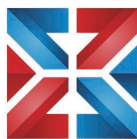


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Zhixin Group Holding Limited

智欣集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2187)

MAJOR TRANSACTION DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

Financial Adviser to the Company



THE DISPOSAL

The Board is pleased to announce that on 26 June 2026 (after trading hours), the Vendor (a wholly-owned subsidiary of the Company) entered into the SPA with the Purchaser and the Company as guarantor, pursuant to which the Vendor has conditionally agreed to dispose, and the Purchaser has conditionally agreed to purchase, the Target Interest (representing the entire equity interest of the Target Company) for a total consideration of RMB46,662,042.00 (equivalent to approximately HK\$54.0 million).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal based on the total consideration exceeds 25% but are all less than 75%, the Disposal constitutes a major transaction for the Company and are subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal, the SPA and the transactions contemplated thereunder. Insofar as the Company is aware, no Shareholder has any material interest in the Disposal, the SPA and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting on the resolutions in relation to the Disposal, SPA and the transactions contemplated thereunder at the EGM. A circular containing, among other things, further details of the Disposal and the SPA, the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 July 2026 as additional time is required for preparation of relevant information to be included in the circular.

The Disposal is subject to the satisfaction of the Condition as described in this announcement. There is no assurance that such Condition will be fulfilled. Therefore, the Disposal, the SPA and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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THE SPA

The principal terms of the SPA are summarised as follows:

Date: 26 June 2026 (after trading hours)

Parties:

- (1) Xiamen Zhixin Construction Material Group Limited (as the Vendor);
- (2) Xiamen Special Zone Construction Investment Construction Materials Company Limited (as the Purchaser); and
- (3) the Company (as guarantor)

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company.

The Assets to be disposed of

The Target Company was established by the Group in the PRC for the sole purpose of holding the Group's principal RMC production and other ancillary facilities which primarily comprising:

- (a) the Property;
- (b) the RMC production lines and plant and equipment; and
- (c) logistics and other ancillary assets, including trucks, office equipment, qualification and licenses, etc..

Total consideration

The total consideration of the Disposal is RMB46,662,042.00 (equivalent to approximately HK\$54.0 million) and shall be settled as follows:

- (a) RMB25,500,000.00 (being approximately 54.65% of the consideration) shall be settled by cash within 3 business days upon satisfaction of the conditions precedent (or waived, if applicable) set out in the SPA. The Earnest Money previously paid by the Purchaser to the Vendor shall be deemed a part of the consideration. Accordingly, the total amount of the first installment to be paid by the Purchaser shall be RMB25,000,000.00;
- (b) the Vendor shall, within 3 business days after the Purchaser pays the first installment, submit all relevant documents for the transfer of the Target Interest and an amount such that the aggregate consideration paid amounts to 95.0% of the total consideration shall be settled by cash within 3 business days after the completion of the transfer of the Target Interest (as determined based on the issuance of a new business license of the Target Company or the change of ownership of the Target Company having been reflected in the Market Supervision Administration's system, whichever earlier). Accordingly, the total amount of the second installment to be paid by the Purchaser shall be RMB18,828,940.00; and
- (c) the remaining balance of RMB2,333,102.00 (being approximately 5.0% of the total consideration) shall be settled by cash within 60 days after the completion of the transfer of the Target Interest and within 3 business day after determination of the audit results of the Target Company during the Transition Period.

The consideration of the Disposal is determined after arm's length negotiations between the Company and the Purchaser with reference to the appraised value of the entire equity interest of the Target Company as at 31 December 2025 of approximately RMB46,662,042.00 based on the valuation report issued by the Valuer and filed with the State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government by way of asset-based approach.

