ZIXIN GROUP HOLDINGS
紫心集团控股

*(formerly known as China Star Food Group)*
(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: **www.zixingroup.com.sg**
SGX stock code: **42W**

## PROFIT GUIDANCE FOR FINANCIAL YEAR ENDED 31 MARCH 2023

The board of directors (the "**Board**") of Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to provide an update on the Group's outlook for the financial year ended 31 March 2023 ("**FY2023**").

The Board wishes to announce that, following a preliminary review of the unaudited financial results of the Group for FY2023, the Group is expected to report a net loss after tax attributable to owners of the Company for FY2023 for the reasons set out below.

The Chinese government had previously implemented a "zero-COVID" policy since early 2020 to control the outbreak of COVID-19. The policy mandated strict measures including but not limited to controlling human traffic in each city to reduce the flow and concentration of people, and issuing directives mandating the temporary closure of business operations of all enterprises, including the Group's subsidiaries in China. This "zero-COVID" policy resulted in disruptions across the supply chain, spurring inflationary pressure on raw materials and logistics which have had an adverse impact on the Group's financial performance in FY2023.

While there was a sudden shift away from the "zero-COVID" policy in December 2022, such a sudden shift led to a surge of COVID-19 infections starting from mid-December 2022. This resulted in a substantial number of the Group's employees being infected in December 2022 and January 2023, thereby causing a temporary cessation of the Group's operations in China, and the Group's employees only returned to work in February 2023 after the Chinese New Year festive holidays.

In this regard, the unaudited financial results for FY2023 show that sales had declined significantly for the second half of FY2023, particularly from December 2022 to March 2023, where harvests of the sweet potatoes from the farmlands could not be carried out as the farmers of the Group's contracted farmlands had been infected with COVID-19, as well as the temporary cessation of its snack food manufacturing operations. This led to the lack of supply of fresh sweet potatoes, as well as snack food products for sales which adversely affected the Group's gross profit and gross margin, and resulted in a decline in the Group's financial performance for FY2023.

The Company is still in the process of finalising the unaudited financial results of the Group for FY2023. Further details of the Group's financial performance will be disclosed when the unaudited financial results of the Group for FY2023 are announced on or before 30 May 2023.

The Board wishes to advise its shareholders and potential investors to exercise caution when dealing with the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, or professional advisers if they have any doubt about the actions that they should take.

**By Order of the Board**

Liang Chengwang
Executive Chairman and Chief Executive Officer
19 May 2023

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. ("**Sponsor**") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

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