



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

Interim Report

2025



Contents

2	Corporate Information
4	Financial Highlights
5	Chairman's Statement
6	Management Discussion and Analysis
10	Condensed Consolidated Interim Statement of Comprehensive Income
11	Condensed Consolidated Interim Statement of Financial Position
13	Condensed Consolidated Interim Statement of Changes in Equity
14	Condensed Consolidated Interim Statement of Cash Flows
15	Notes to the Condensed Consolidated Interim Financial Statements
36	Corporate Governance and Other Information
40	Glossary



Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

BOARD COMMITTEES

Audit Committee

Ms. Wong Tuen Sau (*Chairlady*)
Mr. Cai Huihong
Mr. Jiang Qinjian

Nomination Committee

Mr. Cai Huihong (*Chairman*)
Ms. Wong Tuen Sau
Mr. Jiang Qinjian

Remuneration Committee

Mr. Jiang Qinjian (*Chairman*)
Ms. Wong Tuen Sau
Mr. Cai Huihong

Strategy Committee

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

COMPANY SECRETARY

Mr. Yuen Chi Wai, *FCPA*

AUTHORISED REPRESENTATIVES

Mr. Ye Zhijie
Mr. Yuen Chi Wai

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditors

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

Corporate Information (Continued)

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Construction Bank, Xinglin Branch
Industrial Bank Co., Ltd., Xiamen Wenbin Branch

COMPANY WEBSITE ADDRESS

www.xiamenzhixin.com

STOCK CODE

2187

Financial Highlights

	Six months ended 30 June		
	2025	2024	Change %
	RMB'000	RMB'000	
	(unaudited)	(unaudited)	
Revenue	259,673	244,079	6.4%
Gross Profit	7,905	45,517	(82.6%)
(Loss)/profit for the Period	(49,061)	1,172	(4,286.1%)

Revenue for the Period amounted to approximately RMB259.7 million, representing an increase of approximately 6.4% as compared with the corresponding period in previous year. Revenue derived from sale of ready-mixed concrete for the Period has increased by approximately 14.0% to approximately RMB148.2 million and revenue derived from sale of PC components has decreased by approximately 91.8% to approximately RMB870,000 as compared with the corresponding period in previous year. Revenue derived from sale of iron ore tailings recycling and eco-friendly bricks for the Period has increased by approximately 6.8% to approximately RMB110.6 million.

Gross profit for the Period has decreased by approximately 82.6% to approximately RMB7.9 million.

Loss for the Period was approximately RMB49.1 million, representing a significant decrease as compared with the profit of approximately RMB1.2 million for corresponding period in previous year.

Chairman's Statement

Dear Shareholders:

On behalf of the Board, I hereby present the interim report of the Company for the six months ended 30 June 2025.

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

The Group has achieved a revenue of approximately RMB259.7 million for the six months ended 30 June 2025, representing an increase of approximately RMB15.6 million or approximately 6.4% as compared to the same period in 2024. The increase in revenue was mainly attributable to the increase in revenue from iron ore tailings recycling, and the increase in revenue from ready-mixed concrete. The extent of increase was partially offset by the decrease in revenue from the PC components due to the price competition in PC components market which caused the Group to provide price concessions to certain customers to maintain competitiveness.

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. The production line with an annual processing capacity of 3 million tonnes of iron ore tailings is one of the largest iron ore tailings processing line in Hainan Province. In addition, Zhixin Environmental Technology has a fully automated molding production line for various types of eco-friendly bricks, with an annual production capacity of 1 million square metres.

Overall gross profit for the Period decreased by approximately 82.6% to approximately RMB7.9 million. The deteriorating overall gross profit was mainly due to the gross loss from ready-mixed concrete of approximately RMB19.3 million for the Period, representing a decrease of approximately RMB32.2 million as compared with the gross profit of approximately RMB12.9 million for the same period in 2024.

The Group recorded a net loss of approximately RMB49.1 million for the Period, which was mainly attributable to the segment losses from the ready-mixed concrete and PC components businesses.

Looking ahead, while the Group believes the market pressure on the ready-mixed concrete and PC components will continue in the current year, the iron ore tailings recycling and eco-friendly bricks businesses will continue to bring strong revenue stream. With the abundant supply of iron ore tailings reserves in Hainan, the Group is very optimistic on the business prospect of the comprehensive utilisation of iron ore tailings.

APPRECIATION

On behalf of the Board, I hereby express my sincere gratitude to the employees of the Group for their hard work and contributions.

Ye Zhijie
Chairman

Hong Kong, 29 August 2025

Management Discussion and Analysis

BUSINESS REVIEW

Revenue

The Group derived its revenue from sales of (i) ready-mixed concrete, (ii) PC component products, and (iii) the products produced in iron ore tailings recycling and eco-friendly bricks. For the Period, the Group's revenue amounted to approximately RMB259.7 million, representing an increase of approximately 6.4% from approximately RMB244.1 million for the six months ended 30 June 2024.

Ready-mixed concrete

Revenue derived from sale of ready-mixed concrete for the Period amounted to RMB148.2 million, representing an increase of approximately 14.0% from approximately RMB130.0 million for the six months ended 30 June 2024.

