ZIXIN GROUP HOLDINGS
紫心集团控股

(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)
Website: www.zixingroup.com.sg
SGX stock code: 42W

Zixin Group's operations and planned expansions are back on track

- **Supporting industries such as cold storage warehousing and fermentation plants complement the Group's circular economy business model, resolving constraints and calibrating the business segments to run like clockwork**

For Immediate Release

SINGAPORE, 10 July 2023 – SGX Catalist listed **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, wishes to update shareholders and potential investors on the developments of its business operations across its integrated industrial chain.

The disruptions that led to the temporary cessation of Zixin Group's operations in China following the sudden relaxation of the stringent Covid restrictions in early 2023 have ceased. Currently, all operations in Zixin Group, including planned expansions, are back on track.

Planned expansion into high-tech manufacturing and research capabilities on track to commission by end of FY2024

With reference to the announcements dated 2 March 2021 and 17 August 2021, Zixin Group's wholly-owned subsidiary, Fujian Zixin Biotechnological Potato Co., Ltd 福建紫心生物薯业有限公司 ("**Zixin Biotech**") completed the construction of the infrastructure comprising the high-tech manufacturing facility, research laboratories and office (the "**New Infrastructure**") in end March 2023. The New Infrastructure sits on part of the 56,019.31m^2 land area, which is in close proximity to the Group's current snack food manufacturing and office premises.

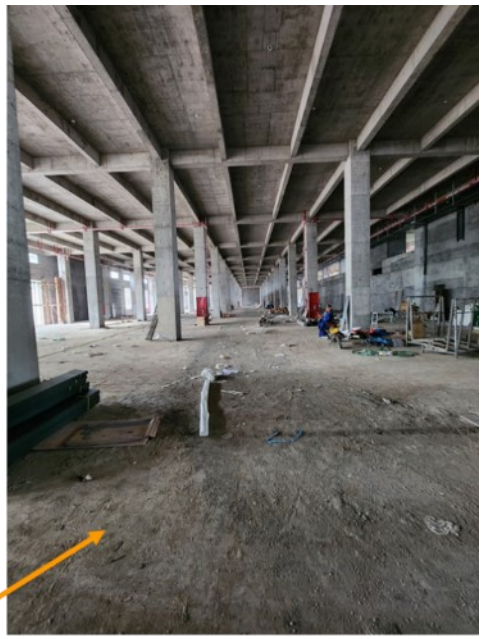
The construction of this New Infrastructure was financed by a combination of the funds raised in the placement exercise completed in February 2021 and Zixin Group's internal resources. Following completion of the construction, Zixin Biotech is planning on the purchase and installation of equipment and machinery as well as the interior furnishings for the built-up area of approximately 23,000m^2. The commissioning of the production capacity of 35,000 tonnes per annum to recover nutrients from sweet potato peels to produce functional food is estimated to commence by end of the financial year ending 31 March 2024 ("**FY2024**").

The Executive Chairman and Chief Executive Officer of Zixin Group, Mr. Liang Chengwang said, "**Zixin Biotech has achieved success in recovering nutrients from sweet potato peels using the extraction technique in its laboratory, and turning the extracted nutrients into functional food including purple sweet potato powder that can be used in the bakery industry. The commissioning of the high-tech manufacturing facility will allow Zixin Biotech to monetise its prior research and development ("R&D") investment, and at the same time, maximise the discarded sweet potato peels before sending them to the fermentation plants as waste resources for the base ingredients of animal feeds.**"

Infrastructure for high-tech manufacturing facility, research laboratories, and office.



Interior furnishings and equipment and machinery will be installed progressively during FY2024.



Note: Pictures were taken in late May 2023.

Zixin Biotech will continue to develop the Group's proprietary biotech competencies through R&D to maximise the uses and applications of sweet potatoes and functional food products, including medicinal food for the benefits of human health.

