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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zhixin Group Holding Limited, you should at once hand this circular to the purchaser(s) or the transferee(s), or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 4 to 28 of this circular.

A notice convening the EGM to be held at Suite No. 2, 3/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong on Monday, 7 September 2026 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed in this circular.

Whether or not you are able to attend the EGM, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

This circular will remain on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiamenzhixin.com).

Hong Kong, 19 August 2026

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have meanings set out below:

“Announcement”	the announcement of the Company dated 26 June 2026 relating to the Disposal, the SPA and the transactions contemplated thereunder
“Assets”	the assets to be disposed of pursuant to the SPA
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	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 of the Company to be convened and held at Suite No. 2, 3/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong on Monday, 7 September 2026 at 3:00 p.m. or any adjournment thereof for considering and, if thought fit, approving the Disposal, the SPA and the transactions contemplated thereunder
“Equity Interest Valuation Report”	the valuation report issued by the Valuer on the entire equity interest of the Target Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Latest Practicable Date”	12 August 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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
“Property Valuation Report”	the property valuation report issued by the Property Valuer as set out in Appendix II to this circular
“Property Valuer”	Ravia Global Appraisal Advisory Limited
“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 Business”	the Group’s operations in manufacturing, processing and sale of RMC
“SFO”	Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of Share(s)
“SPA”	the sale and purchase agreement dated 26 June 2026 entered into between the Company and the Purchaser in relation to the Disposal
“sq.m.”	square meter(s)
“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

The English names of the entities marked with “” in this circular are translations from their Chinese names and are for identification purpose only. If there is any inconsistency, the Chinese names shall prevail.*

For the purpose of this circular, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.157. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Ye Zhijie (*Chairman*)

Mr. Huang Wengui

Mr. Qiu Limiao

Mr. Ye Dan

Mr. Huang Kaining

Independent non-executive Directors:

Ms. Wong Tuen Sau

Mr. Cai Huinong

Mr. Jiang Qinjian

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

19 August 2026

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
DISPOSAL OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the Announcement. 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).

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal, the SPA and the transactions contemplated therein; (ii) other information as required by the Listing Rules; and (iii) the notice convening the EGM.

2. THE SPA

The principal terms of the SPA are summarized as follows:

Date: 26 June 2026

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.

LETTER FROM THE BOARD

The Assets to be disposed of

The Assets to be disposed of are the Group's principal RMC production and other ancillary facilities which primarily comprising:

(a) the Property

The Property comprises industrial buildings, structures and ancillary facilities used as the sole production site of the RMC Business, where all manufacturing operations, storage, quality control activities and dispatch functions are conducted. It is erected on a parcel of land with a total site area of approximately 36,411.69 sq.m. and is located at No. 55 Guankou Avenue, Jimei District, Xiamen City, Fujian Province, the PRC. The relevant land use rights are for industrial use for a term expiring on 22 September 2044. A portion of approximately 12,452 sq.m. of the site has been leased to an independent third party of the Company and the remaining portion of approximately 23,959.69 sq.m. is occupied and utilised by the Group for its RMC production.

As disclosed in the Property Valuation Report, certain buildings corresponding to five Real Estate Title Certificates have been physically demolished and no longer physically exists (the “**Demolished Buildings**”), and accordingly, they are not part of the Assets to be disposed of. On the other hand, various structures with a total gross floor area of approximately 15,789.14 sq.m erected on the land parcels corresponding to the said five Real Estate Title Certificates are uncertified structures (the “**Uncertified Structures**”), do not constitute real property (不動產) under the PRC law, are not subject to any real property rights (物權) and are not eligible for registration under Real Estate Title Certificates. Such Uncertified Structures include equipment room, security guard booth, workshops, sheds and prefabricated housing and are part of the Assets to be disposed of. According to the Equity Interest Valuation Report, the appraised value of the Uncertified Structures was approximately RMB10.0 million.

Despite the transferability restrictions of the Uncertified Structures, as the Target Company (holding titles of the Property) will be transferred to the Purchaser through the transfer of the Target Interest under the SPA, the Purchaser will obtain control over and continue to enjoy the possession, use and economic benefits associated with the existing Uncertified Structures upon completion of the Disposal. Further, all rights and obligations of the Target Company under the existing lease in respect of the portion of approximately 12,452 sq. m. of the site will remain with the Target Company upon completion of the Disposal, and, accordingly, the Purchaser, through its ownership of the Target Company, will continue to enjoy economic benefits and bear the obligations arising from such lease.

LETTER FROM THE BOARD

- (b) the RMC production lines and plant and equipment

The RMC production lines have a total annual production capacity of approximately 1,439,000 cubic metres of RMC and are installed within the production area of the Property, together with various items of specialised production machinery and ancillary plant.

- (c) logistics and other ancillary assets, including trucks, office equipment, qualification and licenses, etc.

The logistics fleet consists of heavy-duty concrete mixer trucks and pump trucks. There are also various administrative and operational support assets, including: (a) computers and information technology equipment; (b) printing equipment; (c) office furniture and fixtures; (d) site monitoring systems; and (e) maintenance tools and workshop equipment used for routine upkeep of production machinery. All of which are located principally in the office building and maintenance workshop situated on the Property.

The Target Company also holds the requisite licences, permits and qualifications to conduct RMC manufacturing and related operations in the PRC, which includes: (a) business licence authorising RMC production; (b) special environmental protection discharge permits for concrete manufacturing; and (c) quality testing and inspection certifications applicable to construction material products.

The Assets collectively form an integrated operating platform that supports the RMC Business. The Assets are highly interdependent and together enable the Group to manufacture, deliver and sell RMC products to its customers. For the year ended 31 December 2025, the RMC Business generated segment revenue of approximately RMB267.3 million and segment loss of approximately RMB64.0 million, which was derived entirely through the utilisation of the Assets. In addition, part of the Property generated rental income of approximately RMB1.3 million for the year ended 31 December 2025. As at 31 December 2025, the net carrying value of the Property, RMC production lines, plant and equipment and the logistic and other ancillary assets were approximately RMB24.3 million, RMB12.3 million and RMB10.7 million, respectively.

LETTER FROM THE BOARD

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 as 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 95.00% 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 Equity Interest Valuation Report by way of asset-based approach which was filed with the State-owned Assets Supervision and Administration Commission of the Xiamen Municipal People's Government.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

As at the Latest Practicable Date, none of the conditions precedent above has been fulfilled.

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;

LETTER FROM THE BOARD

- (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 organizational 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).

LETTER FROM THE BOARD

3. THE VALUATION

Scope of work and qualification of the Valuer

The valuation subject is the value of the total equity interest in the Target Company as at 31 December 2025 and the valuation scope covers all of the assets and liabilities of the Target Company as at 31 December 2025. The Demolished Buildings are not within the scope of the valuation while the Uncertified Structures are within the scope of the valuation. There were no limitation on the valuation procedures.

The Valuer is a qualified asset valuation firm in the PRC registered with the China Appraisal Society. The Valuer is an independent third party to the Company, and does not have any shareholding in any member of the Group or any right, whether legally enforceable or not, to subscribe for, or to nominate persons to subscribe for securities in any member of the Group.

Valuation of the Target Interest

The appraised fair value of the entire equity interest in the Target Company was RMB46,662,042.00 as at 31 December 2025, which 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.