PC components

Revenue derived from sale of PC components for the Period amounted to RMB870,000, representing a decrease of approximately 91.8% from approximately RMB10.6 million for the six months ended 30 June 2024.

Iron ore tailings recycling and eco-friendly bricks

Revenue derived from the sales of the products produced in iron ore tailings recycling and eco-friendly bricks for the Period amounted to RMB110.6 million, representing an increase of approximately 6.8% from approximately RMB103.5 million for the six months ended 30 June 2024.

Despite the moderate increase in revenue from sales of ready-mixed concrete for the six months ended 30 June 2025, 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 state-owned enterprises. 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 for the Period. The increase in revenue from sales of products produced in iron ore tailings recycling and eco-friendly bricks was mainly attributable to the increase in selling price.

Cost of sales

Cost of sales increased by approximately RMB53.2 million or approximately 26.8% from approximately RMB198.6 million for the six months ended 30 June 2024 to approximately RMB251.8 million for the Period. The increase was due to the corresponding increase as a result of the increase in revenue from iron ore tailings recycling and eco-friendly bricks for the Period, and the increase in raw material costs for ready-mixed concrete despite the decrease in selling price due to fierce pricing competition. On the other hand, due to the temporarily cessation of the PC components production, the depreciation of its production line has been reclassified to administrative costs which has lowered the cost of sales to a certain extent.

Gross profit and gross profit margin

The Group's overall gross profit decreased by approximately RMB37.6 million or approximately 82.6% from approximately RMB45.5 million for the six months ended 30 June 2024 to approximately RMB7.9 million for the Period.

Management Discussion and Analysis (Continued)

The decrease in overall gross profit was mainly attributable to the larger extent of increase in cost of sales than revenue. In particular, the gross loss from ready-mixed concrete of approximately RMB19.3 million during the Period (for the six months ended 30 June 2024: gross profit of approximately RMB12.9 million) has contributed to the significant decrease in overall gross profit.

Other income

Other income increased by approximately 83.4% to approximately RMB5.2 million for the Period mainly due to the non-recurring government grants and awards received by the Group and the compensation received for delayed settlement of trade receivable.

Selling expenses

Selling expenses decreased by approximately 38.1% to approximately RMB6.5 million for the Period primarily attributable to the decrease in sales volume of the PC components during the Period.

Administrative expenses

Administrative expenses increased by approximately 46.5% to approximately RMB42.6 million for the Period. Such increase was mainly attributable to the reclassification of depreciation of production line to administrative costs due to the temporarily cessation of the PC components production.

Finance costs — net

Finance costs — net decreased by approximately 13.6% to approximately RMB8.7 million for the Period primarily due to the decrease in interest on bank borrowing.

Income tax (expense)/credit

Income tax expense for the Period amounted to approximately RMB1.2 million (six months ended 30 June 2024: income tax credit of approximately RMB1.3 million). The low level of income tax expense was mainly due to the loss making ready-mixed concrete and PC components businesses.

(Loss)/profit for the Period

Due to the factors of the foregoing, the loss for the Period was approximately RMB49.1 million (six months ended 30 June 2024: profit RMB1.2 million).

LIQUIDITY AND FINANCIAL RESOURCES

During the Period, the Group funds its operations mainly with cash generated from its operations and borrowings. As at 30 June 2025, the Group's net current liabilities was approximately RMB37.5 million (31 December 2024: approximately RMB72.5 million), while the Group's cash and cash equivalents as at 30 June 2025 was approximately RMB15.7 million (31 December 2024: approximately RMB19.0 million).

As at 30 June 2025, the Group had current borrowings of approximately RMB121.1 million (31 December 2024: approximately RMB227.7 million) and non-current borrowings of approximately RMB260.2 million (31 December 2024: approximately RMB132.7 million).

Gearing ratio is calculated based on net debt divided by total capital. Net debt is calculated as total borrowings, 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 30 June 2025 was approximately 54% (31 December 2024: approximately 48%).

Management Discussion and Analysis (Continued)

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 30 June 2025, the Group's capital commitments amounted to approximately RMB451.8 million (31 December 2024: RMB404.3 million).

PLEDGE OF ASSETS

Details of the pledge of assets of the Group are set out in Note 20 of the condensed consolidated interim financial statements.

CONTINGENT LIABILITIES

As at 30 June 2025 and 31 December 2024, the Group has no contingent liabilities.

CAPITAL STRUCTURE

The Group's capital structure has remained unchanged since the Listing. 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

During the Period, the Group did not have any significant acquisitions and disposals relating to subsidiaries, associates and joint ventures.

SIGNIFICANT INVESTMENTS

During the Period, the Group did not have any significant investments.

Management Discussion and Analysis (Continued)

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group employed 376 (30 June 2024: 462) 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 and workforce flexibility.

