



Zixin Group Holdings Ltd.

(ZXGH SP/ 42W.SI)

More growth tailwinds ahead

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- **Replicating value chain into Hainan.** Expansion into Hainan is underway. Zixin Group is actively extending its sweet potato value chain beyond Liancheng County, Fujian, into Lingao County, Hainan, through a revitalisation project spanning 8,961.33 hectares across 12 villages. The Hainan site is significantly larger than the Group's original operations in Fujian, offering considerable potential for replication and scale. While the project remains in its early stages, Zixin anticipates majority of profit contributions beginning in late FY26 or early FY27. This marks the company's first attempt to replicate its agricultural model outside Fujian, signalling its broader growth ambitions in the sector.
- **Diversifying revenue streams.** Zixin continues to strengthen its presence across the sweet potato industrial value chain, resulting in a growing number of revenue streams. Recent expansion efforts have driven top-line growth, including the launch of its feedstock business with two initial orders. In addition, the development of new sweet potato-based snacks has introduced another source of income. Looking ahead, the company plans to produce and sell sweet potato flour, further expanding its processed food portfolio. The Hainan project is also expected to contribute positively to revenue over time.
- Going forward, we expect Zixin Group to continue to benefit from its expansion plans and product breakthroughs. We maintain an **OUTPERFORM** recommendation and keep our target price (TP) unchanged at **S\$0.060**, representing an upside of **76.2%**.

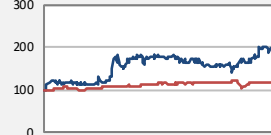
Financials & Key Operating Statistics

YE Mar (RMB\$Millions)	2024	2025	2026F	2027F	2028F
Revenue	319.0	424.7	560.6	705.9	848.5
Net Income	13.4	42.7	50.7	65.8	90.1
EPS (cents)	1.0	2.8	3.3	4.2	5.8
P/E Ratio (x)	12.1	5.5	5.7	4.4	3.2
Gross Margin (%)	32.0%	34.0%	34.5%	34.8%	35.3%
EBITDA Margin (%)	14.0%	21.1%	18.2%	18.3%	19.7%
Net Profit Margin (%)	4.2%	10.1%	9.0%	9.3%	10.6%
Net Debt/ (Net Cash) Gearing (%)	(19.0%)	(18.8%)	(17.0%)	(15.5%)	(15.9%)
ROA (%)	2.2%	6.0%	6.7%	7.9%	9.6%
ROE (%)	2.6%	7.4%	8.1%	9.5%	11.5%

Source: KGI Research

FY25 financial results. Zixin Group Holdings reported total revenue of RMB424.7mn in FY25, representing a 33.1% YoY increase, compared to a revenue of RMB319.0mn in FY24. The company continues to make strong progress on its integrated circular economy industrial value chain across

Outperform - Company Update

Price as of 10 Jun 25 (SGD)	0.034	Performance (Absolute)	
12M TP (\$)	0.060	1 Month (%)	17.2
Previous TP (\$)	-	3 Month (%)	26.9
Upside, incl div (%)	75.6%	12 Month (%)	100.0
Trading data		Perf. vs STI Index (Red)	
Mkt Cap (\$mn)	54		
Issued Shares (mn)	1,589		
Vol - 3M Daily avg (mn)	10.4		
Val - 3M Daily avg (\$mn)	0.3		
Free Float (%)	71.2%		
Major Shareholders		Previous Recommendations	
Liang Cheng Wang	15.3%		
Khoo Thomas Clive	13.5%		
PTS Capital Pte Ltd	10.1%		

business operations, driving significant and organic growth in financial performance. Net profit after tax rose by 220.0% to RMB42.7mn in FY25, compared to RMB13.4mn in FY24. The group's basic EPS was 2.75 RMB cents in FY25, compared to 0.97 RMB cents in FY24.

Improving margins. Zixin Group saw an improvement in margins YoY in FY25. The company's gross profit margin (GPM) rose to 34.0% in FY25, largely attributed to higher sales and lower costs due to economies of scale. The company also recorded an operating profit margin (OPM) of 13.2% and a net profit margin (NPM) of 10.1%, the highest in over five years, largely attributed to lower costs relative to revenue. These improving margins showcased the results of Zixin Group's integrated industrial value chain, as the company continues to expand across its value chain to optimise business processes and increase efficiencies.