LETTER FROM THE BOARD

Nature and source of information

The book values of all assets and liabilities as at 31 December 2025 in Equity Interest Valuation Report are based on the audited financial statements of the Target Company for the year ended 31 December 2025. The Valuer also reviewed and relied upon various information including property ownership certificates, certain machinery and vehicle purchase records, external market and industry data, including construction cost information, benchmark land price references, applicable tax regulations and information obtained through on-site inspections.

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;

LETTER FROM THE BOARD

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 and computation process

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.

Current assets

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

1. Cash and cash equivalents

For monetary capital, the appraised value is determined based on verified book value.

LETTER FROM THE BOARD

2. *Receivables*

Receivables include accounts receivable, other receivables, and prepayments. After verifying the composition of these balances and the status of the debtors, the Valuer conducted a detailed analysis of factors such as the amount outstanding, aging, causes of the receivables, collection history, and the debtors' financial position, creditworthiness, and operational and management conditions. Based on the specific circumstances of each entity, the specific identification method was adopted to estimate potential impairment or collection risks. The appraised value was determined as the total receivables balance less the estimated risk loss allowance.

As at the valuation date, the audited balance of receivables amounted to approximately RMB93.28 million and a bad debt provision of approximately RMB3.52 million had been recognised by the Target Company. Accordingly, the net book value was approximately RMB89.76 million. In assessing the recoverability of the receivables, the Valuer conducted an independent review and applied risk provision of 5% to receivables which have no repayment record and were not due from related parties. Based on such assessment, the resulting risk loss allowance was approximately RMB1.12 million. The appraised value was then determined by deducting the risk loss allowance from the gross receivables balance, resulting in an appraised value of approximately RMB92.17 million.

3. *Inventories*

Inventories consist of raw materials and low-value consumables. Raw materials were appraised were valued using the market approach, with reference to their fair market value as at the valuation date. The Valuer verified the inventory quantity of crushed stone (being one of the principal raw materials) through physical inspection and back-calculation procedures and confirmed an inventory balance of approximately 11,737.29 tonnes. Reference was then made to the prevailing market price set out in the Comprehensive Material Price Schedule of Xiamen City* (廈門市材料綜合價格), under which the relevant type of crushed stone was priced at approximately RMB100 per cubic metre (tax inclusive) as at the valuation date. Based on an assumed density of 1.5 tonnes per cubic metre, the inventory quantity was converted into approximately 7,824.86 cubic metres and multiplied by the prevailing market price, resulting in an appraised value of approximately RMB782,486 (tax inclusive). The valuation of other raw materials was conducted on the same basis, with reference to verified quantities and prevailing market prices as at the valuation date. For low-value consumables, the valuation approach adopted was based on the value of similar existing assets. The age-life method was used to determine the remaining useful life (or degree of newness) of the assets under valuation. The appraised value was determined after comprehensive calculation and analysis.

LETTER FROM THE BOARD

4. *Notes receivable*

The accounting records were reviewed, and original supporting documents were selectively inspected to verify the authenticity of the underlying transactions, the aging, business nature, and amounts involved. The results indicated that the accounting records, financial statements, and supporting documents were consistent. The appraised value was determined based on the verified amount.

5. *Other current assets*

Relevant original supporting documents were examined to confirm that the recorded amounts represent either recoverable balances or expenses already incurred that should be borne by subsequent accounting periods. Under the assumption that the company will continue as a going concern, the corresponding rights and interests are deemed to exist. Therefore, the verified carrying amount was adopted as the appraised value.

Non-current assets

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:

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

The replacement cost is determined with reference to the prevailing market prices of identical or comparable equipment. The newness rate is determined primarily using the age-life method, supplemented by on-site observations. In calculating the newness rate, the Valuer considered the asset's design life, physical life expectancy and economic life, together with its actual operating and technical condition. Adjustments are then made (where appropriate) to reflect functional and economic obsolescence, resulting in the final condition percentage adopted for valuation purposes.

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.

LETTER FROM THE BOARD

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:

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

Liabilities

Liabilities refer to obligations undertaken by an enterprise that can be measured in monetary terms and are to be settled in the future through the transfer of assets or the provision of services. The appraised value of liabilities is determined based on the specific liability items and amounts that the property rights holder will actually be required to assume upon completion of the valuation purpose. Liability items that do not represent actual obligations of the enterprise are assigned a value of zero for valuation purposes.

The appraised value of liabilities was determined using the historical cost approach. The financial statements of the Target Company had been audited by an independent auditor. In conducting the valuation, the Valuer used the audited carrying amounts as the basis and carried out financial verification procedures, including reviewing accounting records, conducting sample checks of supporting vouchers, reviewing tax filings and other relevant documentation and discussing the balances with the finance personnel of the Target Company. The Valuer then assessed whether there was any evidence indicating that the recorded Uncertified Structures liabilities would not be required to be settled, or whether any adjustment to the carrying value was necessary. In particular, for contract liabilities, the Valuer further considered the nature of the obligations and concluded that, under the going concern assumption, the Target Company would be required to settle such obligations through the delivery of goods. As the liabilities primarily represented present obligations of the Target Company with determinable amounts and no material discrepancies were identified during the verification process, the carrying values (which were audited) were adopted as the appraised values.

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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%.

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The following table sets forth the details of the valuation conclusions:

Item	Carrying value A	Appraised value B	Amount of appreciation C=B-A	Appreciation rate % D=C/Ax100%
Current assets	105,312,856.39	107,630,631.81	2,317,775.42	2.20
Including: Cash and cash equivalents	12,616,446.69	12,616,446.69	—	—
Notes receivables	31,934.72	31,934.72	—	—
Trade receivables	89,759,891.00	92,166,476.57	2,406,585.57	2.68
Prepayment	137,836.84	—	-137,836.84	-100.00
Other receivables	238,513.98	238,513.98	—	—
Inventories	2,242,654.31	2,291,681.00	49,026.69	2.19
Other current assets	285,578.85	285,578.85	—	—
Non-current assets	57,172,311.01	52,056,604.00	-5,115,707.01	-8.95
Including: Fixed assets	36,351,801.51	34,251,288.00	-2,100,513.51	-5.78
Intangible assets	20,820,509.50	17,805,316.00	-3,015,193.50	-14.48
Total assets	162,485,167.40	159,687,235.61	-2,797,931.79	-1.72
Current liabilities	113,025,193.53	113,025,193.53	—	—
Including: Trade payables	108,478,382.65	108,478,382.65	—	—
Contract liabilities	173,099.65	173,099.65	—	—
Employee compensation payables	184,671.62	184,671.62	—	—
Tax payables	1,251,462.04	1,251,462.04	—	—
Other payables	2,932,384.58	2,932,384.58	—	—
Other current liabilities	5,192.99	5,192.99	—	—
Total liabilities	113,025,193.53	113,025,193.53	—	—
Net assets	49,459,973.87	46,662,042.00	-2,797,931.87	-5.66

The reasons for the depreciation of the net assets are as follows:

- (a) The appraised value of accounts receivables increased by RMB2,406,585.37, resulting from the Valuer's item-by-item assessment of receivables and calculation of the appropriate risk allowance. The difference arose from the variance between the valuation methodology and the enterprise's bad debt provision policy.