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 updated intended utilisation of net proceeds in accordance with the announcement dated 26 August 2022 (the "Announcement"), utilised net proceeds up to 31 December 2024, utilised net proceeds from 1 January 2025 to 30 June 2025 and unutilised net proceeds as at 30 June 2025:

	Updated intended utilisation of net proceeds as disclosed in the Announcement HK\$ million	Utilised net proceeds up to 31 December 2024 HK\$ million	Utilised net proceeds from 1 January 2025 to 30 June 2025 HK\$ million	Unutilised net proceeds as at 30 June 2025 HK\$ million	Expected timeline for utilising the unutilised net proceeds
(i) Expanding the Group's PC component production capacity	24.5	5.4	—	5.4	By December 2025
(ii) Enhancing the Group's information technology system	1.2	—	—	—	N/A
(iii) Improving the Group's environmental protection system	1.2	—	—	—	N/A
(iv) Acquiring mixer and concrete pump trucks	2.0	—	—	—	N/A
(v) General working capital	105.3	—	—	—	N/A
(vi) Repayment of borrowings	104.5	—	—	—	N/A
Total	238.7	5.4	—	5.4	

OUTLOOK

Intense market competition on ready-mixed concrete and PC components in Xiamen put significant pressure and jeopardized to the Group's profit. On the other hand, the comprehensive utilisation of iron ore tailings in Hainan has continued to contribute a major source of revenue of the Group. With abundant supply of iron ore tailings available to be processed in Changjiang county of Hainan and the anticipated high demand of tailings in the nearby area, it is expected that it will continue to being strong revenue stream.

Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2025

	Note	Six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	6	259,673	244,079
Cost of sales	6,7	(251,768)	(198,562)
Gross profit		7,905	45,517
Other income		5,203	2,837
Other losses — net		(1,601)	(512)
Selling expenses	7	(6,483)	(10,470)
Administrative expenses	7	(42,617)	(29,099)
(Increase in)/reversal of impairment losses on financial assets	5.1(a)	(1,594)	1,618
Operating profit		(39,187)	9,891
Finance income		21	18
Finance costs		(8,690)	(10,050)
Finance costs — net		(8,669)	(10,032)
Loss before income tax		(47,856)	(141)
Income tax (expense)/credit	8	(1,205)	1,313
(Loss)/profit and total comprehensive (loss)/income for the period, all attributable to owners of the Company		(49,061)	1,172
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company			
Basic and diluted (losses)/earnings per share (RMB)	9	(0.066)	0.002

The notes on pages 15 to 35 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Financial Position

As at 30 June 2025

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	456,253	412,302
Right-of-use assets	11	98,672	100,367
Investment properties	11	30,528	31,085
Intangible assets	11	39,405	39,403
Trade receivables	13	9,837	13,810
Prepayment for non-current assets		5,024	—
Deferred income tax assets		6,465	4,454
		646,184	601,421
Current assets			
Inventories	12	18,521	18,993
Trade receivables	13	403,782	451,217
Prepayments, deposits and other receivables	14	45,655	41,987
Cash and bank balances	15	15,705	19,036
		483,663	531,233
Total assets		1,129,847	1,132,654
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	6,358	6,358
Reserves	17	364,659	364,659
(Accumulated losses)/retained earnings		(42,129)	6,932
Total equity		328,888	377,949

Condensed Consolidated Interim Statement of Financial Position (Continued)

As at 30 June 2025

	Note	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings	20	260,210	132,691
Deferred income		11,381	12,064
Deferred income tax liabilities		8,177	6,234
		279,768	150,989
Current liabilities			
Trade payables	18	322,425	299,173
Other payables and accruals	19	70,362	69,964
Current income tax liabilities		158	1,828
Borrowings	20	121,090	227,698
Contract liabilities	6(b)	7,156	5,053
		521,191	603,716
Total liabilities		800,959	754,705
Total equity and liabilities		1,129,847	1,132,654

The notes on pages 15 to 35 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2025

Note	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000
(Unaudited) As at 1 January 2025	6,358	364,659	6,932	377,949
Comprehensive loss Loss for the period	—	—	(49,061)	(49,061)
As at 30 June 2025	6,358	364,659	(42,129)	328,888
(Unaudited) As at 1 January 2024	6,358	364,659	82,131	453,148
Comprehensive income Profit for the period	—	—	1,172	1,172
As at 30 June 2024	6,358	364,659	83,303	454,320

The notes on pages 15 to 35 are an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
Note	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cash flows generated from operating activities		
Cash generated from operations	11,205	58,838
Income tax paid	(2,943)	(4,840)
Net cash generated from operating activities	8,262	53,998
Cash flows used in investing activities		
Purchases of property, plant and equipment	(72,218)	(29,471)
Purchases of intangible asset	(19)	—
Payment for acquisition of a subsidiary	—	(1,280)
Proceeds from disposal of property, plant and equipment	1,731	1,877
Net cash used in investing activities	(70,506)	(28,874)
Cash flows generated from/(used in) financing activities		
Proceeds from bank borrowings	360,600	191,771
Repayments of bank borrowings	(301,628)	(204,496)
Advance from related parties	8,686	—
Repayment to related parties	—	(1,553)
Interest paid	(8,357)	(10,290)
Other financing costs	(368)	(212)
Net cash used in financing activities	58,933	(24,780)
Net (decrease)/increase in cash and cash equivalents	(3,311)	344
Cash at beginning of period	19,036	25,867
Exchange (losses)/gains on cash and cash equivalents	(20)	1
Cash and cash equivalents at end of period	15,705	26,212

The notes on pages 15 to 35 are an integral part of this condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2025

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 the recycling of iron ore tailings from year 2022 after the completion of the acquisition of Zhixin Environmental Technology (Changjiang) Co., Ltd. (“Zhixin Environmental Technology”, previously named REIT Mingsheng Environmental Building Materials (Changjiang) Co., Ltd.) 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 shareholder and the major shareholder of the Company is Mr. Ye Zhijie, the Chairman and executive director of the Company, and Mr Huang Wengui, an executive director of the Company, respectively.