Valuation & Action: We maintain our **OUTPERFORM** recommendation and keep our TP at **S\$0.060**, based on a Discounted Cash Flow (DCF) model, incorporating a terminal growth rate of 2.0% and a weighted average cost of capital (WACC) of 10%. Zixin Group's strong cash position and business model also position the company well to capture economies of scale as well as the benefits of the entire supply chain, further driving growth for the company. The improving margins also underscore its positive growth trajectory. Our TP of S\$0.060 implies a 76.2% upside.

Strong FY24 results. Zixin Group Holdings reported FY25 revenue of RMB424.7mn, up 33.1% YoY from RMB319.0mn in FY24. The strong top-line growth was driven by higher sales volumes of both fresh and processed sweet potatoes, which increased by 72.1% and 24.1% respectively. Enhanced business processes, including expanded cold storage facilities, extended the shelf life of fresh produce and supported sales. The company also benefited from a favourable pricing environment, with local sweet potato prices increasing by an average of approximately 30% in FY24.

Profitability also improved significantly, supported by ongoing investments in its integrated industrial value chain. Upgrades to manufacturing equipment and production processes enhanced operational efficiency and enabled Zixin to scale volumes and access new sales channels, including supermarkets and e-commerce platforms. The improved quality and extended shelf life of its products also contributed to higher average selling margins.

As a result, net profit after tax surged 220.0% to RMB42.7mn in FY25, up from RMB13.4mn in FY24, as the company continued to benefit from economies of scale and business optimisation. Basic EPS rose to 2.75 RMB cents, compared to 0.97 RMB cents a year earlier. Zixin remains focused on advancing its integrated circular economy model, which continues to drive strong, organic financial growth across its operations.

Strong cash reserves to continue driving growth. Zixin Group maintained a robust cash position in FY25, with cash and cash equivalents totalling RMB183.2mn. The company also carries a low level of debt, underscoring its strong liquidity. This solid financial footing enables Zixin Group Holdings to capitalise on strategic growth opportunities while improving operational efficiency and enhancing profit margins. The company's current ratio and cash ratio are at 2.78x and 1.37x, respectively, further reinforcing its strong liquidity and overall financial stability.

Upbeat outlook

Zixin continues to seek growth by increasing the operational efficiency of its supply chain, enabling for greater cost effectiveness, as well as building additional revenue sources within the same value chain. The company remains committed to its expansion strategy, aiming to replicate its current business model in Liancheng County across more regions of China. Looking ahead, the company expects sustained topline growth and continued profitability.

Expansion in seedling production. Zixin Group's subsidiary, Dizhongbao, has expanded its sweet potato seedling cultivation area from approximately 300 mu to 400 mu, marking an approx. 33.3% increase. This expanded land base is expected to boost seedlings output, supporting future sales growth not only in seedlings but also in the supply of fresh sweet potatoes and related downstream products in Liancheng County, Fujian. In addition, the company anticipates realising initial proceeds from seedling sales tied to its ongoing expansion in Lingao County, Hainan. As part of this effort, Zixin plans to establish a sweet potato seedling nursery in Lingao, ranging from approximately 300 mu to 500 mu initially.

Feedstock business development. Earlier this year, Zixin launched the initial phase of its feedstock operations, converting sweet potato peel waste into value-added animal feedstock. The business is currently managed through a third-party partner operating a small-scale agricultural waste collection and fermentation plant. The capacity expansion of the third party's waste collection and processing facility is ongoing and slated for completion in September 2025. Once operational, the plant will significantly increase processing capacity and is expected to contribute meaningfully to the company's FY26 revenue.

Replicating the value chain nationwide. Zixin currently manages the full sweet potato value chain across approximately 8,286.6 mu (about 551.24 hectares) in Liancheng County. Building on this model, the Group has entered a joint venture with the Lingao County People's Government, CITIC Construction, and other partners to develop a large-scale Revitalisation Project in Lingao County, Hainan. Covering 8,961.33 hectares across 12 administrative villages, the project will be rolled out in two phases—primary and secondary—with the initial phase expected to be completed within three years.

Through this initiative, Zixin aims to replicate its integrated agricultural ecosystem—combining farming, processing, and supply chain operations—outside Fujian for the first time. The company expects to generate modest revenue and profit from seedling sales in FY26, with more substantial financial contributions projected from FY27 to FY28 onward.

This strategic expansion positions Zixin to establish a significantly larger agricultural footprint, diversify its revenue streams, and reinforce its leadership in the sweet potato sector. Beyond corporate growth, the project is also expected to support regional revitalisation by creating local jobs, improving food security, and stimulating economic development.