Conditions precedent

Save for the representations and warranties and confidential obligations as stipulated in the SPA which are effective on the date of the SPA, the effectiveness of other provisions in the SPA is subject to the satisfaction of the following conditions precedent:

- (a) the approval of the Shareholders of the transactions contemplated under the SPA at the general meeting of the Company having been obtained;
- (b) the approval of the board and shareholders of the Vendor of the transactions contemplated under the SPA and all the necessary and effective approvals from the relevant government authorities having been obtained;
- (c) the internal approval of and the approval of the State-owned Assets Supervision and Administration Commission of the transactions contemplated under the SPA having been obtained by the Purchaser;
- (d) the approval of the Board and/or Shareholders for the provision of guarantee by the Company under the SPA having been obtained in accordance with the Company's articles of association and the Listing Rules;
- (e) the Vendor having cooperated with the Target Company to complete the deregistration of the charges on the Assets, resulting in all the Assets being free from any charges or other rights restrictions;
- (f) all the relevant procedures with the Stock Exchange in connection with the Disposal and disclosure obligations having been completed and fulfilled;
- (g) the Vendor having procured the Target Company to terminate the employment of certain employees (save for the 22 employees who have joined the Target Company for the purpose of obtaining the production qualification of the Target Company's commercial concrete mixing plant) and to fully discharge all statutory compensation and liabilities arising from such termination; and
- (h) the Vendor having settled all the trade payables (including the principal and interest) to the Purchaser in relation to the procurement of raw materials under the installment repayment agreement between the Vendor and the Purchaser dated 31 December 2025.

The conditions as set out in sub-paragraphs (a) to (d) above are not waivable.

If the above conditions are not satisfied (or waived) on or before the Long Stop Date, the Purchaser shall have the right to terminate the SPA and the Vendor shall return the Earnest Money to the Purchaser.

Completion

Completion shall take place on the day when the Vendor transfers the Target Interest held by it to the Purchaser and completes the registration of change with the relevant industrial and commercial bureau.

Profit and losses during Transition Period and other arrangements

Unless otherwise provided in the SPA, all profits and losses of the Target Company during the Transition Period shall be enjoyed and borne by the Vendor. The amount of profits and losses shall be determined by an audit firm jointly appointed by the Vendor and the Purchaser in accordance with the China Accounting Standards and the accounting policies set out in the SPA and the relevant audit report shall be issued within 30 days after the completion of the transfer of the Target Interest. The Vendor and the Purchaser shall, within 3 business days from the date of audit report, provide written confirmation on such amount and settle the same.

Except as required for the performance of the SPA, without the prior written consent of the Purchaser, the Vendor and its affiliates shall ensure that the Target Company shall not engage in any of the following activities in any manner:

- (a) altering the equity structure (including identity of shareholder, capital contributions and shareholding percentages) or pledging equity;
- (b) supplementing, amending, or modifying the articles of association or other organisational documents or documents/agreements related to business operations in any form;
- (c) selling, transferring, mortgaging, or otherwise disposing of any of the Target Company's assets, business, external investments, or acquiring assets from others;
- (d) providing any loans or guarantees in the name of the Target Company to others, or assuming liabilities unrelated to the Target Company's operations;
- (e) entering into any material contracts or making significant external commitments on behalf of the Target Company that involve additional payments;

- (f) splitting, merging, increasing or reducing capital, or changing the organisational structure;
- (g) changing the principal business or business strategy;
- (h) entering into any cooperative operation, partnership or profit-sharing agreements with any third party;
- (i) engaging in any business that is the same as, similar to, or competitive with that of the Vendor or the Target Company;
- (j) accepting or acknowledging the claims or demands of the opposing party in any litigation, arbitration, dispute, or similar situation, except where it is to protect the interests of the Vendor or the Target Company; or
- (k) engaging in any activities that are detrimental to the financial condition or business development of the Target Company.

If the abovementioned circumstances cause a reduction (or potential reduction) in the Assets, the Purchaser shall have the right to choose whether to proceed to completion of the Disposal. If the Disposal continues, the parties may make corresponding adjustments to matters such as the asset value, equity value and shareholding ratio involved in the Disposal.

The Vendor shall bear all legal liabilities arising from any breach of the abovementioned warranties by the Vendor or its affiliates. If the Vendor or its affiliates breaches the abovementioned warranties, the Purchaser shall have the right to suspend the transaction and require the Vendor to pay a penalty equivalent to 10% of the consideration. If the value of the Assets is reduced by more than 5% due to the breach, the Purchaser shall have the right to terminate the SPA and the Vendor shall return the Earnest Money to the Purchaser and compensate the Purchaser for any losses.