The condensed interim consolidated financial statements are presented in Renminbi (“RMB”) and rounded to the nearest thousand yuan (“RMB’000”), unless otherwise stated.

These condensed consolidated interim financial statements have been approved for issue by the board of directors of the Company on 29 August 2025.

These condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial statements do not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), except for the adoption of the new and amended standards as disclosed in note 3 below.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

3 MATERIAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements for the year ended 31 December 2024 and the corresponding interim financial period, except for the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standards and interpretations became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Standards	Key requirements	Effective for annual periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

3 MATERIAL ACCOUNTING POLICIES (continued)

(b) New and amended standards not yet effective for the current reporting period

The following new interpretations and amendments to standards and interpretations have been issued but were not mandatory for interim reporting periods ended on 30 June 2025 and have not been early adopted by the Group:

Standards	Key requirements	Effective for annual periods beginning on or after
HKFRS 9 and HKFRS 7 (Amendments)	Classification and measurement of financial instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18 (Amendments)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (Amendments)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2024.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use any derivative financial instruments to hedge certain risk exposures during the period.

These condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2024.

There have been no changes in the Group's risk management policies since last year end.

(a) Credit risk

The Group is exposed to credit risk in relation to its cash and bank balance, restricted bank balance, trade receivables and other receivables. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Credit risk of cash and bank balances, restricted bank balance

To manage this risk arising from cash and bank balances, restricted bank balance, they are mainly placed with banks with high credit rating. There has been no recent history of default in relation to these financial institutions. The expected credit loss is close to zero.

(ii) Credit risk of trade receivables

The Group is engaged in manufacturing and sale of concrete, precast building component products, eco-friendly bricks, iron ore and other products produced from 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.

For the customers of ready-mixed concrete, precast concrete components and eco-friendly bricks business, the Group adopts various payment methods in sales contracts, including, among others: (i) payment on delivery or within 30 days from actual sales completed; or (ii) 70%–100% of total progress payment amount will be settled within 30 days from actual sales completed, 5%–20% of the total progress payment amount shall be settled upon practical completion of the construction project; and (iii) the balance of 5%–20% of the total progress payment amount will be paid within six months upon expiration of the quality guarantee period.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) Credit risk (continued)

(ii) Credit risk of trade receivables (continued)

For the customers of iron ore tailings recycling business, sales are on cash on delivery and where the credit terms granted to customers are generally within 30 days from the date of issue of the payment billing by the customers or the invoice date.

The Group applies the HKFRS 9 simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customers' ability to meet its obligations
- actual or expected significant changes in the operating results of customers
- significant changes in the expected performance and behaviour of customers, including changes in the payment status.

Individually impaired trade receivable is related to customer who is experiencing unexpected economic difficulties. The Group expects that the entire amounts of the receivables will have difficulty to be recovered and has recognised impairment losses. As at 30 June 2025, trade receivable of approximately RMB37,883,000 (31 December 2024: RMB74,044,000) has been provided for loss allowance for these individually assessed receivables.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(a) Credit risk (continued)

(ii) Credit risk of trade receivables (continued)

The expected loss rates of the remaining trade receivables are based on the payment profiles of sales over a period of 36 months before the balance sheet date and the corresponding historical credit losses experienced within this period. The historical loss rates are further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 30 June 2025 was determined as follows for trade receivables. The expected credit losses below have incorporated forward-looking information.

	Within 1 year RMB'000	1–2 years RMB'000	2–3 years RMB'000	Over 3 years RMB'000	Total RMB'000
At 30 June 2025 (Unaudited)					
Gross carrying amount	260,933	50,038	58,410	39,240	408,621
Expected loss rate	1.72%	3.34%	7.52%	15.01%	
Loss allowance	4,495	1,673	4,390	5,890	16,448
Individually impaired receivables	79	520	4,228	11,610	16,437
Total loss allowance	4,574	2,193	8,618	17,500	32,885
At 31 December 2024 (Audited)					
Gross carrying amount	260,628	69,641	59,356	32,649	422,274
Expected loss rate	0.96%	3.04%	4.34%	9.75%	
Loss allowance	2,504	2,120	2,579	3,183	10,386
Individually impaired receivables	88	969	9,678	10,170	20,905
Total loss allowance	2,592	3,089	12,257	13,353	31,291

The Group assesses the credit quality of its customers by taking into account various factors such as their financial position, past experience and other factors including but not limited to the region in which they operate. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The compliance with credit limits by customers is regularly monitored by the management.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

