

Zixin Group delivers RMB 17.7 million in adjusted profit⁽¹⁾ before deductions of non-cash and one-off expenses, and achieves net profit of RMB 7.8 million for 1H FY2025

- ♣ The Group is making good progress on its integrated circular economy industrial value chain across business operations, working with the outsourced complementary industry operator, enabling financial performance to grow organically
 - outsourced services to smart warehouse in providing automated sweet potato washing, sorting and cold storage raise the Group's operational efficiency and higher volume of fresh sweet potatoes for sale over an extended shelf life, resulting in higher revenue and gross margin
- ♣ The Group recorded an adjusted profit⁽¹⁾ of approximately RMB 17.7 million, excluding the non-cash and one-off expenses related to Zixin PSP and Rights Cum Warrants Issue
- ♣ Production and sale of higher margin sweet potato food products and probiotic-infused feed ingredients made from fermented sweet potato agricultural waste are expected to commence from 4Q FY2025
- ♣ The Group remains committed to replicate its biotech-focused sweet potato integrated circular economy industrial value chain beyond Liancheng County, Fujian Province
 - the rural revitalisation project in Lingao County, Hainan Province, is on track to complete the primary land development project by 2026, with three of the twelve administrative villages successfully completed

Key Financial Highlights:

FYE 31 March (RMB'000)	1H FY2025 (unaudited)	1H FY2024 (unaudited)	YoY Change	FY2024 (audited)
Revenue	156,686	117,754	33.1%	318,447
Gross profit	52,042	34,896	49.1%	101,871
Gross margin	33.2%	29.6%	3.6 pp	32.0%
Adjusted profit / (loss) ⁽¹⁾	17,701	(1,687)	N.M.	21,465
Non-cash and one-off expenses ⁽²⁾	(7,725)	-	N.M.	-
Profit / (Loss) before tax	9,976	(1,687)	N.M.	21,465
Profit / (Loss) after tax ⁽³⁾	7,813	(3,403)	N.M.	13,354
Profit / (Loss) per share ⁽⁴⁾ (RMB cents)	0.54	(0.25)	N.M.	0.97

Notes:

* 1H denotes six months ended 30 September; pp denotes percentage points; N.M. denotes not meaningful.

(1) Adjusted profit/(loss) was computed by adding back the non-cash and one-off expenses from profit/(loss) before tax.

(2) Non-cash and one-off expenses of approximately RMB 7.7 million were due to share-based payment under Zixin PSP and Rights Cum Warrants Issue expenses, respectively.

(3) Profit/(Loss) after tax attributable to owners of the Company

(4) Profit / (Loss) per share was computed based on weighted average number of 1.45 billion shares for 1H FY2025, 1.38 billion shares for 1H FY2024 and FY2024.

For Immediate Release

SINGAPORE, 13 November 2024 – SGX Catalist-listed **Zixin Group Holdings Limited** 紫心集团控股 (“**Zixin**” or the “**Company**” and together with its subsidiaries, “**Zixin Group**”), a leading biotech-focused sweet potato integrated industrial value chain operator, registered a net profit of RMB 7.8 million for the six months ended 30 September 2024 (“**1H FY2025**”), a reversal from a net loss of RMB 3.4 million in 1H FY2024. Higher volume and sales revenue from fresh sweet potatoes, sweet potato processed products, and sweet potato seedlings contributed to the better profits, which was partially offset by one-off administrative expenses of approximately RMB 8.7 million from (i) the issuance of new shares to senior management under the Zixin Performance Share Plan; and (ii) the Rights Cum Warrants Issue, in 1H FY2025.

Commenting on the financial performance for 1H FY2025, Mr. Liang Chengwang (梁承旺), Executive Chairman and Chief Executive Officer of Zixin Group, said, “**We continue to make good progress on our integrated circular economy industrial value chain with the outsourced complementary services, including washing, sorting, and cold storage of fresh sweet potatoes at the smart warehouse. These services reduce the spoilage of freshly harvested sweet potatoes, thereby increasing our sales volume and allowing us to open up new sales channels such as supermarkets and e-commerce platforms to market and sell fresh produce. This has inevitably enhanced our market competitiveness and average sales margin by providing quality fresh sweet potatoes with a longer shelf life compared to the norm.**

We are pleased with our commendable set of results in 1H FY2025, which, excluding the non-cash and one-off expenses, are comparable to our net profit of RMB 16.8 million in 2H FY2024.

With the installation of equipment and machinery for our planned expansion into high-tech manufacturing and the accreditation process of the third-party fermentation and feed manufacturer expected to be completed by the fourth quarter of FY2025 (“4Q FY2025”), we intend to produce and sell higher-margin food products at our high-tech manufacturing facility, as well as to produce and sell probiotic-infused feed ingredients made from fermented sweet potato agricultural waste, to generate revenue and earnings for the Group from 4Q FY2025 (or January 2025). We anticipate that the sales revenue from these new products, along with organic growth in our core business operations, will enhance our financial performance in the second half of FY2025.”