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A combination of individual assessment combined with ageing analysis was adopted. The Valuer reviewed factors including the outstanding amount, aging, reasons for the outstanding balances, recovery status and the creditworthiness of the debtors. For receivables with no repayment record and which were not due from related parties, a risk loss allowance was estimated at a rate of 5%. Based on such assessment, the estimated risk loss allowance was approximately RMB1.12 million. By contrast, under the Target Company's accounting policy, the audited financial statements reflected a bad debt provision of approximately RMB3.52 million. As a result, the impairment provision recognised by the Target Company exceeded the risk loss allowance determined by the Valuer by approximately RMB2.40 million. Accordingly, the difference between the valuation methodology adopted by the Valuer and the Target Company's bad debt provision policy resulted in the appraised value of the accounts receivable being approximately RMB2.40 million higher than the corresponding net book value reflected in the audited financial statements.

- (b) The appraised value of prepayments decreased by RMB137,836.84 which are related to insurance premiums for ten vehicles. In this valuation, the unamortised value attributable to the remaining coverage period was transferred to profit or loss, resulting in a reduction in value. As the prepayments were expense-related in nature which did not represent recoverable assets, the appraised value was determined to be nil.
- (c) The appraised value of inventories increased by RMB49,026.69 which was attributable to the market price of raw materials being higher on the valuation benchmark date than at the time of purchase.
- (d) The appraised value of fixed assets decreased by RMB2,100,513.51, resulting from the depreciation of RMB 2,638,564.32 in buildings and structures, the appreciation of RMB 753,488.95 in machinery and equipment, the appreciation of RMB 23,223.50 in electronic equipment and the depreciation of RMB 238,661.64 in motor vehicles. These differences arose from the variance between the enterprise's accounting depreciation and the values determined through the appraisal process.
- (e) The appraised value of intangible assets, which comprise of land use rights, decreased by RMB 3,015,193.50, resulting from the difference between the carrying amount after accounting amortisation and the appraised value determined as of the valuation date.

In respect of the appraised value of the fixed assets and intangible assets, which includes land use rights, buildings and structures and machinery and equipment, the valuation of which was principally conducted using the replacement cost method under the cost approach.

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Land use rights (intangible assets) were appraised at approximately RMB17.81 million. The valuation was conducted using the benchmark land price coefficient adjustment method, with reference to a benchmark land price of RMB530 per sq.m., a term adjustment coefficient of 0.7026 and regional and individual factor adjustment coefficients of 1.14. Benchmark land prices are established on the basis of the statutory maximum land-use term applicable to the designated land use. Accordingly, where the subject land has a remaining land-use term shorter than the statutory maximum term, a term adjustment is required to reflect the difference in the remaining land-use period.

The term adjustment coefficient is calculated using the following formula:

$$K_T = \frac{1 - 1/(1+r)^m}{1 - 1/(1+r)^n}$$

where:

K_T = term adjustment coefficient

m = remaining land-use term of the subject property (any remaining period of less than one year is rounded up to one year)

n = statutory maximum land-use term for the relevant land use

r = land capitalisation rate, which was taken as 6.0%

The subject land is an industrial land parcel with a statutory maximum land-use term of 50 years, and the land use right will expire on 22 September 2044. As at the valuation date, the remaining land-use term was approximately 18.74 years. Accordingly, the term adjustment coefficient was calculated as follows:

$$K_T = \frac{1 - \frac{1}{(1+6.0\%)^{18.74}}}{1 - \frac{1}{(1+6.0\%)^{50}}} = 0.7026$$

The appraised value was lower than the carrying amount by approximately RMB3.01 million, primarily due to the differences between the carrying value and the market value determined and the remaining land use term.

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Buildings and structures (fixed assets) were appraised at approximately RMB15.69 million. The valuation was determined by multiplying replacement cost by newness rate. The replacement cost was calculated with reference to the construction and installation costs based on prevailing construction cost indicators in Xiamen, preliminary expenses, management expenses, financing costs (using a Loan Prime Rate of 3%) and development profit margin of 5.1%. The newness rate was calculated using a weighted average of the lifespan method, using economic useful lives of 50 to 60 years, and the observation method through physical inspection. For example, the newness rate of the office building was assessed at approximately 69%. The appraised value was lower than the carrying value by approximately RMB2.56 million, mainly due to the fact that the accounting depreciation period was shorter than the economic life used in the valuation and certain buildings had a lower newness rate upon inspection.

Machinery and equipment (fixed assets) were appraised at approximately RMB9.11 million. The appraised value was higher than the carrying amount by approximately RMB0.75 million, primarily because certain equipment, including the mixing plant facilities, had been well maintained and their assessed newness rate were higher than the net book value rates resulting from accounting depreciation.

Structural and ancillary facilities (fixed assets) were appraised at approximately RMB6.0 million, representing a decrease of approximately RMB73,000 from the carrying amount. The replacement cost was determined with reference to the construction cost of comparable projects in Xiamen and adjusted for preliminary expenses, management expenses and financing costs. The newness rate was assessed based on a combination of the age-life method and on-site inspection. The decrease was mainly attributable to certain structures, such as boundary walls and retaining walls, having been in use for a relatively long period and therefore having lower assessed newness rates.

Motor vehicles (fixed assets) were appraised at approximately RMB3.3 million, representing a decrease of approximately RMB239,000 from the carrying amount. The valuation was based on the replacement cost of comparable vehicles and their assessed newness rates, taking into account mileage, service life and physical condition. The decrease was mainly attributable to the significant wear and tear of concrete mixer trucks and pump trucks resulting from their operating environment and high mileage.

The Board is of the view that the appraised value of the fixed assets and intangible assets are appropriate having: (i) reviewed the Equity Interest Valuation Report and discussed the valuation methodology, assumptions and key parameters with the Valuer; (ii) noted that the valuation was conducted using generally accepted valuation methodologies, namely the cost approach for the buildings, structures and machinery and equipment, and the benchmark land price coefficient adjustment method for the land use rights; and (iii) noted that the valuation took into account

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various asset-specific factors, including prevailing market prices, replacement costs, remaining useful lives, physical conditions and actual utilisation of the relevant assets as at the valuation date. In particular, the valuation of the land use rights considered the benchmark land price, remaining land use term and relevant location-specific factors, while the valuation of the buildings and machinery and equipment reflected their replacement costs and assessed newness rates based on their age and condition. Accordingly, the Board considers that the assumptions and parameters adopted by the Valuer are reasonable and that the appraised values reflect the value of the fixed assets and intangible assets as at the valuation date.

Further, the Board is of the view that the appraised value of the Properties in the equity valuation is reasonable. While the Property Valuer assigned no commercial value to the Properties due to the transferability restrictions under the PRC law, the Valuer conducted the equity valuation using the asset-based approach, under which the Valuer considered that the Properties were physically in existence, available for use and continued to serve operational functions rather than their legal status. The Properties nevertheless possess economic value and replacement cost notwithstanding the transferability restrictions. Further, the Target Company (holding titles of the Properties) will be transferred to the Purchaser through the transfer of the Target Interest under the SPA and the Purchaser will obtain control over and continue to enjoy the possession, use and economic benefits associated with the Properties upon completion of the Disposal. Accordingly, the Directors consider that the value attributed to the Properties in the equity valuation more appropriately reflects their economic substance and contribution to the assets of the Target Company. On this basis, the Directors consider the adoption of the equity valuation to be fair and reasonable.