5 FINANCIAL RISK MANAGEMENT (continued)

5.1 Financial risk factors (continued)

(b) Liquidity risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2025 (Unaudited)					
Borrowings, excluding factoring borrowings	71,200	53,800	44,900	161,510	331,410
Interest payables	12,818	637	3,923	12,408	29,786
Trade payables	322,425	—	—	—	322,425
Other payables and accruals (excluding non-financial liabilities such as taxes and employee payables)	63,545	—	—	—	63,545
	469,988	54,437	48,823	173,918	747,166
At 31 December 2024 (Audited)					
Borrowings, excluding factoring borrowings	189,637	16,058	56,005	60,628	322,328
Interest payables	10,973	505	4,655	24,679	40,812
Trade payables	299,173	—	—	—	299,173
Other payables and accruals (excluding non-financial liabilities such as taxes and employee payables)	55,779	—	—	—	55,779
	555,562	16,563	60,660	85,307	718,092

5.2 Fair value estimation of financial assets and liabilities measured at amortised cost

The carrying amounts of the Group's current financial assets (including cash and bank balances and trade and other receivables) and current financial liabilities (including trade and other payables, bank borrowings and lease liabilities) approximated their fair values as at the balance sheet date due to their short maturities.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

6 SEGMENT INFORMATION

The Group is engaged in manufacturing and sale of concrete, precast building component products and bricks and sale of iron ore and other products produced from iron ore tailings recycling.

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, and
- (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 started the sales of iron ore tailings recycling products in May 2023, with direct sales of the products to customers.

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

6 SEGMENT INFORMATION (continued)

(a) Segment information of the Group

	Six months ended 30 June 2025			
	Ready-mixed concrete RMB'000	Precast concrete components RMB'000	Tailings recycling and bricks RMB'000	Total RMB'000
Segment result (Unaudited)				
Revenue	148,220	870	110,583	259,673
Cost of sales	(167,488)	(540)	(83,740)	(251,768)
Gross profit	(19,268)	330	26,843	7,905
Selling expenses	(3,629)	(201)	(2,653)	(6,483)
Administrative expenses	(16,227)	(10,500)	(12,257)	(38,984)
Segment results	(39,124)	(10,371)	11,933	(37,562)

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

(Unaudited)				
Results of reportable segments				(37,562)
Unallocated costs and expenses				(3,633)
Other income				5,203
Other losses — net				(1,601)
Reversal of provision of impairment losses on financial assets				(1,594)
Finance costs — net				(8,669)
Losses before income tax				(47,856)
Income tax expense				(1,205)
Profit and total comprehensive income for the period				(49,061)
Other items for the six months ended 30 June 2025 (Unaudited)				
Additions to non-current assets (other than financial instruments and deferred income tax assets)	821	1,514	63,466	65,801
Depreciation	4,547	3,854	9,226	17,627
Amortisation	—	—	17	17
As at 30 June 2025				
Segment assets	396,991	153,320	503,503	1,053,814
Unallocated assets				81,950
Total assets				1,135,764
Segment liabilities	284,314	16,381	113,432	414,127
Unallocated liabilities				392,749
Total liabilities				806,876

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

6 SEGMENT INFORMATION (continued)

(a) Segment information of the Group (continued)

	Six months ended 30 June 2024			
	Ready-mixed concrete RMB'000	Precast concrete components RMB'000	Tailings recycling and bricks RMB'000	Total RMB'000
Segment result (Unaudited)				
Revenue	129,968	10,563	103,548	244,079
Cost of sales	(117,083)	(16,326)	(65,153)	(198,562)
Gross profit	12,885	(5,763)	38,395	45,517
Selling expenses	(4,956)	(1,576)	(3,938)	(10,470)
Administrative expenses	(8,748)	(6,055)	(12,129)	(26,932)
Segment results	(819)	(13,394)	22,328	8,115
A reconciliation of results of reportable segments to profit for the period is as follows:				
(Unaudited)				
Results of reportable segments				8,115
Unallocated costs and expenses				(2,167)
Other income				2,837
Other losses — net				(512)
Reversal of provision of impairment losses on financial assets				1,618
Finance costs — net				(10,032)
Losses before income tax				(141)
Income tax expense				1,313
Profit and total comprehensive income for the period				1,172
Other items for the six months ended 30 June 2024 (Unaudited)				
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,191	4,182	18,087	24,460
Depreciation	4,295	4,444	9,167	17,906
Amortisation	13	—	26	39
As at 30 June 2024				
Segment assets	430,271	305,390	453,786	1,189,447
Unallocated assets				81,200
Total assets				1,270,647
Segment liabilities	219,221	60,019	110,711	389,951
Unallocated liabilities				426,376
Total liabilities				816,327

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

6 SEGMENT INFORMATION (continued)

(b) Contract liabilities

The Group recognised the following revenue-related contract liabilities:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contract liabilities		
Tailings recycling and bricks	469	3,732
Precast concrete components	100	—
Ready-mixed concrete	6,587	1,321
	7,156	5,053

The contract liabilities of the Group recognised are related to the non-refundable advance payments from customers of the Group. Such liabilities fluctuated as a result of the terms of different projects. A contract liability is the Group's obligation to a customer for which the Group has received consideration from the customer. A contract liability is recognised by the Group when the customer pays consideration but before the Group delivers goods to the customer.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of the period, recognised during the period relates to carried-forward contract liabilities.