Guarantee

The Company has agreed to provide an irrevocable joint and several guarantee for all obligations and liabilities of the Vendor under the SPA for a period of 3 years commencing from the expiry date of the performance period of the Vendor. The maximum liability under such guarantee shall be capped at the total consideration of the Disposal (i.e. RMB46,662,042.00).

INFORMATION ON THE PARTIES

The Vendor

The Vendor is a limited liability company established in the PRC and a subsidiary of the Company. The Vendor is principally engaged in manufacturing, processing and sale of RMC in the PRC.

The Purchaser

The Purchaser is a state-owned enterprise incorporated in the PRC, principally engaged in manufacturing and sales of cement products, concrete structural products, metal structural products, steel products for construction and lightweight building materials. It is ultimately owned by the State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government.

The Company

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The Group is a manufacturer and supplier of concrete-based building materials in Xiamen, Fujian Province of the PRC, and engages in the comprehensive utilisation of iron ore tailings and the business of manufacturing eco-friendly bricks in Changjiang, Hainan Province of the PRC.

The Target Company

As at the date of this announcement, the Group holds the entire equity interest of the Target Company. For the purpose of preparing the Disposal, the Group underwent a reorganisation whereby the Target Company was established by the Company and the Assets were transferred to the Target Company. Zhixin Construction Material and Xiamen Zhixin Logistics Co., Ltd.* (廈門智欣物流有限公司), wholly owned PRC subsidiaries of the Group, used to be the former holding company of the Group's RMC business and assets.

As at the date of this announcement, the reorganisation has been completed and all the Assets have been injected into the Target Company for the purpose of the Disposal. The Target Company is the sole legal and beneficial owner of the Assets. On the other hand, the remaining assets and liabilities in connection with the RMC segment (mainly comprising trade and other receivables, trade and other payables, banking borrowings and inventories, etc) remain in the Vendor.

FINANCIAL EFFECTS OF THE DISPOSAL

The following table sets out the profit and loss accounts of the Target Company based on the unaudited management accounts and the audited financial statements prepared in accordance with the PRC GAAP since its inception on 9 October 2024 up to 31 December 2024 and for the year ended 31 December 2025:

	From 9 October 2024 (the date of inception) to 31 December 2024 (Unaudited) RMB'M	31 December 2025 (Audited) RMB'M
Revenue	—	114.5
Net loss before taxation	(0.1)	(9.2)
Net loss after taxation	(0.1)	(9.2)

As at 31 December 2025, the audited net book value of the Target Company would be approximately RMB49.5 million, primarily consisting of the Property and certain logistics assets.

The Company is expected to record a loss of approximately RMB2.8 million from the Disposal before any related expenses (which has not been reviewed by auditor and may be subject to accounting adjustments), calculated based on the Consideration and the audited net book value of the Target Company as at 31 December 2025, which will be recognised in the consolidated financial statements of the Group as a result of the Disposal.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Group and the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

USE OF PROCEEDS

It is estimated that the gross proceeds from the Disposal would amount to RMB46.7 million. It is expected that the net proceeds of approximately RMB44.6 million from the Disposal (after deducting all the professional fees and other related costs and expenses incurred in relation to the Disposal) will be used for repayment of bank loans of the Group which will become due in 2026.

VALUATION

The appraised fair value of the entire equity interest in the Target Company was RMB46,662,042.00 as at 31 December 2025 is determined by the Valuer using the asset-based approach.

Valuation approach

The Valuer has considered the application of three common valuation approaches, namely income approach, asset-based approach and market approach. The market approach was not adopted as insufficient comparable listed companies and precedent transaction cases could be identified based on criteria such as business characteristics, scale, financial data and transaction conditions. Given the Target Company's short operating history, its assets mainly comprise recently acquired monetary funds, inventories, fixed assets and intangible assets, whose costs reasonably reflect current market value. The asset-based approach, which evaluates identifiable assets and liabilities individually, provides an objective and prudent measure of shareholders' equity as at the valuation date. On the other hand, the income approach relies on subjective forecasts and is highly sensitive to key assumptions, particularly under current economic uncertainty and industry adjustments. Accordingly, the asset-based approach, being more reliable and verifiable, has been adopted as the basis for the final valuation conclusion.