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; (iii) the valuation assumptions and methodology adopted by the Valuer for the relevant assessments are fair and reasonable; (iv) the asset-based approach is appropriate having regard to the nature of the Target Company's assets and business operations; (v) the Valuer has reviewed relevant financial, operational, legal and market information and conducted on-site inspections of the assets; (vi) adjustments from the book values to the appraised values of the assets and liabilities were determined based on recognised valuation methodologies and relevant market information, the Board is of the view that the valuation that formed the basis of the consideration is fair and reasonable.

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To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there have not been any material changes in the Target Company's financial position, operating performance, business operations or market conditions between 31 December 2025 and the Latest Practicable Date that will significantly affect the appraised value.

4. INFORMATION OF THE PARTIES

The Vendor

The Vendor is a limited liability company established in the PRC and a wholly-owned 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 Latest Practicable Date, 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 Company, used to be the former holding company of the Group's RMC business and assets.

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As at the Latest Practicable Date, 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.

5. 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 the value of 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, that may arise from time to time in the future and complement the Group's existing businesses as well as, to enhance the cashflow and financial position of the Group as a whole. As at the Latest Practicable Date, no investment or business opportunity had been identified nor had the Group entered into any agreement, arrangement, understanding or negotiation in relation to any investment or business opportunities.

The Directors have considered the following factors in deciding to proceed with the Disposal and are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole, notwithstanding the expected one-off pre-tax loss of approximately RMB2.8 million:

- (a) the RMC Business conducted by the Target Company has been operating in a challenging market environment due to weak demand, intense competition and sustained pricing pressure, resulting in recurring operating losses. Please refer to the paragraph headed "2. Financial and trading prospects" in Appendix I to this circular for further details. The Directors believe that retaining the Target Company would likely continue to adversely affect the Group's financial performance and may expose the Group to further deterioration in the value of the underlying assets;
- (b) the Disposal enables the Group to monetise its investment in the Target Company and convert a loss-making business into cash proceeds while eliminating future operating losses and costs associated with the RMC Business. The net proceeds from the Disposal will also enhance the Group's liquidity position and may be used to repay indebtedness, thereby reducing finance costs and strengthening financial position;
- (c) the Disposal allows the Group to reallocate its financial and management resources to its tailings recycling and eco-friendly bricks businesses, which the Board considers to have more stable demand, better profitability prospects and stronger long-term growth potential; and
- (d) although the Disposal is expected to result in a one-off accounting loss, the Board considers that such loss is outweighed by the long-term benefits of exiting a loss-making business, improving the Group's operating performance and financial position and focusing on its strategic growth businesses.

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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.

6. FINANCIAL EFFECT 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	For the year ended 31 December 2025
	<i>RMB'M</i> (Unaudited)	<i>RMB'M</i> (Audited)
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 of approximately RMB49.5 million 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.

As the Target Company is the Group's sole manufacturing entity for the RMC Business, upon completion of the Disposal, the Group will cease to conduct the RMC Business. Accordingly, the Group will forgo the revenue contribution generated by the RMC Business, which amounted to approximately RMB267.3 million for the year ended 31 December 2025. Correspondingly, the Group will also cease to incur the operating costs associated with the RMC Business, including cost of sales of approximately RMB293.7 million and other operating expenses incurred in the RMC segment for the same period.

The assets and liabilities of the Target Company will also be deconsolidated from the Group's consolidated statement of financial position. The Group's total assets will decrease by approximately RMB162.5 million, representing the carrying value of the assets owned by the Target Company as at 31 December 2025. These assets principally comprise the Property,

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production facilities, machinery and equipment, motor vehicles, inventories, trade receivables, cash and other assets utilised in the operation of the RMC Business. At the same time, the Group's total liabilities will decrease by approximately RMB113.0 million, representing the liabilities of the Target Company that will no longer be consolidated following completion of the Disposal. These liabilities mainly comprise bank borrowings, trade and other payables and other obligations associated with the operation of the RMC Business.

Please refer to the paragraph headed "2. Financial and trading prospects" in Appendix I to this circular for further details.

7. USE OF PROCEEDS

It is estimated that the gross proceeds from the Disposal would amount to approximately 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 partial repayment of a bank loan of the Group which will become due in September 2026. The outstanding principal balance of such bank loan as at 30 June 2026 amounted to approximately RMB87.2 million, which is higher than the expected net proceeds of approximately RMB44.6 million. The remaining outstanding principal will be funded through the Group's internal operating cash resources.

8. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal, the SPA and the transactions contemplated thereunder based on the total investment amount exceeds 25% but are all less than 100%, the SPA and the transactions contemplated thereunder constitute a major transaction for the Company and are subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

9. THE EGM

Set out on pages EGM-1 to EGM-2 of this circular is a notice convening the EGM to be held at Suite No. 2, 3/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong on Monday, 7 September 2026 at 3:00 p.m. at which resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve the Disposal, the SPA and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders 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. None of the Directors have material interest in the Disposal, the SPA and the transactions contemplated thereunder, and was required to abstain from voting on the relevant board resolution relating to the SPA.

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To the best knowledge, information and belief of the Directors having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not the Shareholders are able to attend the EGM, the Shareholders are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the office of the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should the Shareholders so wish.

10. RECOMMENDATION

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 Project is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of the resolution(s) to be proposed at the EGM.

11. FURTHER INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

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

1. FINANCIAL INFORMATION

The audited consolidated financial information of the Group for the years ended 31 December 2023, 2024 and 2025 is disclosed in the annual reports of the Company for the years ended 31 December 2023, 2024 and 2025, respectively, which are available on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.xiamenzhixin.com:

- Annual report of the Company for the year ended 31 December 2023 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041900836.pdf>)
- Annual report of the Company for the year ended 31 December 2024 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0422/2025042200597.pdf>)
- Annual report of the Company for the year ended 31 December 2025 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0428/2026042800868.pdf>)

2. FINANCIAL AND TRADING PROSPECTS

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 increased price competition in the RMC and precast concrete components markets in Xiamen, in particular competition with manufacturers which are state-owned enterprises (“SOEs”), has caused the Group to provide additional price concessions to its customers in order to maintain competitiveness, resulting in substantial shrinking profit margin. The downturn of property market has affected the entire industry chain, including the RMC and precast concrete components market. Reduced property development and construction activities have led to lower demand of concrete products and intensified market competition. The industry continues to face margin pressures, regulatory changes, and increased scrutiny over cost efficiency. The Group has taken proactive risk assessment on its projects to reduce the risk of bad debt, and suspended the production of precast concrete components to mitigate loss.

In light of the above, prior to completion of the Disposal, the RMC Business is expected to continue operating under challenging market conditions. As a result, it is expected that the RMC segment to continue generating limited profit margins and may continue to record operating losses during the year ending 31 December 2026, similar to the performance recorded in year ended 31 December 2025. Following completion of the Disposal, the Group will cease to conduct the RMC Business and thus will no longer bear the associated operating costs, including raw material

procurement costs, logistics expenses, labour expenses, environmental compliance costs and other production-related overheads, thereby reducing the Group's exposure to a loss-making business segment and improving its recurring operating performance and financial position in future.