	Six months ended 30 June 2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Ready-mixed concrete	975	233
Precast concrete components	—	320
Tailings recycling and bricks	3,280	2,427
	4,255	2,980

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

7 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Raw materials and consumables used	195,381	126,214
Changes in inventories of finished goods and work in progress	1,008	5,072
Employee benefit expenses	28,220	27,645
Outsourcing service expense	16,949	18,101
Depreciation of property, plant and equipment (note 11)	15,375	15,637
Depreciation of right-of-use assets (note 11)	1,695	1,700
Depreciation of investment properties (note 11)	557	569
Amortisation of intangible assets (note 11)	17	39
Transportation expenses	16,758	17,232
Electricity and water expenses	7,938	10,897
Other taxes and levies	2,182	1,775
Provision for impairment of inventories (note 12)	(191)	295
Repair and maintenance expense	411	444
Short-term lease rental expenses	206	1,046
Others	14,362	11,465
Total	300,868	238,131

8 INCOME TAX EXPENSE/(CREDIT)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax		
— PRC income tax	1,274	(1,868)
Deferred income tax	(69)	555
Income tax expense/(credit)	1,205	(1,313)

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

8 INCOME TAX EXPENSE/(CREDIT) (continued)

(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% on the estimated assessable profits during the period. The Group did not have assessable profits in Hong Kong during the period.

(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% during the period, except for Xiamen Zhixin Construction Technology Co., Ltd. and Zhixin Environmental Technology (Changjiang) Co., Ltd. which are subject to CIT at the preferential rate of 15%.

(iii) PRC withholding income tax

According to the CIT Law, a 10% withholding tax on dividends received/receivable 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 and simultaneously certain conditions are satisfied.

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

As at 30 June 2025, no deferred income tax liabilities (31 December 2024: nil) is recognised for the withholding income tax that would be payable on unremitted earnings of PRC subsidiaries of the Group. The Group does not have the intention to distribute the respective unremitted profits in the foreseeable future.

9 BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE

(i) Basic (losses)/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 financial period.

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to owners of the Company (RMB'000)	(49,061)	1,172
Weighted average number of ordinary shares in issue	748,000,000	748,000,000
Basic (losses)/earnings per share (RMB)	(0.066)	0.002

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

9 BASIC AND DILUTED (LOSSES)/EARNINGS PER SHARE (continued)

(ii) Diluted earnings per share

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

Diluted earnings per share presented is the same as the basic earnings per share as there was no potentially dilutive ordinary share outstanding as at 30 June 2025.

10 DIVIDEND

No dividend was paid, declared or proposed during the six months ended 30 June 2025 (2024: nil).

11 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS

	Property, plant and equipment RMB'000	Right-of-use assets RMB'000	Investment properties RMB'000	Intangible assets RMB'000
(Unaudited)				
At 1 January 2025	412,302	100,367	31,085	39,403
Additions	60,758	—	—	19
Depreciation/amortisation	(15,375)	(1,695)	(557)	(17)
Disposals	(1,432)	—	—	—
At 30 June 2025	456,253	98,672	30,528	39,405
(Unaudited)				
At 1 January 2024	408,300	100,815	35,157	39,457
Additions	24,471	—	—	—
Transfer from investment properties	—	2,946	—	—
Depreciation/amortisation	(15,637)	(1,700)	(569)	(39)
Transferred to right-of-use assets	—	—	(2,946)	—
Disposals	(1,781)	—	—	—
At 30 June 2024	415,353	102,061	31,642	39,418

Assets of the Group that have been pledged as securities to the Group's borrowings are set out in note 20(a).

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

12 INVENTORIES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Raw materials	13,047	12,702
Finished goods	6,884	7,892
Less: provision for impairment of inventories	(1,410)	(1,601)
	18,521	18,993

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

	Six months ended 30 June 2025 RMB'000	2024 RMB'000
As at beginning of period	1,601	1,181
Increase in provision recognised in profit or loss during the period	—	975
Write-off of provision upon sales of inventories	(191)	(680)
As at end of period	1,410	1,476

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

13 TRADE RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current:		
Trade receivables	434,748	479,913
Less: provision for impairment	(30,966)	(28,696)
	403,782	451,217
Non-current:		
Retention receivables	11,756	16,405
Less: provision for impairment	(1,919)	(2,595)
	9,837	13,810
Total	413,619	465,027

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

13 TRADE RECEIVABLES (continued)

The carrying amounts of trade receivables as at 30 June 2025 include receivables amounting to RMB49,890,000 (31 December 2024: RMB38,061,000) which are 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. However, the Group has retained late payment and credit risk, and therefore continues to recognise the transferred assets in their entirety in its balance sheet. The amount repayable under the factoring agreement is presented as secured borrowing (note 20). The Group considers that the held to collect business model remains appropriate for these receivables and hence continues measuring them at amortised cost.

The ageing analysis of the trade receivables as at the 30 June 2025 based on invoice date is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	261,330	261,204
1 and 2 years	51,130	74,880
2 and 3 years	71,449	99,729
Over 3 years	62,595	60,505
	446,504	496,318

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

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Prepayments for raw materials and operating expenses	15,100	12,796
Deductible value-added tax ('VAT') recoverable	7,430	6,973
Rent receivable	4,089	4,840
Refundable deposits receivable	10,110	9,285
Other receivables	8,926	8,093
Total	45,655	41,987

The carrying amounts of prepayment, deposits and other receivables approximated their fair values as at the balance sheet dates due to their short-term nature.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

15 CASH AND BANK BALANCES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Cash and cash equivalents		
— Cash on hand and at banks	15,705	19,036

The restricted bank balance was deposits held at banks and pledged for issue of bills payable.