Key assumptions

The valuation was based on the following general assumptions:

1. all appraised assets are already in the process of being transacted. The Valuer simulated market conditions for valuation based on the transaction conditions of the appraised assets;
2. the assets traded or intended to be traded on the market are transacted between parties of equal standing, with both parties having sufficient opportunity and time to obtain market information, so as to make rational judgements regarding the asset's function, use, and transaction price; and
3. the Target Company will continue as a going concern, based on the actual condition of the assets as at the valuation date.

The valuation was also based on the following key specific assumptions:

1. buildings with approved construction permits held by the Target Company can continue to be used throughout the operating period;

2. there will be no significant changes in the current national laws, regulations, policies, or the macroeconomic situation, and that there will be no significant changes in the political, economic, or social environment of the regions where the parties to the transaction are located;
3. there will be no force majeure events adversely affecting the Target Company's operation and business operation;
4. the management of the Target Company is diligent and responsible, there are no significant changes in the existing business scope, the internal control system of the Target Company is effective and sound, and the risk management measures are sufficient and appropriate;
5. the basic and financial information provided to the Valuer is true, accurate, and complete; all assets included in the valuation scope are true and accurate, and their ownership is clear, legal, and entirely belongs to the Target Company; the asset ownership certificates issued by the Target Company are legal and valid;
6. the Target Company complies with all applicable laws and regulations; all licenses, permits and consent required for the use and operation of the Target Company were valid and in compliance with applicable laws and regulations as of the valuation date;
7. all improvements made by the Target Company to the relevant assets comply with all applicable laws and regulations and requirements imposed by the relevant supervisory authorities in respect of legal, planning and engineering; and
8. all important and potential factors that may affect the valuation have been fully disclosed to the Valuer by the client and the Target Company.

Input parameters

Under the asset-based approach, the appraised value of the entire equity interest of the Target Company is equal to the total of the appraised value of all individual assets minus the appraised value of the liabilities.

The current assets in the valuation include cash and cash equivalents, notes receivable, accounts receivable, prepayments, other receivables, inventories, and other current assets and the cost method is adopted.

The non-current assets in the valuation include fixed assets and intangible assets. In respect of equipment, the replacement cost method under the cost approach is adopted. The market approach and income approach were not adopted because the current asset transaction market is underdeveloped, making it difficult to obtain comparable market transaction data, and the future economic benefits of the assets cannot be reliably forecast. The following formula was used to appraise the value of equipment:

$$\text{Appraised Value} = \text{Replacement Value} \times \text{Newness Rate}$$

In respect of buildings, the cost approach is adopted since there is sufficient data on development cost for similar office and production-use properties as the buildings are used for office and production purposes. There are limited comparable property transactions and insufficient data to support the market approach and limited rental comparables for the income approach given the property is owner-occupied.

In respect of land use rights, the cost method is adopted. The common land valuation methods include the market approach, income capitalisation approach, hypothetical development approach, cost approximation approach, and benchmark land price coefficient adjustment approach. Based on site inspection, investigation of surrounding areas and analysis of relevant data, the hypothetical development method is not applicable because the property is fully developed and in optimal use with no further development required; the market approach is unsuitable due to the limited number of comparable transactions; and the income approach is not adopted due to the lack of comparable rental evidence. Considering that the property is already in use and that comprehensive development cost data are available, the cost method is adopted. The valuation follows a land-and-building separate approach, with the following formula:

$$\begin{aligned} \text{Land value} = & \text{Land acquisition cost (benchmark land price adjusted)} + \text{Land development} \\ & \text{cost} + \text{Management expenses} + \text{Selling expenses} + \text{Interest on investment} + \text{Taxes and fees} \\ & + \text{Development profit} \end{aligned}$$

Valuation conclusions

Using the asset-based approach, the Valuer concluded that the valuation conclusions of the Target Company as at 31 December 2025 were as follows:

- (a) The appraised value of assets of the Target Company was approximately RMB159,687,235.61 and the book value was approximately RMB162,485,167.40, representing a difference of RMB2,797,931.79 or an depreciation rate of 1.72%.
- (b) The appraised value and book value of liabilities of the Target Company was approximately RMB113,025,193.53, with no change in value appreciation or depreciation.
- (c) The appraised value of net assets of the Target Company was approximately RMB46,662,042.00 and the book value was approximately RMB49,459,973.87, representing a difference of RMB2,797,931.87 or an depreciation rate of 5.66%.