In respect of the Group's precast concrete components segment, as the production has been suspended since 2025, it is expected to generate minimal revenue during the year ending 31 December 2026. Although the suspension has eliminated most variable production costs, such as cost of raw material and direct production expenses, thereby reducing the overall cost burden of the segment, the Group will continue to incur certain fixed costs relating to the maintenance of the production facilities, including depreciation, maintenance expenses, utilities and administrative costs. The Group will continue to monitor market conditions and assess available opportunities with a view to enhancing the utilisation of the relevant assets and improving the segment's profitability. Given the challenging market environment for the precast concrete component industry as abovementioned, the Group considers it prudent to adopt a cautious approach in evaluating any resumption plan. As at the Latest Practicable Date, no definitive resumption plan or timetable has been formulated. The Group will continue to monitor market demand, pricing trends and overall industry conditions, with a view to mitigating losses, preserving financial resources and safeguarding the interests of the Company and the Shareholders as a whole.

The tailings recycling and eco-friendly bricks segment, located in the Hainan Province, is one of the Group's key growth businesses and an important part of its long-term development strategy. The segment focuses on the comprehensive utilisation of iron ore tailings and the production of eco-friendly building materials, including recycled aggregates and eco-friendly bricks. The Group is expanding the iron ore tailings recycling and eco-friendly bricks segment through capital investments aimed at enhancing production line and increasing capacity of the comprehensive utilisation of iron ore tailings. The technological upgrade of the existing production line has been completed and the Group has commenced the construction of a new production line with an annual processing capacity of 5 million tonnes of iron ore tailings recycling in 2025. The Group aims to complete the construction of the new production line during the year ending 31 December 2026, thereby substantially increase the Group's capacity to process iron ore tailings and manufacture recycled aggregate materials and eco-friendly bricks. The increase in production capacity is expected to generate steady revenue through higher sales of products and make an increasing contribution to the Group's overall financial performance. Market demand for eco-friendly construction materials in Hainan is expected to remain stable, supported by ongoing infrastructure development and increasing emphasis on resource recycling and sustainable construction practices. Compared with the RMC and precast concrete components segments, this segment has demonstrated a more stable operating performance and has maintained positive gross profit margins throughout the years.

The Disposal represents a strategic shift in the Group's business model. Following the Disposal, the Group will cease to conduct the loss-making RMC Business and will no longer participate in the downstream concrete production market. As the Assets collectively form an integrated operating platform that supports the RMC Business only, the Disposal is not expected to have a material effect on the Group's remaining existing businesses. The Group's primary objective following the Disposal is to eliminate the recurring losses generated by the RMC Business and improve its overall financial performance. The tailings recycling and eco-friendly bricks business is expected to become the Group's principal operating segments and a key driver of future growth. The Group intends to continue allocating resources to this business with a view to strengthening its profitability, enhancing shareholder value and supporting the Group's long-term development.

Save as disclosed, the Company has no intention, plan, negotiation, agreement or understanding, whether formal or informal and whether concluded or otherwise, to dispose of, discontinue, downsize or materially alter any of its existing businesses.

3. INDEBTEDNESS

At the close of business on 30 June 2026, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this circular, the total indebtedness of the Group was as follows:

Borrowings

The Group had outstanding (i) guaranteed and secured bank borrowings of approximately RMB581 million and (ii) unguaranteed and unsecured factoring borrowings of approximately RMB19 million.

The secured bank borrowings of the Group as at 30 June 2026 are secured by:

- (i) guarantees given by the directors and the spouse of a director of the Company;
- (ii) corporate guarantees given by certain subsidiaries of the Group; and
- (iii) pledges over certain of the Group's property, plant and equipment, construction in progress, right-of-use assets, investment properties and transferred receivables.

Contingent liabilities

As at 30 June 2026, the Group did not have any contingent liabilities.

Save as disclosed above, as at 30 June 2026, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or guarantees or other contingent liabilities.

Capital commitment

As at 30 June 2026, the capital commitment of the Group contracted to acquire property, plant and equipment but not yet incurred amounted to approximately RMB242.8 million.

Operating lease commitment

As at 30 June 2026, the Group did not have any operating lease commitment.

Save as aforesaid, as at the close of business on 30 June 2026, the Group did not have any debt securities, any outstanding loan capital, any borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills and payables) or other similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments or other contingent liabilities.

4. WORKING CAPITAL

Taking into account of the financial resources available to the Group (including internally generated funds from its business operations and existing credit facilities), the Directors, after due and careful enquiry, are of the opinion that the Group shall have sufficient working capital to meet its present requirements for at least 12 months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up to and including the Latest Practicable Date.

The following is the text of a letter, valuation certificate prepared for the purpose of incorporation in this Circular received from Ravia Global Appraisal Advisory Limited, an independent valuer, in connection with its valuation as at 30 June 2026 of the property held by the Group.



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19 August 2026

The Board of Directors
Zhixin Group Holdings Limited
Room 2, 3rd Floor,
Sino Plaza,
255 Gloucester Road,
Causeway Bay,
Hong Kong

Dear Sir/Madam,

In accordance with the instructions from Zhixin Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) to value the property interest held by the Group in the People’s Republic of China (the “**PRC**”), we confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value (“**Market Value**”) of the property as at 30 June 2026 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Group dated 19 August 2026.

1. BASIS OF VALUATIONS

Our valuation of the property represent our opinion of the Market Value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by Cost Approach — Depreciated Replacement Cost (“**DRC**”) method, which require a valuation of the market value for the existing use of the land, and an estimate of new replacement cost of the existing buildings and structures, from which deductions are made to allow for the physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC method is used as a substitute for the market value of specialized property, due to the lack of market comparables available. The reported Market Value by DRC method only applies to the whole of the property as a unique interest, and no piecemeal transaction of the property is assumed.

3. TITLE INVESTIGATION

We have been provided with copies or extracts of title documents relating to the property in the PRC and have been confirmed by the Group that no further relevant documents have been produced. However, we have not inspected the original documents to verify the ownership or to verify any amendments which may not appear on the copies handed to us. In the course of our valuation, we have relied upon the legal opinion given by the Group’s PRC legal advisor, Anjie Broad Law Firm LLP Shanghai Office (北京安杰世澤律師事務所上海分所, the “**PRC Legal Adviser**”), regarding the title of the property located in the PRC. We have relied considerably on the advice given by the Group’s PRC Legal Adviser concerning the validity of the property interest in the PRC.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, areas, ages of buildings and all other relevant matters which can affect the valuation of the property. All documents provided to us have been used for reference only.

Dimensions, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

6. VALUATION CONSIDERATION

We have conducted on-site inspection of the exterior and, where possible, the interior of the property, in July 2026. On-site inspection of the property was carried out by Zhang Jinren, who is a Registered Real Estate Appraiser in the PRC, a Corporate Member of Hong Kong Institute of Surveyors and a Professional Member of Royal Institution of Chartered Surveyors, with more than 28 years of experience in property valuation in Mainland China. No structural survey has been made in respect of the property, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property interest, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors.

7. REMARKS

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

In accordance with our standard practice, we must state that this report is for the use only of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents and neither the whole, nor any part of this report may be included in any published documents or statement nor published in any way without our prior written approval of the form and context in which it may appear.

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB), the lawful currency of the PRC.

Our Valuation Certificate is attached herewith.

Yours faithfully,

For and on behalf of

RAVIA GLOBAL APPRAISAL ADVISORY LIMITED

Christopher Cheung

BSc (Hons) BBA (Hons)

MRICS MHKIS RPS (GP)

Associate Director

Dr. Alan Lee

PhD (BA) MFin BCom (Property)

MHKIS RPS (GP) AAPI CPV CPV (Business)

Director

Notes:

Dr. Alan Lee is a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong. He is a Corporate Member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 20 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region, European countries and American countries.