16 SHARE CAPITAL

	Number of ordinary shares	Share capital HKD'000	Share capital RMB'000
Authorised:			
As at 1 January 2025 and 30 June 2025	3,000,000,000	30,000	25,500
Issued:			
As at 1 January 2025 and 30 June 2025	748,000,000	7,480	6,358

17 RESERVES

	Share premium	Capital reserves RMB'000	Statutory reserves RMB'000	Total RMB'000
As at 1 January 2025 to 30 June 2025	220,966	127,135	16,558	364,659
As at 1 January 2024 to 30 June 2024	220,966	127,135	16,558	364,659

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

18 TRADE PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables		
— Third parties	322,425	299,173

The ageing analysis of trade payables as at 30 June 2025 based on invoice date is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	266,976	246,851
1–2 years	15,555	50,035
Over 2 years	39,894	2,287
	322,425	299,173

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

19 OTHER PAYABLES AND ACCRUALS

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Payables for purchase of property, plant and equipment	31,972	31,079
Amounts due to related parties (note 22(b))	16,605	7,919
Accrual for operating expenses	9,691	10,432
Employee benefits payables	2,903	7,138
Other taxes payable excluding income tax liabilities	3,436	6,336
Others	5,755	7,060
Total	70,362	69,964

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

20 BORROWINGS

	30 June 2025 RMB'000 (Unaudited)			31 December 2024 RMB'000 (Audited)		
	Current	Non-current	Total	Current	Non-current	Total
Bank borrowings (a)						
— Secured	71,200	260,210	331,410	189,637	132,691	322,328
— Factoring borrowings	49,890	—	49,890	38,061	—	38,061
Total borrowings	121,090	260,210	381,300	227,698	132,691	360,389

(a) Bank borrowings

The secured bank borrowings of the Group as at 30 June 2025 were secured by the pledge of assets of the Group as set out below and the certain subsidiary's equity held by the Group, 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.

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Assets of the Group pledged as securities:		
— Property, plant and equipment	120,610	229,377
— Construction in progress	87,566	51,304
— Right-of-use assets	54,668	100,367
— Investment properties	16,346	22,368
— Transferred receivables included in trade receivables	49,890	38,061
Total	329,080	441,477

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

20 BORROWINGS (continued)

(b) Repayment periods

As at 30 June 2025, the Group's borrowings were repayable as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	121,090	227,698
Between 1 and 2 years	25,000	16,058
Between 2 and 3 years	44,900	19,980
Over 3 years	190,310	96,653
	381,300	360,389

(c) Undrawn financing facilities

As at 30 June 2025, the Group had the following undrawn financing facilities:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Bank borrowings, at floating rates		
— Expiring within 1 year	248,640	800
— Expiring between 1 and 2 years	—	25,550
— Expiring between 2 and 3 years	—	—
— Expiring above 3 years	—	187
	248,640	26,537

21 COMMITMENTS

(a) Capital commitments

The Group's significant capital expenditure commitments were set out below:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Contracted but not provided for:		
— Property, plant and equipment	451,719	115,447
Authorised but not provided for:		
— Property, plant and equipment	—	288,805
Total	451,719	404,252

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 30 June 2025

22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

(a) Transactions with related parties

Save as disclosed in elsewhere in this report, during the six months ended 30 June 2025, the Group had the following transactions with related parties:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Advance from/(repayment to) related parties		
— Mr. Ye Zhijie	8,686	(1,553)

(b) Balances with related parties

	30 June	31 December
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Other payables — current		
— Mr. Ye Zhijie	9,233	547
— Mr. Huang Kaining	7,372	7,372
	16,605	7,919

The amounts due to Mr. Ye Zhijie and Mr. Huang Kaining as at 30 June 2025 represented advances from the related parties to supplement the working capital needs of the Group. The amounts were unsecured, interest free and repayable on demand.

(c) Key management compensation

For the six months ended 30 June 2025, the key management compensation amounted to approximately RMB 1,645,000 (2024: RMB 2,144,000).

Corporate Governance and Other Information

The Board is committed to building a robust corporate governance principles and practices and attaining good corporate governance standards. The Directors believe that good corporate governance standards are essential to the protection of the interests of Shareholders, promotion and formulation of the corporate values and business strategies, implementation of effective policies, and enhancement of transparency and accountability of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has reviewed the Company's corporate governance practices and is satisfied that during the six months ended 30 June 2025, the Company has applied the principles and complied with the code provisions and, where appropriate, adopted the recommended best practices as set out in the CG Code, other than those set out below. The Company will continue to review and monitor its corporate governance practices to ensure the compliance with the CG Code.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the securities transactions of the Directors on terms no less than exacting than the required standard set out in the Model Code as its code of conduct for dealings in securities of the Company by the Directors. The Company has made specific enquiries to all the Directors and they confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding Directors' transactions during the six months ended 30 June 2025. The Company has also adopted the Model Code as the standard of dealings in the Company's securities by the relevant employees who are likely to possess inside information of the Company and/or its securities.

The Company is not aware of any incident of non-compliance with the required standard set out in the Model Code by the Directors and employees.