View of the Board on the valuation

After considering that (i) the Valuer possesses the necessary professional qualifications and relevant experience to perform the valuation; (ii) the scope of work carried out by the Valuer is appropriate for the relevant assessments; and (iii) the valuation assumptions and methodology adopted by the Valuer for the relevant assessments are fair and reasonable, the Board is of the view that the valuation that formed the basis of the consideration is fair and reasonable.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors are of the view that the Disposal represents a good opportunity for the Group to realise a satisfactory gain on the Assets and to enable the Group to consolidate financial resources towards the development of eco-friendly and lightweight building products or other better opportunities, as well as, to enhance the cashflow and financial position of the Group as a whole.

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

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal based on the total consideration exceeds 25% but are all less than 75%, the Disposal constitutes a major transaction for the Company and are subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal, the SPA and the transactions contemplated thereunder. Insofar as the Company is aware, no Shareholder has any material interest in the Disposal, the SPA and the transactions contemplated thereunder. Accordingly, no Shareholder is required to abstain from voting on the resolutions in relation to the Disposal, the SPA and the transactions contemplated thereunder at the EGM. A circular containing, among other things, further details of the Disposal, the SPA, the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 31 July 2026 as additional time is required for preparation of relevant information to be included in the circular.

The Disposal is subject to the satisfaction of the Condition as described in this announcement. There is no assurance that such Condition will be fulfilled. Therefore, the Disposal, the SPA and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Assets”	the assets to be disposed of pursuant to the SPA
“Board”	the board of Directors
“Company”	Zhixin Group Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange
“Directors”	the director(s) of the Company
“Disposal”	the proposed disposal of the entire issued shares of the Target Company pursuant to the SPA
“Earnest Money”	the earnest money of RMB0.5 million paid by the Purchaser to the Vendor pursuant to the letter of intent dated 14 September 2024 entered into between the Vendor and the Purchaser
“EGM”	the extraordinary general meeting to be convened and held by the Company to consider and, if thought fit, approve the Disposal, the SPA and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date which falls 90 days after the date of the SPA
“PRC”	the People’s Republic of China

“PRC GAAP”	the Chinese Generally Accepted Accounting Principles
“Property”	a parcel of land and various buildings erected thereon located at No. 55 Guankou Avenue, Jimei District, Xiamen City, Fujian Province, the PRC
“Purchaser”	Xiamen Special Zone Construction Investment Construction Materials Company Limited* (廈門特區建投建築材料有限公司), a company incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“RMC”	ready-mixed concrete
“RMC Plant”	the Group’s RMC production plant located at the Property
“Shareholders”	holders of the ordinary share(s) of the Company
“SPA”	the sale and purchase agreement dated 26 June 2026 entered into between the Company and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Xiamen Zhixin New Material Company Limited* (廈門智欣新材料有限公司), a wholly-owned subsidiary of the Company
“Target Interest”	the entire equity interest of the Target Company
“Transition Period”	from 31 December 2025 (being the transaction reference date) to the date of completion of registration of the transfer of Target Interest from the Vendor to the Purchaser with the State Administration Industry and Commerce
“Valuer”	Xiamen Dacheng Fanghua Assets Appraisal Land Real Estate Assessment Co., Ltd.* (廈門大成方華資產評估土地房地產估價有限公司)

“Vendor”

Xiamen Zhixin Construction Material Group Limited* (廈門智欣建材集團有限公司), a wholly-owned subsidiary of the Company

“%”

per cent

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

Hong Kong, 26 June 2026

As at the date of this announcement, the Board comprises Mr. Ye Zhijie, Mr. Huang Wengui, Mr. Qiu Limiao, Mr. Ye Dan and Mr. Huang Kaining as executive Directors; and Ms. Wong Tuen Sau, Mr. Cai Huinong and Mr. Jiang Qinjian as independent non-executive Directors.

* *For identification purposes only*