Mr. Christopher Cheung is a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong. He is a Professional Member of the Royal Institution of Chartered Surveyors and a Corporate Member of the Hong Kong Institute of Surveyors in the General Practice Division. He has over 12 years' experience in valuation of properties in the Mainland China and Hong Kong.

VALUATION CERTIFICATE

Property held for owner occupation by the Group

Property	Description and Tenure	Particulars of Occupancy	Market Value in existing state as at 30 June 2026
An industrial development located at No. 55 Guan Kou Road, Jimei District, Xiamen City, Fujian Province, the PRC (中國廈門市集美區灌口大道55號之工業項目)	The Property comprises various buildings and structures completed in or about 2009 and 2025 respectively, erected upon a parcel of land with a site area of approximately 36,411.69 sq. m. (the “Site”). According to the Real Estate Title Certificates that remained valid as at the Date of Valuation as provided by the Group (namely, the certificates in respect of Building Nos. 1, 2 and 3 as further described in Notes 1, 2 and 3 respectively), the property has a total gross floor area (“GFA”) of approximately 4,121.37 sq. m. In addition, as advised by the Group, there are various structures with a total GFA of approximately 15,789.15 sq. m. erected on the Site that are not covered by Real Estate Title Certificates (the “Uncertified Structures”). The land use rights of the property have been granted for industrial use for a term expiring on 22 September 2044.	According to the information provided by the Group, a portion of the Site with an area of approximately 12,452 sq. m. was subject to a tenancy agreement to an independent third party for industrial purposes, with the expiry date on 31 December 2027 at a monthly rental of approximately RMB95,703 inclusive of tax and exclusive of relevant utility charges as at the Date of Valuation. The remaining portion of the property with a site area of approximately 23,959.69 sq. m. was owner-occupied by the Group for its own operational use.	No commercial value (see Notes 11 and 12)

Notes:

1. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021571 (閩(2025)廈門市不動產權第0021571號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 1 (1號樓) of the property, being a 6-storey reinforced concrete building (basement level 1 to level 5, including roof stairwell) with a GFA of approximately 2,721.72 sq. m. completed in 2009, have been granted to Xiamen Zhixin New Materials Co., Ltd. (廈門智欣新材料有限公司, “**Xiamen Zhixin**”) for industrial use (including office, inspection complex and overnight dormitory) for a term expiring on 22 September 2044. It is noted that floors 1 to 3 were acquired by auction in 2007 and floors 4 to 5 were self-constructed in 2009.
2. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021568 (閩(2025)廈門市不動產權第0021568號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 2 (2號樓) of the property, being a 3-storey reinforced concrete building (levels 1 to 3, including roof stairwell) with a GFA of approximately 1,250.53 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (including carpark, canteen, dormitory complex and ancillary facilities) for a term expiring on 22 September 2044.
3. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021581 (閩(2025)廈門市不動產權第0021581號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 3 (3號樓) of the property, being a single-storey reinforced concrete building with a GFA of approximately 149.12 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (substation) for a term expiring on 22 September 2044.
4. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021583 (閩(2025)廈門市不動產權第0021583號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 4 (4號樓) of the property, being a 5-storey reinforced concrete building with a GFA of approximately 718.38 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (crusher room, clinker storage and clinker elevator room) for a term expiring on 22 September 2044. As advised by the Group, Building No. 4 has been demolished by the Group and no longer physically exists as at the Date of Valuation. The aforesaid Real Estate Title Certificate has accordingly become invalid.
5. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021597 (閩(2025)廈門市不動產權第0021597號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 5 (5號樓) of the property, being a single-storey reinforced concrete structure with a GFA of approximately 22.62 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (belt conveyor feed pit) for a term expiring on 22 September 2044. As advised by the Group, Building No. 5 has been demolished by the Group and no longer physically exists as at the Date of Valuation. The aforesaid Real Estate Title Certificate has accordingly become invalid.
6. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021594 (閩(2025)廈門市不動產權第0021594號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 6 (6號樓) of the property, being a 3-storey reinforced concrete building (levels 1 to 3, including roof stairwell) with a GFA of approximately 880.54 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (control room and cement workshop) for a term expiring on 22 September 2044. As advised by the Group, Building No. 6 has been demolished by the Group and no longer physically exists as at the Date of Valuation. The aforesaid Real Estate Title Certificate has accordingly become invalid.
7. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021596 (閩(2025)廈門市不動產權第0021596號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 7 (7號樓) of the property, being a 2-storey

reinforced concrete building (levels 1 to 2) with a GFA of approximately 940.61 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (cement mixing room and cement storage) for a term expiring on 22 September 2044. As advised by the Group, Building No. 7 has been demolished by the Group and no longer physically exists as at the Date of Valuation. The aforesaid Real Estate Title Certificate has accordingly become invalid.

8. Pursuant to the Real Estate Title Certificate — Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021577 (閩(2025)廈門市不動產權第0021577號), the land use rights of the land parcel with a site area of approximately 36,411.69 sq. m. and the building ownership rights of Building No. 8 (8號樓) of the property, being a single-storey reinforced concrete building with a GFA of approximately 1,385.31 sq. m. completed in 2009, have been granted to Xiamen Zhixin for industrial use (finished goods warehouse) for a term expiring on 22 September 2044. As advised by the Group, Building No. 8 has been demolished by the Group and no longer physically exists as at the Date of Valuation. The aforesaid Real Estate Title Certificate has accordingly become invalid.
9. Pursuant to a land lease agreement (Contract No.: GPCTDZL-20260509) entered into between Xiamen Zhixin, as landlord, and China Railway 24th Bureau Group Fujian Railway Construction Co., Ltd., Xiamen Branch (中鐵二十四局集團福建鐵路建設有限公司廈門分公司), as tenant, dated 2026 and with a term from 1 January 2026 to 31 December 2027, the tenant is permitted to use a portion of the Site with an area of approximately 12,452 sq. m. for purposes of segment precast production and storage, office accommodation and materials yard. The agreed annual rental is RMB1,148,439.61 (inclusive of value-added tax at 9%), equivalent to a monthly rental of approximately RMB95,703, with utility charges to be borne solely by the tenant. The agreement further provides that the landlord shall not unreasonably refuse the tenant's request for renewal during the term, and the tenant shall have a priority right of renewal upon expiry.
10. As advised, Xiamen Zhixin is a wholly-owned subsidiary of the Company and forms part of the Group.
11. We have been provided with the legal opinion regarding the property interest prepared by the Group's PRC Legal Adviser, which contains, inter alia, the following information:
 - a) The buildings covered by the Real Estate Title Certificates bearing certificate numbers Min (2025) Xiamen Shi Bu Dong Chan Quan Di No. 0021568, No. 0021571 and No. 0021581 (i.e., Building Nos. 1, 2 and 3) are valid and each capable of being transferred independently to third parties, and upon such transfer, the land use rights appurtenant to the respective buildings shall automatically be transferred together with the buildings;
 - b) The buildings corresponding to the remaining five Real Estate Title Certificates have been physically demolished. As a result, the real property rights (物權) in respect of such buildings have been extinguished under PRC law, and the said five Real Estate Title Certificates are accordingly no longer valid and of no legal effect. The demolished buildings and their corresponding land use rights cannot be transferred to any third party. In the absence of valid building ownership rights, the land use rights appurtenant to those five parcels are also incapable of being transferred independently, as under PRC law, land use rights cannot be transferred separately from the buildings erected thereon and must be transferred together with such buildings; and
 - c) The Uncertified Structures erected on the land parcels corresponding to the said five invalid Real Estate Title Certificates do not constitute real property (不動產) under PRC law, are not subject to any real property rights (物權), and are not eligible for registration under Real Estate Title Certificates. Should Xiamen Zhixin complete the relevant planning and approval procedures in the future, it shall have the right to newly construct real property on the same land parcels, lawfully obtain Real Estate Title Certificates in respect of such newly constructed buildings, and thereafter transfer the buildings and the corresponding land use rights together to third parties in accordance with applicable PRC laws and regulations.