Corporate Governance and Other Information (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the Directors and the chief executive of the Company and their respective associates had the following interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Director	Nature of Interest	Number of Shares interested ⁽¹⁾	Approximate percentage of Interest in the issued share capital of the Company ⁽²⁾
Mr. Ye Zhijie ⁽³⁾	Interested in a controlled corporation	274,706,100 (L)	36.73%
Mr. Huang Wengui ⁽⁴⁾	Interested in a controlled corporation	121,568,700 (L)	16.25%
Mr. Lai Quanshui	Beneficial interest	10,000,000 (L)	1.34%
Mr. Qiu Limiao	Beneficial interest	56,000 (L)	0.01%
Mr. Ye Dan	Beneficial interest	50,000 (L)	0.01%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Based on 748,000,000 issued Shares as at 30 June 2025.
3. Mr. Ye Zhijie is the sole shareholder of Zhixin Investment Holding Limited which holds 274,706,100 Shares. Therefore, Mr. Ye Zhijie is deemed to be interested in Zhixin Investment Holding Limited's interest in the Shares pursuant to the SFO.
4. Mr. Huang Wengui is the sole shareholder of Yaohe Holding Limited which holds 121,568,700 Shares. Therefore, Mr. Huang Wengui is deemed to be interested in Yaohe Holding Limited's interest in the Shares pursuant to the SFO.

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the six months ended 30 June 2025 was the Company, or any of its holding companies and subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

Corporate Governance and Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company, had, or were deemed to be have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO:

Long Positions in the Shares of the Company

Name	Nature of interest	Number of Shares interested	Approximate percentage of Interest in the issued share capital of the Company ⁽¹⁾
Zhixin Investment Holding Limited ⁽²⁾	Beneficial interest	274,706,100	36.73%
Ms. Hong Wei ⁽²⁾	Interest of spouse	274,706,100	36.73%
Yaohe Holding Limited ⁽³⁾	Beneficial interest	121,568,700	16.25%
Ms. Lin Lingling ⁽³⁾	Interest of spouse	121,568,700	16.25%
Huatai Securities Co., Ltd. ⁽⁴⁾	Interest in controlled corporation	37,718,000	5.04%
Huatai International Financial Holdings Company Limited ⁽⁴⁾	Interest in controlled corporation	37,718,000	5.04%
Huatai Financial Holdings (Hong Kong) Limited ⁽⁴⁾	Beneficial interest	37,718,000	5.04%

Notes:

- Based on 748,000,000 issued Shares as at 30 June 2025.
- Ms. Hong Wei is the spouse of Mr. Ye Zhijie. By virtue of the SFO, Ms. Hong Wei is deemed to be interested in all the Shares in which Mr. Ye Zhijie is deemed to be interested; Mr. Ye Zhijie is the sole shareholder of Zhixin Investment Holding Limited. Therefore, Mr. Ye Zhijie is deemed to be interested in Zhixin Investment Holding Limited's interest in the Shares, pursuant to the SFO.
- Ms. Lin Lingling is the spouse of Mr. Huang Wengui. By virtue of the SFO, Ms. Lin Lingling is deemed to be interested in all the Shares in which Mr. Huang Wengui is deemed to be interested; Mr. Huang Wengui is the sole shareholder of Yaohe Holding Limited. Therefore, Mr. Huang Wengui is deemed to be interested in Yaohe Holding Limited's interest in the Shares, pursuant to the SFO.
- Huatai Securities Co., Ltd. is the sole shareholder of Huatai International Financial Holdings Company Limited, which is the sole shareholder of Huatai Financial Holdings (Hong Kong) Limited. Therefore, Huatai Securities Co., Ltd. and Huatai International Financial Holdings Company Limited are deemed to be interested in Huatai Financial Holdings (Hong Kong) Limited's interest in the Shares, pursuant to the SFO.

Save as disclosed above, as at 30 June 2025, the Directors are not aware of any other person, other than Directors and the chief executive of the Company, who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO; or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Corporate Governance and Other Information (Continued)

CHANGE OF DIRECTORS

For the six months ended 30 June 2025, there have been no changes regarding the Directors and their information which are required to be disclosed under the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2025, none of the Directors had an interest in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2025.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements of the Company and its subsidiaries for the six months ended 30 June 2025 and this interim report have been reviewed by the Audit Committee.

INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025.

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

Hong Kong, 29 August 2025

Glossary

In this interim report, unless the context otherwise requires, the following terms shall have the following meanings:

“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this report, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Zhixin Group Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability on 14 November 2018
“Director(s)”	the director(s) of the Company
“Group”, “we” or “us”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on the date on which dealing in the Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or modified from time to time
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules
“PC component(s)”	precast concrete component(s)
“Period”	For the six months ended 30 June 2025
“Prospectus”	the prospectus of the Company dated 16 March 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended, supplemented or modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Offering”	the initial public offering of the Shares pursuant to the terms of the Prospectus
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhixin Environmental Technology”	Zhixin Environmental Technology (Changjiang) Co., Ltd. (智欣環保科技(昌江)有限公司), previously named as REIT Mingsheng Environmental Building Materials (Changjiang) Co., Ltd., a company incorporated in the PRC with limited liability
“%”	per cent