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**

Zixin Group and Joint Venture Partners commence the rural revitalisation project in Língão County, Hainan Province

- **The Group will share proven expertise and competencies of its sweet potato biotech-focused solutions and techniques to benefit the local communities in the designated cultivation farmlands in Língão County**
- **The Group believes that its sweet potato circular economy model is scalable and can potentially enhance economies of scale as it can expand its cultivation base beyond Liancheng County, Fujian Province**
- **The Group is well positioned to ride on China's drive in promoting rural revitalisation and accelerating modernisation of agriculture and rural areas**

For Immediate Release

SINGAPORE, 17 April 2023 – **Zixin Group Holdings Limited** 紫心集团控股 ("**Zixin**" or the "**Company**" and together with its subsidiaries, the "**Zixin Group**"), a leading sweet potato biotech-focused value chain operator, refers to the press release dated 3 October 2022 on its participation in the rural revitalisation project in Língão County, Hainan Province, China (the "**Revitalisation Project**").

(Reference: CSFG Press Release – Participation in Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/0LF6A22UI45Q3E91/d125dac98b455a254bb457bee90f4daf25769a530027220d454f1c540364d6cd)

The Group wishes to update that its wholly-owned subsidiary, Fujian Zixin Biotechlogical Potato Co., Ltd 福建紫心生物薯业有限公司 ("**Zixin Biotech**"), and CITIC Construction Co., Ltd.中信建设有限责任公司 ("**CITIC Construction**"), Huiteng Xile Tourism and Culture Co., Ltd. 内蒙古辉腾锡勒旅游文化股份有限公司 ("**HuiTeng**") and Liao Ecological Technology Group Co., Ltd. 利奥生态科技集团有限公司 ("**LiAo**") (collectively, the "**Joint Venture Partners**") have, on 6 April 2023, entered into the official agreement with the Língão People's Government 临高县人民政府 (the "**Língão Government**") to officially commence work on the Revitalisation Project (the "**Agreement**").

The Revitalisation Project

The Revitalisation Project in Língão County involves 12 administrative villages and covers 8,961.33 hectares (equivalent to approximately 89,613,300 square metres), which will be segregated into primary and secondary projects with stipulated milestones for the primary project to complete within three (3) years.

Overall, the Revitalisation Project requires the Joint Venture Partners to achieve (i) arable and agricultural land remediation and quality enhancement, (ii) optimal efficiency of land usage in urbanisation, (iii) ecological restoration and environmental sustainability, as well as (iv) the establishment of agricultural and tourism industries to stimulate sustainable economic activities for the local communities in these revitalised villages.

Whilst the Joint Venture Partners oversee the Revitalisation Project, the establishment of the agricultural and tourism industries, which are classified as secondary projects will be carried out specifically by Zixin Biotech and HuiTeng, respectively. Zixin Biotech and HuiTeng will establish their respective areas of expertise in sweet potato value chain and tourism, where proven business solutions, knowledge and skills will be imparted to employees from the local community as part of management training and succession planning process. The "handholding" approach is expected to enhance the level of governance and execution and assist the local county government in achieving sustainability economically, environmentally, and socially, and improving the overall living standards of its local communities.

Pursuant to the Agreement, the Joint Venture Partners will set up a joint venture company ("**JV Company**") in Língão County with a paid-up capital of RMB 20 million within 20 working days upon signing this Agreement. The paid-up capital will be held as deposit and/or guarantee by the Lingão Government and disburse according to the completion of the respective milestones set out in the Agreement. Further funds required by the Revitalisation Project will be raised by the JV Company through, among others, bank borrowings to commence operations of the Revitalisation Project.

Upon completion of the milestones under the primary and secondary projects, remunerations will be made by the Língão Government according to the payment terms in the Agreement after verifications are done by the independent third-party auditors, which will be appointed by the Língão Government. The profit to be shared among the Joint Venture Partners will be 30% of the amount of sales proceeds collected by the Língão Government upon the completion of the milestones under the primary project, to be disbursed within 30 working days less all investment capital expenditure and out-of-pocket expenses after verifications. In addition, the penalties to be imposed by the Língão Government in the event that the JV Company does not achieve the stipulated milestones as set out in the Agreement will be based on the valuation conducted by such independent third-party auditors.

As the shareholding structure and respective investment amounts of the JV Company will only be finalised upon the formation of the JV Company, the Company will update Shareholders on the

Revitalisation Project including the formation of JV Company in due course via further announcements to be made on SGXNet.

Scalability of Zixin Group's biotech-focused sweet potato circular economy

Sharing on the participation of the Revitalisation Project, Mr. Liang Chengwang (梁承旺), the Executive Chairman and CEO of Zixin Group said, "**We strongly believe that the respect and recognition for the agricultural communities need to be raised. Established as a biotechnology-focused company on sweet potatoes, we are truly thankful for our persistence in building our sweet potato circular economy progressively over the last two (2) decades. We have demonstrated the possibilities of breakthrough in the traditional agricultural industry, as well as the consistency in quality and sustainability in quantity to address rising concerns in food safety and food security.**

As society progresses, we also have to keep ourselves abreast with the rising demand for nutritional and healthy food. Our continuous investments to calibrate and finetune interdependent business areas, overcoming unforeseen challenges including the Covid-19 pandemic saw fluctuations in our past financial performance but were necessary for us to become what we are today. We are heartened that our employees, business partners and shareholders, understood and supported our ambition towards building the circular economy business model, which we have now achieved."