12. Pursuant to the legal opinion provided by the Group's PRC Legal Adviser in Note 10, under PRC law, a property owner holds only land use rights in respect of the land (as land ownership is vested in the State) and such land use rights cannot be transferred independently; they must be transferred together with the buildings erected on the land. Where the ownership rights in the buildings are defective or otherwise incapable of transfer, the corresponding land use rights shall equally be incapable of transfer. As such, the property as a whole cannot be freely transferred in the open market in its existing state. Accordingly, no commercial value has been attributed to the property as at the Date of Valuation. For reference purpose only, assuming that the property, comprising (i) the certified buildings as described in the Real Estate Title Certificates referred to in Notes 1, 2 and 3, together with their appurtenant land use rights; and (ii) the land use rights appurtenant to the land parcels corresponding to the five invalid Real Estate Title Certificates referred to in Notes 4 to 8, but in each case excluding the Uncertified Structures (as they do not constitute real property under PRC law), can be freely transferred in the open market without restrictions upon satisfaction of all applicable regulatory requirements, the Market Value of the property in its existing state as at the Date of Valuation is RMB19,400,000.

In the course of our valuation using the DRC method, reference was made to comparable land sale evidence within the relevant localities. The selected comparable land sale transactions involved industrial land parcels similar in character and location to the property, all situated within Xiamen City. These comparables were analyzed and adjusted, taking into account their respective advantages and disadvantages, to ensure a fair and reasonable comparison of market value.

In selecting the comparable land sale transactions, selection criteria were established with reference to the characteristics of the property. In particular, preference was given to transactions involving industrial land parcels with a site area of not less than 10,000 sq. m., so as to ensure reasonable comparability in scale and development potential. Consideration was also given to location, with priority accorded to land parcels situated within the same industrial zone as the property or, where unavailable, within locations sharing broadly similar industrial characteristics, accessibility and surrounding development profile. In addition, only transactions relating to industrial land use with the same land use rights term of 50 years were considered. On the basis of the aforesaid criteria, the selected comparable transactions were considered to represent the most relevant and appropriate comparables, and, to the best of our knowledge, exhausted the available market evidence satisfying such criteria as at the Date of Valuation.

A total of three comparable sale transactions of land located within approximately 5 kilometers of the property were considered, ensuring geographic and economic relevance. Key factors such as site area, location and land use nature were evaluated, this analysis formed the basis for determining the adopted site unit rate used in the valuation.

The selected comparable sale transactions of land are summarized in the table below for reference:

	Comparable 1	Comparable 2	Comparable 3
Notice	Intention Party Yingshuoke	Intention Party Xin Zhengyang	Intention Party Yangsen Shukong
Address	Southeast of the junction of Ruilin Road and Ruixiang Road, Guankou Area	South of the junction of Ruilin Road and Nantang Road, Guankou Area	Northeast of the junction of Nantang Road and Yangting Road, Guankou Area
District	Jimei	Jimei	Jimei
City	Xiamen	Xiamen	Xiamen
Category	Industrial	Industrial	Industrial
Site Area (sq. m.)	15,532.00	12,670.00	65,874.00
Buyer	Xiamen Yingshuoke Intelligent Equipment Co., Ltd.	Xiamen Xin Zhengyang Machinery Co., Ltd.	Xiamen Yangsen Shukong Equipment Co., Ltd.

	Comparable 1	Comparable 2	Comparable 3
Land Use Rights Term	50 years	50 years	50 years
Consideration (RMB)	8,900,000	7,200,000	37,500,000
Site Unit Rate (RMB/sq.m.)	573	568	569
Transaction Date	Q2 2026	Q1 2026	Q1 2026

All three land comparables are situated within the same industrial zone as the subject site and share very similar characteristics in terms of land use, development scale and industrial positioning. In addition, the transactions were concluded within a time frame that is close to the Date of Valuation, such that market conditions are broadly comparable. Having regard to the high degree of similarity in location, nature and timing, no explicit quantitative adjustments have been made to the analysed site unit rates.

After thorough analysis of the comparable transactions, an adjustment has been made to reflect the difference in remaining land use rights term between the property and the selected comparables. As at the Date of Valuation, the property had an unexpired land use rights term of approximately 18 years, whereas the selected comparables each had a land use rights term of 50 years. Accordingly, a land use rights term adjustment factor of 0.73 has been applied to the comparable site unit rates. The adjustment factor was derived using a land value depreciation approach which compares the present value of an annuity of benefits receivable over the remaining land use rights term of approximately 18 years against the present value of an equivalent annuity over a full 50-year term. After such adjustment, we have adopted a weighted average site unit rate of RMB418 per square meter for the purpose of our valuation.

Following the determination of the site unit rate from the comparable land sales, the building portion of the valuation was derived as part of the DRC method. This approach involves estimating the current cost to replace the existing buildings and structures with modern equivalents that provide similar utility. A benchmark gross replacement cost of approximately RMB2,600 per sq. m. was adopted, with reference to local government cost data for industrial buildings of a similar nature, scale and specification to Building Nos. 1, 2 and 3 as described in the Real Estate Title Certificates. The benchmark cost is considered to represent a relevant and reasonably exhaustive cost evidence available for this type of property as at the Date of Valuation. As mentioned above (Note 12(ii)), the Uncertified Structures have been excluded from this scope, as they do not constitute real property under PRC law.

In arriving at the depreciated replacement cost, allowances were made for interest costs during the construction period, with reference to the prevailing Loan Prime Rate of 3% as at the Date of Valuation, together with an appropriate contingency provision to reflect construction and cost uncertainties. Depreciation was then applied to the gross replacement cost to reflect the remaining land use rights term of approximately 18 years, as compared with a typical 50 -year building life. On this basis, a depreciated unit replacement cost of RMB1,019 per sq. m. for the building portion was concluded, representing the depreciated cost to replace the existing buildings as at the Date of Valuation.

