifying expenditures under the Research and Development Tax Incentive regime in Xiamen City and Hainan City.

In addition, in accordance with the Circular of the Ministry of Finance and the State Administration of Taxation on Issues concerning Implementing the Enterprise Income Tax Incentive Catalogue for Comprehensive Utilization of Resources Cai Shui [2008] No. 47, an enterprise, which uses the raw materials under the catalogue to produce recycled resource products under the catalogue and the products meet the national or industrial standards, is entitled to incentive tax arrangement such that 90% of the sales revenue of the products is subject to the calculation of the taxable income. The sales of products other than iron ore (including mainly crushed stones and gravel) from the iron ore tailings recycling business in the Group's subsidiary in Hainan, Zhixin Changjiang, qualify for the incentive tax arrangement and therefore 10% of Zhixin Changjiang's sales of these products was exempted from the taxable income of the Group in the calculation of CIT during the year.

(c) 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 (5%), 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 2024, 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 near 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	
	2024	2023
(Loss)/Profit attributable to owners of the Company (<i>RMB'000</i>)	(75,199)	10,078
Weighted average number of ordinary shares in issue	748,000,000	748,000,000
Basic earnings per share (<i>RMB</i>)	<u>(0.101)</u>	<u>0.013</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 2024.

8 Dividend

No dividend was paid, declared or proposed during the year ended 31 December 2024 (2023: nil).

9 Property, plant and equipment

	Buildings	Machineries	Concrete mixer trucks	Office equipment and vehicles	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024						
Opening net book amount	201,531	163,462	17,341	6,423	19,543	408,300
Additions	516	968	2,177	5,410	58,499	67,570
Disposals	(30)	(4,514)	(1,484)	(348)	—	(6,376)
Impairment	—	(19,699)	(6,881)	(187)	—	(26,767)
Depreciation charge (<i>note 4</i>)	(5,468)	(18,476)	(5,482)	(999)	—	(30,425)
Closing net book amount	196,549	121,741	5,671	10,299	78,042	412,302
At 31 December 2024						
Cost	229,535	233,225	30,443	26,867	78,042	598,112
Accumulated depreciation	(32,986)	(89,525)	(17,891)	(16,381)	—	(156,783)
Impairment	—	(21,959)	(6,881)	(187)	—	(29,027)
Net book amount	196,549	121,741	5,671	10,299	78,042	412,302

	Buildings <i>RMB'000</i>	Machineries <i>RMB'000</i>	Concrete mixer trucks <i>RMB'000</i>	Office equipment and vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
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	24,113	46,461
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 (<i>note 4</i>)	(3,787)	(14,982)	(5,029)	(1,193)	136	(24,855)
Closing net book amount	<u>201,531</u>	<u>163,462</u>	<u>17,341</u>	<u>6,423</u>	<u>19,543</u>	<u>408,300</u>
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	<u>201,531</u>	<u>163,462</u>	<u>17,341</u>	<u>6,423</u>	<u>19,543</u>	<u>408,300</u>

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

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment		
— Cost of sales	22,573	20,230
— Selling expenses	1,007	968
— Administrative expenses: depreciation	3,378	3,657
— Administrative expenses: production stoppage loss	3,467	—
	<u>30,425</u>	<u>24,855</u>

Impairment loss

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Impairment losses on property, plant and equipment		
— Cost of sales	26,580	—
— Administrative expenses	187	2,260
	<u>26,767</u>	<u>2,260</u>

The Group's manufacturing and sales of ready-mixed concrete and precast concrete components segments, being two cash generating units ("CGUs"), incurred significant loss during the year ended 31 December 2024. In addition, the Group suspended the production of precast concrete components during 2024 in view of the continuing sluggish market condition and keen competition. In view of these impairment triggering indicators, the management carried out an assessment of the impairment of the operation assets of these two CGUs, including mainly the right of use assets (Note 10) with net book value of RMB44,272,000 and property, plant and equipment with net book value of RMB100,992,000. The management engaged an external valuation expert to assist in the determination of the recoverable amounts of the assets. The assessment concluded that among the property, plant and equipment of these two segments, the machineries, concrete mixer trucks, office equipment and vehicles with net book value of RMB60,395,000 as at 31 December 2024 were identified to be impaired, and impairment losses amounting to RMB26,767,000 was recognized in the consolidated statement of comprehensive income. The recoverable amounts of

property, plant and equipment of these two CGUs were determined based on the fair value (“FV”) method, being the fair value less cost of disposal (FVL COD), since the FVL COD of the assets were the higher of the assessment results derived from the Fair Value (FV) method and the Value in Use (VIU) method.

