



Postal & Registered Office

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Shaanxi Mingguan Food and Beverage Co., LTD 2021 Third-quarter Report

Financial Report Briefing

In the first half of 2021, affected by the COVID-19 epidemic, the actual time for Shaanxi Mingguan to resume work is 4 months. In the second half of 2021, due to the economic impact of the external environment, the price of raw materials will rise sharply. The orders signed by Shaanxi Mingguan Food and Beverage Co., Ltd. are mostly annual orders. As of September 30, 2021, Shaanxi Mingguan Food and Beverage Co., Ltd. sold approximately 15.35 million yuan, an increase of 21% year-on-year. The sales of moon cakes during the Mid-Autumn Festival totaled 6.55 million. In the general environment of the epidemic, the company achieved a year-on-year increase in performance.

New Product Development

Adhering to the attitude of advancing with the times, the company is committed to the research and development of characteristic products. In 2021, the company will start the research and development of new products from the three aspects of health concept, Hanzhong characteristic agricultural products and Hanzhong tea snack culture.

1) Health concept

Starting from the concept of health, the company insists on edible whole grains and cereals in the research and development of new products. Studies have shown that coarse grains and cereals contain many minerals that are scarce in the human body. These minerals can not only balance the nutrients needed by the human body, prevent the occurrence of obesity, but also improve human immunity and reduce the incidence of many chronic diseases.



On this basis, the company develops sucrose-free whole-wheat bread, which fully meets people's demand for coarse grain cereals.

2) Hanzhong characteristic agricultural products

Inspired by the local characteristic agricultural products in Hanzhong, the company developed black rice whole-wheat bread, whole-wheat konjac bread, and vinegar and soy sauce from



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Yangxian black rice, Mianxian konjac powder and Lueyang eucommia flowers as raw materials.



Yangxian black rice is a Chinese geographical indication product. Black rice contains 37% higher protein than ordinary rice; it contains 2.9 times higher fat than domestic rice quality standards; it is also rich in 16 types of amino acids. In addition, other nutrients that are beneficial to human health, such as iron, calcium, zinc, molybdenum, selenium and other minerals, are also much higher than ordinary rice. Satisfy consumers' demands for nutrition and health. Mianxian konjac powder is a soluble dietary fiber, which can lower blood pressure and reduce the probability of cardiovascular disease; and konjac with 0 sugar and low calorie meets consumers' demand for weight loss. The company has developed black rice whole wheat bread and konjac whole wheat bread from the perspective of nutrition and health and weight loss, respectively, to meet the needs of consumers for nutrition, health and weight loss.



The vinegar and soy sauce are brewed by the flowers of Mingguan *Eucommia ulmoides*, and the hand-brewing process is inherited by ancient methods. The pure grains are naturally solid-state fermented for 48 days. The scientific proportioning perfectly preserves the medicinal value of the anthers of *Eucommia ulmoides*. This satisfies consumers' requirements for green and health, and also gives vinegar and soy sauce some health products, helping companies occupy the high-end market in the soy sauce vinegar industry.

3) Hanzhong tea snack culture

Starting from Hanzhong's characteristic Chinese tea snack culture, the company has developed Xianhaocha crisp and Huangjing Sikang cakes, which are representative of Hanzhong characteristics, to show Hanzhong's characteristic gourmet pastries.



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Hanzhong is the largest green tea production base and one of the birthplaces of Han tea culture on the northern edge of Jiangbei tea area in China. Hanzhong Xianhao has been rated as a Chinese geographical indication product for its five characteristics: high fragrance, strong taste, resistance to foaming, beautiful appearance and health care. It is a rare treasure in tea.

Lueyang Polygonatum has been rated as a Chinese Geographical Indication Product for its outstanding quality, and it is the best product of Polygonatum.

Based on the traditional culture of Hanzhong, the company takes the Three Kingdoms culture and Han Chinese refreshments as its selling points, and combines the characteristics of Hanzhong Xianhao and Hanzhong medicinal material Huangjing to develop Xianhaocha crisp and Huangjing biscuits.

Production Line Upgrade

In 2020, the condiment workshop of the company's Lueyang base suffered a flood. The production workshop has encountered major damage and production has been suspended. Since the second half of 2020, the company has completely repaired the condiment workshop and added a liquid fermentation workshop. And a new filling production line was added.

For the company's soft crisp and bread production workshop, as the company has recently developed seven new products, in order to meet the production requirements of new products and improve production efficiency. The company upgraded the soft fragrant filling workshop and added 3 automatic machines. In 2021, the company basically completed the upgrade of the production line of the condiment workshop at Lueyang base and the soft crispy workshop at Hanzhong base.

Sales Channel Expansion

Based on a long-term development strategy, the company expanded its existing sales channels in 2021.

Based on the original agent channels, 12 new regional agents were newly established from the perspective of the company's future development. Weinan, Baoji and other regional agents were newly established in Shaanxi Province; Guangyuan and Dazhou regional agents were established in Sichuan Province. Nantong regional agents have been established in Jiangsu Province.

This year the company also successfully opened up the channel of group buying, obtained group supply of breakfast bread for some schools in Hanzhong City, and entered the breakfast supply chain of some hotels in Hanzhong City.

Adhering to the attitude of advancing with the times, the company actively deploys online platform channels. The company not only operates the Mingguan Tmall flagship store, but also stationed on the government's poverty alleviation platform 832, stationed in the provincial labor union, and opened TIK TOK shops and Kuaishou shops. Both have achieved good results.



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The company actively participates in various sales activities such as the "Village Revitalization, Live Broadcasting to Help Farmers" activity held in Foping County. The Kuaishou live broadcast 2 times for a total of 10 minutes, and accumulated sales of approximately 63,000 orders and sales of approximately 721,000 yuan.

Summarize

Looking ahead, the impact of the epidemic on the production industry will not disappear, and under the global epidemic environment, the impact on the supply of raw materials will become increasingly severe. Shaanxi Mingguan adheres to the development concept of "all-round development, stability while improving". Starting from Hanzhong, Shaanxi, combined with the geographical advantages of food and condiment products, it actively completed the deep cultivation of Hanzhong 2 Districts, 9 Counties and 3 Development Zones. At the same time, increase the development of peripheral sales channels. Expansion of products and channels sinking in 6 cities and 3 provinces including Bazhong City, Guangyuan City, Longnan City, Shangluo City, Ankang City and Baoji City within 300 kilometers of the surrounding area. At the same time, in combination with popular marketing channels, we will increase investment in online marketing and expand our own sales channels. It is believed that in the next three years, Mingguan Foods will gain market occupancy in Hanzhong and surrounding cities, actively research and develop products, and improve product quality. It will definitely become the most popular brand with 20 million consumer in Hanzhong and the surrounding six cities and three provinces!

Li Shi
Director