Based on the adopted site unit rate of RMB418 per sq. m. and a site area of approximately 36,411.69 sq. m., the land value component was calculated at approximately RMB15,200,000. Applying the depreciated unit replacement cost of RMB1,019 per sq. m. to the certified GFA of approximately 4,121.37 sq. m. resulted in a building value component of approximately RMB4,200,000. The sum of these two components, after rounding, the reference Market Value of RMB19,400,000 is concluded for the property in its existing state as at the Date of Valuation.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS

(a) Interests and short position of Directors in the Shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Companies adopted by the Company (the “**Model Code**”) to be notified to the Company and the Stock Exchange were as follows:

Long positions in the Shares

Name of Director	Capacity	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the issued share capital of the Company ⁽²⁾
Mr. Ye Zhijie ⁽³⁾	Interest of controlled corporation	274,706,100 (L)	30.60%
Mr. Huang Wengui ⁽⁴⁾	Interest of controlled corporation	121,568,700 (L)	13.54%

Name of Director	Capacity	Number of Shares interested ⁽¹⁾	Approximate percentage of interest in the issued share capital of the Company ⁽²⁾
Mr. Qiu Limao	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 the Latest Practicable Date.
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 the Latest Practicable Date, none of the Directors, chief executive nor their associates had any interests or short positions in any Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as 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 he is taken or deemed to have under such provisions of the SFO), or as 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.

(b) Substantial Shareholders

As at the Latest Practicable Date, the following persons, other than the interest disclosed in the section headed “2. Interests of Directors — (a) Interests and short position of Directors in the Shares, underlying shares and debentures of the Company and its associated corporations”, having interest 5% or more in the Shares and underlying Shares which would fall to be disclosed under

Divisions 2 and 3 of Part XV of the SFO have notified to the Company and have been recorded in the register required to be kept under section 336 of Part XV of the SFO:

Name of shareholder	Capacity	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	30.60%
Ms. Hong Wei ⁽²⁾	Interest of spouse	274,706,100	30.60%
Yaohe Holding Limited ⁽³⁾	Beneficial interest	121,568,700	13.54%
Ms. Lin Lingling ⁽³⁾	Interest of spouse	121,568,700	13.54%
Pakhim Chen Capital Limited ⁽⁴⁾	Beneficial interest	82,280,000	9.17%
Ms. Chen Manhong ⁽⁴⁾	Interest of controlled corporation	82,280,000	9.17%
Mr. Chen Qishi ⁽⁴⁾	Interest of spouse	82,280,000	9.17%
Century Noble International Limited ⁽⁵⁾	Beneficial interest	67,320,000	7.50%
Mr. Yuen Chi Wai ⁽⁵⁾	Interest of controlled corporation	67,320,000	7.50%
Ms. Lam Chor Ling ⁽⁵⁾	Interest of spouse	67,320,000	7.50%
Huatai Securities Co., Ltd. ⁽⁶⁾	Interest of controlled corporation	37,718,000	4.20%

Name of shareholder	Capacity	Number of Shares interested	Approximate percentage of interest in the issued share capital of the Company ⁽¹⁾
Huatai International Financial Holdings Company Limited ⁽⁶⁾	Interest of controlled corporation	37,718,000	4.20%
Huatai Financial Holdings (Hong Kong) Limited ⁽⁶⁾	Beneficial interest	37,718,000	4.20%

Notes:

1. Based on 897,600,000 issued Shares as at the Latest Practicable Date.
2. 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.
3. 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.
4. Mr. Chen Qishi is the spouse of Ms. Chen Manhong. By virtue of the SFO, Mr. Chen Qishi is deemed to be interested in all the Shares in which Ms. Chen Manhong is deemed to be interested; Ms. Chen Manhong is the sole shareholder of Pakhim Chen Capital Limited. Therefore, Mr. Chen Qishi is deemed to be interested in Pakhim Chen Capital Limited's interest in the Shares, pursuant to the SFO.
5. Ms. Lam Chor Ling is the spouse of Mr. Yuen Chi Wai. By virtue of the SFO, Ms. Lam Chor Ling is deemed to be interested in all the Shares in which Mr. Yuen Chi Wai is deemed to be interested; Mr. Yuen Chi Wai is the sole shareholder of Century Noble International Limited. Therefore, Ms. Lam Chor Ling is deemed to be interested in Century Noble International Limited's interest in the Shares, pursuant to the SFO.
6. 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 the Latest Practicable Date, the Directors were not aware of any other person, other than the interest disclosed in the section headed "2. Interests of Directors — (a) Interests and short position of Directors in the Shares, underlying shares and debentures of

the Company and its associated corporations”, having interest 5% or more in the Shares and underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO have notified to the Company and have been recorded in the register required to be kept under section 336 of Part XV of the SFO.

(c) Interests of Directors in the assets of the Company

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had, since 31 December 2025, being the date of the latest published audited financial statements of the Company, been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

(d) Interests of Directors in contracts

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested in and which was significant to the business of the Group.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group which does not expire or which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was considered to have interests in business which compete with, or was likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which is included in this circular:

Name	Qualification
Ravia Global Appraisal Advisory Limited	Independent professional property valuer

Letter from the Property Valuer as set out in this circular was given for incorporation in this circular. The Property Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter, report and/or references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the Property Valuer did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Property Valuer did not have any direct or indirect interest in any assets which have been, since 31 December 2025, being the date to which the latest audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACT

The following material contract (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the members of the Group) having been entered into by any member of the Group within the two years preceding the Latest Practicable Date:

- (a) the SPA.

8. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Yuen Chi Wai, a fellow member of The Hong Kong Institute of Certified Public Accountants.

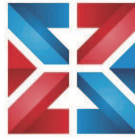
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (d) The principal place of business in Hong Kong of the Company is situated at No. 2, 3/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS ON DISPLAY

Copy of the following documents will be published on website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.xiamenzhixin.com) for the period of 14 days commencing from the date of this circular:

- (a) the SPA;
- (b) the valuation report dated 19 August 2026 prepared by the Property Valuer as at 30 June 2026 as set out in Appendix II to this circular; and
- (c) the letter of consent from the expert as referred to in the section headed “Qualification and consent of expert” in this appendix.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Zhixin Group Holding Limited (the “Company”) will be held at Suite No. 2, 3/F, Sino Plaza, 255 Gloucester Road, Causeway Bay, Hong Kong on Monday, 7 September 2026 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution to be proposed as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the sale and purchase agreement dated 26 June 2026 (the “SPA”), a copy of which is marked “A” and signed by the chairman of the meeting for the purpose of identification, entered into between Xiamen Zhixin Construction Material Group Limited* (廈門智欣建材集團有限公司), Xiamen Special Zone Construction Investment Construction Materials Company Limited* (廈門特區建投建築材料有限公司) and the Company and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one or more directors of the Company (the “Directors”) be and are hereby authorised to execute all documents and do all such things and take all such steps which, in his/her opinion, may be necessary, appropriate, desirable or expedient to implement and/or give effect to the terms of, or the transactions contemplated in the SPA and to agree to such variation, amendment or waiver in relation thereto.”

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

19 August 2026

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Wednesday, 2 September 2026 to Monday, 7 September 2026 (both days inclusive) for determining the identities of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period. In order to be eligible to attend and vote at the EGM, all unregistered holders of the shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 1 September 2026. Shareholders of the Company whose names are recorded in the register of members of the Company on Wednesday, 2 September 2026 are entitled to attend and vote at the EGM.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed for the meeting or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In the case of joint registered holders of any share of the Company, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such share as if he/she/it was solely entitled thereto, but if more than one of such joint registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.
5. As at the date of this notice, the executive Directors are Mr. Ye Zhijie, Mr. Huang Wengui, Mr. Qiu Limiao, Mr. Ye Dan and Mr. Huang Kaining; and the independent non-executive Directors are Ms. Wong Tuen Sau, Mr. Cai Huinong and Mr. Jiang Qinjian.