Beneficiary of China's determination to accelerate rural revitalisation

Since late 2022, the Chinese government has been emphasising on its priority to accelerate the speed of achieving rural revitalisation to address the country's major concerns in boosting agricultural production, developing rural housing and land use, improving the environment, and alleviating poverty in impoverished regions. This determination was reinforced in early 2023 with the publication of a key policy document known as the "No. 1 central document" as rural revitalisation remains as a critical component of the Chinese government's 2020-2025 work plan.

(References: (1) 加快建设农业强国 https://mp.weixin.qq.com/s/TTNyEr9_PyYVgMX4oclqkw ; (2) China vows to push rural vitalization comprehensively with launch of No.1 central document for 2023 https://www.globaltimes.cn/page/202302/1285393.shtml#:~:text=%22The%20foundation%20of%20the%20Chinese,a%20divergence%20from%20the%20privatizing; (3) China's push to advance rural revitalization https://thediplomat.com/2022/02/chinas-push-to-advance-rural-revitalization/)

Mr Liang added, "**Zixin Group's participation in this Revitalisation Project in Língāo County, Hainan Province, is a significant milestone for us. We are delighted for the recognition and trust to be part of the reputed team of Joint Venture Partners, where Zixin Group is able to share our proven expertise and duplicate our solutions and techniques to benefit the local communities in other locations that have the necessary conditions for sweet potatoes cultivation. This promotes scalability, allowing the Group to expand beyond our cultivation base in Liancheng County, Fujian Province, and making accretive contribution to the country. Correspondingly, the expansion in cultivation base will eventually enhance economies of scale and diversify risk for the Group.**

In addition, our entrenched sales and marketing distribution network with our proprietary brands in China will also lend assurance to the local communities in these urbanised rural areas that their livelihoods will be more sustainable and stable going forward. We believe the collaboration between Zixin Group and the local communities of the rural revitalisation projects is mutually beneficial for the long term."

The Group, through its wholly-owned subsidiaries, harnesses its biotechnology capabilities to strengthen and support its core business areas in **(a) cultivation and supply** – (i) research and development on sweet potato varieties to cultivate own sweet potato seedlings, (ii) sweet potato cultivation techniques and solutions to improve the quality and yield for farmlands, and (iii) fresh sweet potato supply, **(b) product innovation and food production** – food processing techniques to maximise nutrient retention in proprietary branded products, **(c) brand building, marketing and distribution** – building of proprietary brands of healthier snacks through targeted marketing campaigns and various distribution platforms (traditional and e-commerce) throughout China, and **(d) recovery and recycling** – recover nutritional content from sweet potato peels, and converting waste materials such as sweet potato peels, stems and leaves into main ingredients for poultry and animal feed.

Suitability of sweet potato cultivation in Hainan Province, China

Hainan Province is the smallest and southernmost province of China, and yet is China's largest tropical island with a total land area of approximately 33,920 km^2. The island's tropical monsoon climate is often referred as 'a natural greenhouse' for crops to grow all year round. Hainan Province has a long history of sweet potato plantation. The sweet potato was first introduced to the island in the late Ming (1368-1644) and early Qing (1644-1911) dynasties. The island receives yearly average of more than two thousand hours of sun, rainfall of 1,644 mm, and average temperature of between 22°C to 27°C, which makes the island suitable for year-round sweet potatoes growth and harvesting.

(References: (1) http://en.hainan.gov.cn/englishgov/Resources/202112/ecf54987e9ef4a0a9dbd723df526f260.shtml
(2) https://www.tropicalhainan.com/agricultural-products-grown-on-hainan-island-how-many-do-you-know/
(3) https://www.freshplaza.com/europe/article/9204517/off-season-sweet-potatoes-from-hainan-enter-chinese-market/)

The Group has been involved in research and development of sweet potato varieties (both purple and orange sweet potatoes), cultivating own sweet potato seedlings as well as developing cultivation techniques and solutions to improve the quality and yield for farmlands through its wholly-owned subsidiary, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd 连城县地中宝现代农业有限公司, based in Liancheng County, Fujian Province, for more than ten years. The management team has continually collaborated with research institutions outside of Fujian Province on a regular basis to finetune its cultivation solutions and techniques. The Zixin Group believes that its team is well-experienced with professional expertise to educate the local communities and operate the sweet potato cultivation project in Hainan Province.

Further Announcements

The Company will make further update announcements on SGXNet in compliance with the Listing Manual Section B: Rules of Catalist as appropriate or when there are material developments in respect of the same.

Cautionary Note:

Shareholders and potential investors are advised 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, accountants, or other professional advisers before trading in or making any investment decision regarding the Company's shares.

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The Zixin Group aims to be a leading sweet potato focused agritech operator globally, leveraging on smart ecological agriculture, utilising biotech throughout its value chain to produce quality sweet potato seedlings, healthier snack food and functional food, as well as deploying modern marketing and distribution methods such as online and retail e-commerce sales channels to complement its traditional wholesalers and distributors, to promote its proprietary brands for better market reach.

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:

富登财经 FinComm
OCTAVE

Investor relations contact:

Rosalina Soh 苏沛熙
Mobile : (65) 9677 6683
Email : rosalina@octavecomms.com

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

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.

The contact person for the Sponsor is Mr Andrew Leo, Chief Executive Officer, at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.