RECENT DEVELOPMENTS

The harvesting season for sweet potatoes in Liancheng County begins from late September to early January next year, and the collection of the agricultural waste, such as spoiled sweet potatoes from the smart warehouse, sweet potato peels from the snack manufacturing factory, and sweet potato stems and leaves from the harvested fields, is currently ongoing.

The Group's proprietary probiotic fermentation formulation is necessary for the fermentation process, which will entail the conversion of sweet potato agricultural waste into base feed ingredients. This fermentation process is essential prior to the production of poultry and animal feed ingredients, which will also be outsourced to the upstream animal feed manufacturer, who is currently waiting for the license to commence production for the Group's specific poultry feed formulation. With the accreditation of the third-party fermentation plant operator expected to be completed 4Q FY2025, the Group plans to begin production and sales of probiotic-infused poultry feed ingredients made from fermented sweet potato agricultural waste to the feed manufacturers in 4Q FY2025.

The Group intends to complete the installation of equipment and machinery for its planned expansion into high-tech manufacturing by the third quarter of FY2025 (i.e. 31 December 2024), after which it will commence production with the goal of increasing sales of higher margin processed products such as vacuum packed steamed sweet potatoes and functional food products such as purple sweet potato powder from 4Q FY2025.

Mr. Liang adds, **“We are committed to the potential replication of our biotech-focused sweet potato integrated circular economy industrial value chain model to other parts of China. Currently, three of the twelve villages in Lingao County, Hainan Province, have completed the primary land development project, achieving (i) agricultural land remediation and quality enhancement; (ii) optimal land use efficiency; and (iii) ecological restoration.”⁽¹⁾**

(References: Press release on Rural Revitalisation Project_17 April 2023 <https://links.sgx.com/1.0.0/corporate-announcements/PPKGUBE3MUA6QJY8/7fd839975273388d9f1ec8718746795f8cce5ef952442f0f7fd36a89d05b3c49>

(1) 临高县东英镇波浪村委会旱地提质改造水田项目（一、二片区）通过工程竣工验收及新增耕地验收 <https://mp.weixin.qq.com/s/pDul3zt48MpFjdEXKmGJmg>)

The Group believes that China's quest for food security⁽²⁾ bodes well for its future prospects. The Company will update shareholders on material developments of the Group, as and when they arise.

(Reference: (2) <https://www.reuters.com/world/china/china-food-security-law-comes-into-force-aims-absolute-self-sufficiency-2024-05-31/>)

FINANCIAL REVIEW

The Group's revenue increased by 33.1% year-on-year from RMB 117.8 million in 1H FY2024 to RMB 156.7 million in 1H FY2025. Higher revenue was driven by higher sales of fresh sweet potatoes, sweet potato processed products, and sweet potato seedlings. Revenue contribution from sales of sweet potato seedlings previously classified under Other Income in 1H FY2024 has been reclassified under the Group's revenue.

Revenue Analysis by Products

FYE 31 March (RMB '000)	1H FY2025	1H FY2024	Variance
Sweet potato processed products	107,241	98,446	8.9%
Fresh sweet potatoes	48,645	18,745	159.5%
Sweet potato seedlings	800	563	42.1%
Total	156,686	117,754	33.1 %

Gross profit increased by 49.1% year-on-year from RMB 34.9 million in 1H FY2024 to RMB 52.0 million in 1H FY2025. This was mainly due to an increase in the quantity of fresh sweet potatoes available for new sales channels such as supermarkets and e-commerce platforms as a result of the outsourced services provided by the smart warehouse. Correspondingly, the gross profit margin increased from 29.6% in 1H FY2024 to 33.2% in 1H FY2025.

Interest income increased by approximately RMB 0.5 million or 79.7% year-on-year from RMB 0.6 million in 1H FY2024 to RMB 1.1 million in 1H FY2025, due to higher interest rates on bank balances.

Other operating income increased by approximately RMB 103,000 or 46.2% year-on-year from RMB 223,000 in 1H FY2024 to RMB 326,000 in 1H FY2025. The increase was mainly due to subsidies received from e-commerce platform and royalty receipts of a licensing agreement.

Other gains was RMB 445,000 in 1H FY2025, due to government incentives from the local tax authorities. There was no such incentive in 1H FY2024.

Marketing and distribution costs decreased by approximately RMB 2.3 million or 14.7% year-on-year from RMB 15.7 million in 1H FY2024 to RMB 13.4 million in 1H FY2025. The decrease was primarily attributable to lower operating expenses, advertisement expenses, employee benefit expenses and travelling expenses, which was partially offset by higher publicity expenses and delivery charges.

Administrative expenses increased by approximately RMB 9.2 million or 47.6% year-on-year from RMB 19.4 million in 1H FY2024 to RMB 28.6 million in 1H FY2025. The increase was mainly due to (i) grant of share awards to senior management under the Zixin Performance Share Plan of RMB 6.6 million, which was a non-cash transaction; (ii) amortisation of intangible assets of RMB 0.3 million on land use rights and patents of manufacturing techniques; and (iii) legal and professional fees of RMB 1.1 million and listing and services fees of RMB 1.0 million related to the Rights Cum Warrants Issue. The increase was partially offset by a decrease in audit fees, depreciation expenses, entertainment expenses, and travelling expenses.