The assessment concluded that the recoverable amounts of certain PP&E of these two CGUs were lower than their net book values as at 31 December 2024, and provisions equivalent to the differential between the assets’ recoverable amounts and their carrying values were recognized as impairment losses in the financial statements. The recoverable amounts of PP&E of these two CGUs were determined based on the fair value (“FV”) method, being the estimated disposal value of the assets, since FV of the assets were the higher of the assessment results derived from the Fair Value (FV) method and the Value in Use (VIU) method.

As at 31 December 2024, buildings and machineries of the Group with a total net book value of RMB229,377,000 (2023: RMB243,430,000) and construction in progress in relation to the iron ore tailings recycling plant with a book value of RMB51,304,000 (2023: RMB5,332,000) were pledged to secure borrowings of the Group.

For the year ended 31 December 2024, general and specific borrowing interests amounting to approximately RMB1,570,000 (2023: RMB4,929,000) were capitalised into the cost of property, plant and equipment at an average borrowing rate of 5.18% per annum.

10 Right-of-use assets

	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 2024			
Opening net book amount	100,815	—	100,815
Transfer from investment properties	2,946	—	2,946
Depreciation charge (<i>note 4</i>)	(3,394)	—	(3,394)
Closing net book amount	100,367	—	100,367
At 31 December 2024			
Cost	121,079	—	121,079
Accumulated depreciation	(20,712)	—	(20,712)
Net book amount	100,367	—	100,367
Year ended 31 December 2023			
Opening net book amount	104,167	380	104,547
Depreciation charge (<i>note 4</i>)	(3,352)	(380)	(3,732)
Closing net book amount	100,815	—	100,815
At 31 December 2023			
Cost	117,287	2,736	120,023
Accumulated depreciation	(16,472)	(2,736)	(19,208)
Net book amount	100,815	—	100,815

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 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 holds land use rights in leasehold land in Changjiang city, Hainan Province, the PRC, which are under a lease term of 50 years.

The Group does not have lease liabilities as at 31 December 2024 and 2023.

As at 31 December 2024, land use rights of the Group with a total net book value of RMB100,367,000 (2023: RMB100,815,000) were pledged to secure borrowings of the Group.

11 Investment properties

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Land and buildings, at cost		
Opening net book amount	35,157	36,347
Transferred to right-of-use assets	(2,946)	—
Depreciation charge	(1,126)	(1,190)
	<u>31,085</u>	<u>35,157</u>
Closing net book amount	<u>31,085</u>	<u>35,157</u>
As at 31 December:		
Cost	40,760	44,553
Accumulated depreciation	(9,675)	(9,396)
	<u>31,085</u>	<u>35,157</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 2024, investment properties with a net book amount of RMB22,368,000 (2023: RMB32,762,000) were pledged to secure borrowings of the Group.

12 Intangible assets

	Goodwill <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Year ended 31 December 2024			
Opening net book amount	39,297	160	39,457
Amortisation charge	<u>—</u>	<u>(54)</u>	<u>(54)</u>
Closing net book amount	<u>39,297</u>	<u>106</u>	<u>39,403</u>
At 31 December 2024			
Cost	39,297	480	39,777
Accumulated amortisation	<u>—</u>	<u>(374)</u>	<u>(374)</u>
Net book amount	<u>39,297</u>	<u>106</u>	<u>39,403</u>
Year ended 31 December 2023			
Opening net book amount	39,297	216	39,513
Additions	—	28	28
Amortisation charge	<u>—</u>	<u>(84)</u>	<u>(84)</u>
Closing net book amount	<u>39,297</u>	<u>160</u>	<u>39,457</u>
At 31 December 2023			
Cost	39,297	480	39,777
Accumulated amortisation	<u>—</u>	<u>(320)</u>	<u>(320)</u>
Net book amount	<u>39,297</u>	<u>160</u>	<u>39,457</u>

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

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Amortisation of intangible assets		
— Cost of sales (<i>note 4</i>)	54	84

Impairment test for goodwill

Goodwill was derived from the acquisition of Zhixin Changjiang, 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 2024 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 Changjiang, 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 2025 to 2029 at 20.8% (2023: 2.2%) per annum; ii) average gross profit margin of 31% (2023: 48%); and iii) pre-tax discount rate of 13% (2023: 14%).