More revenue streams

Sweet potato functional food production is underway. Zixin Group is currently constructing a production line for sweet potato powder, using extraction techniques to extract essence from raw sweet potatoes and turn them into sweet potato powder for use as an additive in a wide range of consumer food products, including bread, noodles, and cakes. The first production line is expected to be completed in 1H26 and will contribute an additional revenue stream, supporting topline growth in FY26.

New feedstock orders secured. In early 2025, Zixin announced two new contracts for its probiotic-infused fermented sweet potato feedstock. The most recent order, secured on 19 March 2025, involves the supply of 180 tonnes to a white duck poultry farm in Liancheng County. The one-year contract is valued at RMB720,000 (approximately SGD132,916). This followed the company's first order on 31 December 2024, from a local chicken poultry breeder for 1,080 tonnes, valued at RMB3.24 mn (approximately SGD610,000), also over a one-year term starting 1 January 2025.

By converting sweet potato peel waste into value-added animal feed, Zixin has successfully transformed a previous disposal cost into a revenue-generating opportunity. This initiative not only closes the loop within its integrated sweet potato value chain—leveraging waste from farming and snack production—but also opens the door to future growth through collaboration with other local farmers and snack producers in Liancheng County.

Breakthrough in sweet potato snack innovation. Zixin recently achieved a breakthrough in the production of sweet potato chips and fries—long considered technically

challenging due to texture limitations. Historically, maintaining consistent crispiness and chewability in sweet potato-based snacks has proven difficult compared to traditional potato products. In late 2024, Zixin introduced targeted process enhancements, including the use of premium sweet potato varieties optimized for texture.

The company also adopted advanced vacuum low-temperature freshness-locking (VF) technology, a gentle dehydration method that preserves essential nutrients like vitamin C, dietary fibre, and selenium, while promoting even moisture removal. This innovation has resulted in snacks that are lighter, less oily, and offer a significantly improved flavour and texture profile.

Following these advancements, Zixin began fulfilling large distributor orders in February 2025. To meet the rising demand, the company upgraded its existing snack production facility and added a new production line. Additional capacity expansion is under consideration. This innovation not only diversifies Zixin's snack portfolio but is also expected to contribute meaningfully to future revenue growth.

Risks: Environmental risks present a key operational challenge for Zixin Group. The direct impact of variable weather patterns on sweet potato cultivation, coupled with the increased exposure from the extensive farmland, introduces significant yield uncertainty. The risk of widespread disease outbreaks across its agricultural holdings further highlights the urgent need for comprehensive risk assessment and mitigation strategies to safeguard the company's output and profitability.