Other losses decreased by approximately RMB 0.9 million or 75.5% from RMB 1.2 million in 1H FY2024 to RMB 0.3 million in 1H FY2025. This was due to lower sponsorship of events in Liancheng County during 1H FY2025.

Finance costs increased by approximately RMB 0.5 million or 47.9% year-on-year from RMB 1.1 million in 1H FY2024 to RMB 1.6 million in 1H FY2025. The increase was mainly due to the higher interest charged on bank borrowings in the financial period under review.

Income tax expense increased by 26.0% year-on-year from RMB 1.7 million in 1H FY2024 to RMB 2.2 million in 1H FY2025. Higher income tax expense of RMB 1.6 million in 1H FY2025 was due to higher profits generated, and under-provision of prior year income tax expenses of RMB 0.5 million.

Taking into account the aforementioned, the Group delivered a net profit after tax of RMB 7.8 million in 1H FY2025, a reversal from net loss after tax of RMB 3.4 million in 1H FY2024.

FINANCIAL POSITION ANALYSIS

(RMB'000)	As at 30 Sep 2024	As at 31 Mar 2024	Variance
Equity attributable to the owners of the Company (“ Net asset value ”)	541,248	513,932	5.3%
Current assets	337,205	275,463	22.4%
Cash and bank balances	211,095	156,151	35.2%
Current liabilities	107,358	92,397	16.2%
Short-term bank borrowings	74,850	58,500	28.0%
Working capital ⁽¹⁾	229,847	183,066	25.6%
Net cash value ⁽²⁾	136,245	97,651	39.5%
Net cash per share ⁽³⁾ (RMB)	0.09	0.07	28.6%
Net asset value per share ⁽³⁾ (RMB)	0.39	0.37	5.4%

Notes:

- (1) Working capital was computed using current assets less current liabilities.
- (2) Net cash value was computed using cash and bank balances less short-term bank borrowings.
- (3) Net cash per share and net asset value per share was computed based on the share capital of 1.59 billion shares as at 30 September 2024 and 1.38 billion shares as at 31 March 2024.

The Group maintained a net cash position of RMB 136.2 million and recorded positive working capital of RMB 229.8 million as at 30 September 2024. Net asset value per share increased from RMB 0.37 as at 31 March 2024 to RMB 0.39 as at 30 September 2024 despite an increase in the share capital from 1.38 billion shares to 1.59 billion shares, respectively.

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This press release is to be read in conjunction with the Company's unaudited interim financial results announcement posted on the SGX Website on 13 November 2024.

ZIXIN GROUP HOLDINGS LIMITED 紫心集团控股

(Stock code – SGX: **42W** | Bloomberg: **ZXGH SP** | Reuters: **42W.SI**)

Zixin Group Holdings Limited (“Zixin” or the “Company” and together with its subsidiaries, “Zixin Group”) is a leading biotech-focused sweet potato integrated industrial value chain operator in China. Through its wholly-owned subsidiaries, the Group harnesses its biotechnology capabilities to strengthen and support its core business areas: **(a) cultivation and supply** – (i) research and development on sweet potato varieties to cultivate sweet potato seedlings, (ii) sweet potato cultivation techniques and solutions to improve the quality and yield for farmlands, (iii) sweet potato seedlings nursery base, and (iv) fresh sweet potatoes supply, **(b) product innovation and food production** – innovation of snack food and functional food, as well as production techniques to maximise nutrient retention and produce healthier proprietary branded products, **(c) brand building, marketing and distribution channel building** – strengthen market awareness and position of proprietary brands of healthier snack food and functional food through targeted marketing campaigns and various distribution platforms (traditional and e-commerce) throughout China, and **(d) recovery and recycling** – R&D on nutritional content from sweet potato peels through proprietary extraction technology and utilising proprietary probiotic fermentation formulation as a medium to convert agricultural waste materials such as spoiled sweet potatoes, sweet potato peels, stems and leaves into raw ingredients that could potentially be part of the poultry and animal feeds.

Zixin Group aims to be a leading biotech-focused sweet potato agritech operator globally that leverages smart ecological agriculture and utilises biotech capabilities throughout its integrated sweet potato industrial value chain. With the support of complementary industries such as smart warehousing and agricultural waste fermentation, Zixin Group intends to utilise its biotech capabilities to reinforce its circular economy business model to further enhance its effectiveness and cultivate economies of scale.

Please visit the Company’s website at www.zixingroup.com.sg for more information.

Issued for and on behalf of **ZIXIN GROUP HOLDINGS LIMITED** by:



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This media release has been prepared by Zixin Group Holdings Limited (the “Company” and together with its subsidiaries, the “Group”) and reviewed by the Company’s sponsor, RHB Bank Berhad (the “Sponsor”) in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist (the “Catalist Rules”).

This media release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this media release, including the correctness of any of the statements or opinions made or reports contained in this media release.

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