13 Inventories

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	12,702	16,577
Work-in-progress	—	474
Finished goods	7,892	17,019
Less: provision for impairment of inventories	(1,601)	(1,181)
	<u>18,993</u>	<u>32,889</u>

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

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	1,181	1,037
Increase in provision recognised in profit or loss during the year	1,130	1,181
Decrease in provision upon sales of inventories	(710)	(1,037)
As at 31 December	<u>1,601</u>	<u>1,181</u>

During the year ended 31 December 2024, the cost of inventories recognised as expense and included in “cost of sales” amounted to RMB368,333,000 (2023: RMB278,015,000).

14 Trade receivables

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current:		
Trade receivables	479,913	610,359
Less: provision for impairment	(28,696)	(13,522)
	451,217	596,837
Non-current:		
Retention receivables	16,405	25,725
Less: provision for impairment	(2,595)	(835)
	13,810	24,890
Total	465,027	621,727

(a) Ageing analysis of trade receivables

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

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	261,204	299,298
1 and 2 years	74,880	196,208
2 and 3 years	99,729	114,428
Over 3 years	60,505	26,150
	<u>496,318</u>	<u>636,084</u>

(b) 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	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	14,357	13,361
Increase in loss allowance recognised in profit or loss during the year	<u>16,934</u>	<u>996</u>
As at 31 December	<u>31,291</u>	<u>14,357</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.

(c) Transferred receivables

The carrying amounts of the trade receivables as at 31 December 2024 include receivables amounting to RMB38,061,000 (2023: RMB11,870,000) which were subject to factoring arrangements. Under this arrangement, the Group has transferred the relevant receivables to the factors (banks in the PRC) in exchange for cash and is prevented from selling or pledging the receivables, while the Group retained the risk of late payment and credit risk. The Group therefore continues to recognise the transferred receivables in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing. The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

15 Trade payables and other payables and accruals

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables — current		
Trade payables	299,173	328,505
Other payables and accruals — current		
Payables for purchase of property, plant and equipment	31,079	27,785
Amounts due to related parties	7,919	—
Accrual for operating expenses	10,432	10,592
Other taxes payable excluding income tax liabilities	6,336	6,974
Employee benefits payables	7,138	3,747
Payable for the acquisition of a subsidiary	—	3,000
Payment and advance payment on behalf of others	—	14,284
Others	7,060	8,978
Total other payables and accruals	69,964	75,360
Other payables — non-current		
Amounts due to related parties	—	31,035
Total	369,137	434,900

The payable for the acquisition of a subsidiary represented the balance amount of consideration arising from the acquisition of Zhixin Changjiang in December 2021.

The ageing analysis of trade payables as at 31 December 2024 based on invoice date is as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	246,851	277,987
1–2 years	50,035	41,920
Over 2 years	2,287	8,598
	<u>299,173</u>	<u>328,505</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					
	2024			2023		
	<i>RMB'000</i>			<i>RMB'000</i>		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings						
— Secured	189,637	132,691	322,328	290,480	132,677	423,157
— Factoring borrowings	38,061	—	38,061	11,870	—	11,870
Total borrowings	<u>227,698</u>	<u>132,691</u>	<u>360,389</u>	<u>302,350</u>	<u>132,677</u>	<u>435,027</u>

(a) Bank borrowings

The secured bank borrowings of the Group as at 31 December 2024 were secured by the pledge of assets of the Group as set out below, corporate guarantees provided by certain subsidiaries of the Group, and guarantees from Mr. Ye Zhijie and his spouse, Mr. Huang Wengui and one independent third party credit guarantee corporation.