Financial Summary

FYE Mar ('RMB Millions)					
Income Statement	2024	2025	2026F	2027F	2028F
Revenues	319.0	424.7	560.6	705.9	848.5
Cost of Sales	(217.0)	(280.3)	(367.2)	(460.2)	(549.0)
Gross Profit	102.1	144.4	193.4	245.7	299.5
Marketing and distribution costs	(34.4)	(29.3)	(49.3)	(62.1)	(74.7)
Administrative expenses	(42.5)	(58.2)	(76.9)	(96.8)	(107.0)
Other income & gains	0.4	1.0	1.3	1.6	2.0
Finance income	0.7	1.2	0.6	0.6	0.6
Finance costs	(2.3)	(3.3)	(2.9)	(3.1)	(3.0)
Other operating expenses	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other losses	(2.5)	(0.6)	(0.8)	(1.1)	(1.3)
Profit Before Tax	21.5	55.1	65.4	84.8	116.2
Income Tax Expense	(8.1)	(12.4)	(14.7)	(19.1)	(26.1)
Net Income	13.4	42.7	50.7	65.8	90.1
Balance Sheet	2024	2025	2026F	2027F	2028F
Cash and cash equivalents	156.2	183.2	173.0	177.7	192.8
Inventories	2.7	4.5	4.7	5.8	7.0
Trade and other receivables	53.8	91.9	92.2	116.0	139.5
Other assets, current	62.9	91.3	91.3	91.3	91.3
Total current assets	275.5	370.8	361.2	390.9	430.5
Property, plant and equipment	175.7	203.1	249.6	298.5	353.2
Intangible assets	69.4	68.9	72.4	78.0	85.2
Other assets, non-current	92.2	68.6	68.6	68.6	68.6
Total non-current assets	337.4	340.5	390.6	445.0	507.0
Total assets	612.8	711.4	751.8	835.9	937.5
Income tax payable	2.3	2.6	2.6	2.6	2.6
Trade and other payables	31.4	55.7	50.3	63.0	75.2
Lease liability, current	0.2	0.0	0.0	0.0	0.0
Bank loans	58.5	74.8	66.7	70.8	68.7
Total current liabilities	92.4	133.2	119.6	136.4	146.5
Other payables, non-current	6.5	2.6	5.9	7.4	8.8
Lease liability, non-current	0.0	-	-	-	-
Total non-current liabilities	6.5	2.6	5.9	7.4	8.8
Total liabilities	98.9	135.8	125.5	143.8	155.4
Share capital	239.2	258.9	258.9	258.9	258.9
Other reserves	48.2	60.8	60.8	60.8	60.8
Retained earnings/(accumulated losses)	226.6	255.8	306.5	372.3	462.4
Equity attributable to owners of the parent	513.9	575.6	626.3	692.0	782.1
Non-controlling interests	-	-	-	-	-
Total Equity	513.9	575.6	626.3	692.0	782.1
Total Liabilities and Equity	612.8	711.4	751.8	835.9	937.5
Cash Flow	2024	2025	2026F	2027F	2028F
Profit Before Income Tax	21.5	55.1	65.4	84.8	116.2
Depreciation & Amort.	20.8	31.1	34.0	40.9	48.3
Interest Expense	2.3	3.3	2.9	3.1	3.0
Other Operating Cash Flows Adjustments	0.9	4.8	(0.6)	(0.6)	(0.6)
Operating cash flows before WC changes	45.5	94.3	101.7	128.3	166.9
Change in working capital	25.1	(23.6)	(2.6)	(10.8)	(11.0)
Cash Generated from Operations	70.6	70.7	99.1	117.4	155.9
Income tax paid	(4.3)	(12.1)	(14.7)	(19.1)	(26.1)
Cash flows from operations	66.3	58.6	84.4	98.4	129.8
Capital expenditure	(49.3)	(52.6)	(75.7)	(84.7)	(97.6)
Upfront payment for supplies of sweet potatoes	(75.0)	-	-	-	-
Other investing cashflow	(0.2)	(5.0)	(7.8)	(10.0)	(12.1)
Cash flows from investing	(124.5)	(57.6)	(83.5)	(94.7)	(109.7)
Proceeds from new bank loans	58.5	71.8	66.7	70.8	68.7
Repayment of bank loans	(47.1)	(55.5)	(74.8)	(66.7)	(70.8)
Payment of lease liability	(0.2)	(0.2)	-	-	-
Interest paid	(2.3)	(3.3)	(2.9)	(3.1)	(3.0)
Cash flows from financing	8.9	12.8	(11.1)	1.0	(5.1)
Net increase in cash	(49.3)	13.9	(10.1)	4.7	15.1
Cash and Cash Balance BOP	205.5	156.2	183.2	173.0	177.7
Cash and Cash Balance EOP	156.2	170.0	173.0	177.7	192.8
KEY RATIOS	2024	2025	2026F	2027F	2028F
EPS (SGD cents)	0.17	0.49	0.58	0.76	1.04
Price/Earnings (x)	12.1	5.5	5.7	4.4	3.2
NAV per share (SGD Cents)	6.6	6.6	7.2	8.0	9.0
Price/NAV (x)	0.5	0.5	0.5	0.4	0.4
Profitability					
EBITDA Margin (%)	14.0%	21.1%	18.2%	18.3%	19.7%
Net Profit Margin (%)	4.2%	10.1%	9.0%	9.3%	10.6%
ROE (%)	2.6%	7.4%	8.1%	9.5%	11.5%
ROA (%)	2.2%	6.0%	6.7%	7.9%	9.6%
Financial Structure					
Interest Coverage Ratio (ICR)	(10.2)	(17.8)	(23.3)	(28.3)	(39.5)
Net Debt/ (Net Cash) Gearing Ratio (%)	(19.0%)	(18.8%)	(17.0%)	(15.5%)	(15.9%)

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Rating	Definition
Outperform (OP)	We take a positive view on the stock. The stock is expected to outperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Neutral (N)	We take a neutral view on the stock. The stock is expected to perform in line with the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
Underperform (U)	We take a negative view on the stock. The stock is expected to underperform the expected total return of the KGI coverage universe in the related market over a 12-month investment horizon.
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