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
<i>Assets of the Group pledged as securities:</i>		
— Property, plant and equipment	229,377	243,430
— Construction in progress	51,304	5,332
— Right-of-use assets	100,367	100,815
— Investment properties	22,368	32,762
— Transferred receivables	38,061	11,870
	<hr/>	<hr/>
Total	<u>441,477</u>	<u>394,209</u>

For the year ended 31 December 2024, the weighted average effective interest rate on bank borrowings was 4.8% (2023: 4.85%) 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.

OUTLOOK

The increased price competition in the ready-mixed concrete and PC components markets in Xiamen, in particular competition with manufacturers which are state-owned enterprises (“**SOEs**”), has caused the Group to provide additional price concessions to its customers in order to maintain competitiveness, resulting in substantial shrinking profit margin. The downturn of property market has affected the entire industry chain, including the ready-mixed concrete and PC components market. Despite the Group’s proactive risk assessment on its projects to reduce the risk of bad debt, recovering receivables from customers has become increasingly challenging. The production of PC components had also been suspended during FY2024, which will be resumed upon market recovery.

On the other hand, 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. 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 increased by approximately RMB67.6 million or approximately 13.2% from approximately RMB512.8 million for FY2023 to approximately RMB580.4 million for FY2024.

Ready-mixed concrete

Revenue derived from sales of ready-mixed concrete increased from approximately RMB259.0 million for FY2023 to approximately RMB302.9 million for FY2024, representing an increase of approximately 17.0%.

PC components

Revenue derived from sales of PC components decreased from approximately RMB85.4 million for FY2023 to approximately RMB14.1 million for FY2024, representing a decrease of approximately 83.5%.

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 RMB168.4 million for FY2023 to approximately RMB263.4 million for FY2024, representing an increase of approximately 56.4%.

Despite the moderate increase in revenue from sales of ready-mixed concrete in FY2024, the segment was loss making with shrinking profit margin as a result of the fierce competition in Xiamen, in particular competition with manufacturers which are SOEs. This has caused the Group to provide additional price concessions to its customers in order to maintain competitiveness. The fierce competition also contributed to the significant decrease in revenue from sales of PC components and segment loss in FY2024. Significant increase in revenue from sales of products produced in iron ore tailings recycling and eco-friendly bricks was mainly attributable to the abundant supply of raw materials for iron ore tailings recycling and the market demand in Hainan.

Cost of Sales

Cost of sales increased by approximately RMB117.4 million or approximately 28.7% from approximately RMB408.6 million for FY2023 to approximately RMB526.0 million for FY2024. The increase in cost of sales was mainly due to the increase in revenue from iron ore tailings recycling and eco-friendly bricks and the impairment loss of property, plant and equipment of ready-mixed concrete and PC components in FY2024.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately RMB49.8 million or approximately 47.8% from approximately RMB104.2 million for FY2023 to approximately RMB54.4 million for FY2024. The Group's overall gross profit margin decreased from approximately 20.3% for FY2023 to approximately 9.4% for FY2024.

Ready-mixed concrete

The Group recorded a gross loss in ready-mixed concrete of approximately RMB4.4 million for FY2024 as compared with the gross profit of approximately RMB16.2 for FY2023. The cost of sales for ready-mixed concrete included the impairment loss on property, plant, and equipment of approximately RMB10.0 million. Excluding this impairment, the gross profit would have been positive.

PC components

The Group recorded a gross loss in PC components of approximately RMB24.8 million for FY2024 as compared with the gross profit of approximately RMB3.9 million for FY2023. The cost of sales for PC components included the impairment loss on property, plant, and equipment of approximately RMB16.5 million. Even excluding this impairment, the segment still reported a gross loss.

Iron ore tailings recycling and eco-friendly bricks

The gross profit of iron ore tailings recycling and eco-friendly bricks was slightly decreased from approximately RMB84.2 million for FY2023 to approximately RMB83.5 million for FY2024.

The decrease in the Group's gross profit margin was the result of the greater extent of increase in cost of sales than revenue for iron ore tailings recycling and ready-mixed concrete segments, and the lesser extent of decrease in cost of sales than revenue for PC components segment in FY2024.

OTHER INCOME

Other income was increased by approximately RMB6.0 million or approximately 121.4% from approximately RMB4.9 million for FY2023 to approximately RMB10.9 million for FY2024. Such increase was mainly due to the increase in government grants in FY2024.

OTHER LOSSES — NET

Other losses (net) increased by approximately RMB8.0 million or 22,269.4% from approximately RMB36,000 for FY2023 to approximately RMB8.0 million for FY2024. Such increase was mainly due to the losses on disposal of property, plant and equipment.

SELLING EXPENSES

Selling expenses were decreased by approximately RMB9.2 million or approximately 40.0% from approximately RMB23.1 million for FY2023 to approximately RMB13.9 million for FY2024. Such decrease was primarily attributable to the decrease in transportation cost categorised under selling expenses as a result of the significant decrease in sales of PC components.

ADMINISTRATIVE EXPENSES

Administrative expenses were increased by approximately RMB28.4 million or approximately 52.4% from approximately RMB54.3 million for FY2023 to approximately RMB82.7 million for FY2024. Such increase was primarily attributable to the increase in staff cost and research and development expenses.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

Impairment loss on financial assets mainly consist of impairment loss on trade receivables. Impairment assessment using expected credit loss model on trade receivables is performed. Except for individually impaired receivables, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix by debtors internal credit rating and the historical observed default rates adjusted by forward-looking estimates. For FY2024, impairment loss on trade receivables under the expected loss model of approximately RMB16,934,000 (FY2023: RMB996,000) was recognised.

FINANCE COSTS — NET

Finance costs (net) increased by approximately RMB1.5 million or approximately 9.1% from approximately RMB16.6 million for FY2023 to approximately RMB18.2 million for FY2024. Such increase was mainly attributable to the increase in interest capitalised in construction in progress.

INCOME TAX EXPENSE

Income tax expense was decreased by approximately RMB3.2 million or 81.3% from approximately RMB4.0 million for FY2023 to approximately RMB0.7 million for FY2024. Such decrease was mainly due to the decrease in taxable profit from the Group's operation in the PRC.

(LOSS)/PROFIT FOR THE YEAR

Due to the factors of the foregoing, the Group recorded a loss for the year of approximately RMB75.2 million for FY2024, as compared to the profit for the year of approximately RMB10.1 million for FY2023.

LIQUIDITY AND FINANCIAL RESOURCES

During FY2024, the Group funded its operations mainly with cash generated from its operations and borrowings. As at 31 December 2024, the Group's net current liabilities were approximately RMB72.5 million (31 December 2023: net current assets of approximately: RMB21.1 million), while the Group's cash and cash equivalents as at 31 December 2024 was approximately RMB19.0 million (31 December 2023: RMB25.9 million).

As at 31 December 2024, the Group had current borrowings of approximately RMB227.7 million (31 December 2023: RMB302.4 million) and non-current borrowings of approximately RMB132.7 million (31 December 2023: RMB132.7 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 2024 was approximately 48% (31 December 2023: 49%).

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 2024, the Group's capital commitments amounted to approximately RMB404.3 million (31 December 2023: RMB463.2 million).

PLEDGE OF ASSETS

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

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: 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 reviewed 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 FY2024.

SIGNIFICANT INVESTMENTS

The Group did not have any significant investments during FY2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group employed 442 (31 December 2023: 438) 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 iron ore tailings recycling 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 2024 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 2023 <i>HK\$ million</i>	Unutilised net proceeds as at 1 January 2024 <i>HK\$ million</i>	Utilised net proceeds from 1 January 2023 to 31 December 2024 <i>HK\$ million</i>	Unutilised net proceeds as at 31 December 2024 <i>HK\$ million</i>	Expected timeline for utilising the unutilised net proceeds
(i)	Expanding the Group’s PC component production capacity	24.5	18.0	6.5	1.1	5.4	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>6.5</u>	<u>1.1</u>	<u>5.4</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 Part 2 of 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 FY2024.

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 FY2024.

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 Thursday, 19 June 2025 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 Friday, 13 June 2025 to Thursday, 19 June 2025, 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 Thursday, 12 June 2025.

REVIEW OF FINANCIAL STATEMENTS AND SCOPE OF WORK OF THE AUDITOR

The Group's audited financial statements for FY2024 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 FY2024 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 FY2024 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 2024 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 2025

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.