Establishment of supporting industries to drive sustainable growth for the agricultural industry in Liancheng County, Fujian Province, China

In response to the nation's drive to accelerate growth in the agricultural sector, the Liancheng County Government took the initiative in allocating land, constructing premises, and offering favourable lease terms, in a bid to attract third-party operators in the areas of cold storage warehousing and feed manufacturing to support the sweet potato agricultural industry in Liancheng County.

Construction of cold storage warehouses for 5,000 tonnes capacity of fresh sweet potatoes and 3,000 tonnes capacity of semi-processed sweet potatoes initiated by the Liancheng County Government has been completed.



Note: Pictures were taken in late May 2023.

Mr. Liang adds, "**Currently, harvests of fresh sweet potatoes are stored in cellars where the possibility of spoilage is high, and could potentially impact earnings for the year. With the cold storage warehouses, we will be able to maintain the freshness and shelf life of sweet potatoes. This will reduce the risk of spoilage and open up the opportunity for us to increase our cultivation base, which in turn could potentially raise our earnings from sales of fresh sweet potatoes and semi-processed sweet potato products given the ability to store the fresh produce longer**."

Infrastructure for sweet potato waste materials recycling and fermentation are being constructed progressively



Note: Pictures were taken in late May 2023.

The Liancheng County Government intends to build 17 blocks of standard factory buildings to support the recovery and recycling of sweet potato waste materials, converting waste into main ingredients for animal feeds. Among these, three blocks that are meant for fermentation have been completed and are ready to be handed over to an independent third-party operator.

Based on Zixin Group's current contracted farmland of 8,268.6mu (approximately 5,512,427.6m^2), it recorded 639.4 tonnes of waste materials in FY2022. Currently, there are approximately 90,000mu of cultivatable sweet potato farmland in Liancheng County and approximately 300,000mu of cultivatable farmland around the outskirts of the county.

"**Having demonstrated our success in producing nutritional and cost-efficient base ingredients of animal feed from waste materials including spoiled sweet potatoes, and sweet potato peels, stems and leaves with our proven probiotics fermentation solutions and techniques, Zixin Group achieves the biotech competence in waste reduction, and the ability to extend nutritional benefits of sweet potatoes to poultry and farm animals. We are glad to be able to share our success with the third-party operator of the fermentation plants by supplying waste resources and probiotic solutions and techniques to convert waste materials into ingredients for feeds,**" said Mr. Liang.

The increasing awareness of "you are what you eat" that is driving demand for healthier food choices would potentially be a motivating factor to use sweet potato-based ingredients as the alternative option for feed manufacturers as they could potentially lower their cost of poultry and animal feed for farm owners. The sweet potato-based ingredients that contain probiotics will improve the gut health of poultry and livestock, which potentially improves the survival rate and healthiness of the poultry and livestock. This in turn, improves the livelihood of farm owners.

Mr Liang adds, **"The recent three-year action plan issued by China's agriculture ministry in April 2023 aimed at reducing the use of soymeal in animal feed to reduce heavy reliance on soybean imports(1), is also an added booster to our initiative to improve waste reduction and address rising disposal expenses for the waste materials."**

(Reference: (1) https://www.reuters.com/world/china/food-security-drives-china-cut-soymeal-use-animal-feed-2023-04-14/)

Downstream marketing and distribution network expansion to support future increase in cultivation and supply of fresh sweet potatoes and snack products

As part of Zixin Group's streamlining effort, business activities of its wholly-owned subsidiary, Fujian Zilaohu Food Co., Ltd. 福建紫老虎食品有限公司 ("**Zilaohu**"), are expanded from snack food manufacturing to include brand building, marketing and distribution. The integration allows product innovation and production to be aligned with evolving consumer preferences and snack food trends.



In-house 'livestreaming' studios to promote proprietary branded products



Note: Pictures were taken in late May 2023.





Proprietary branded sweet potato specialty retail outlet operated through franchise

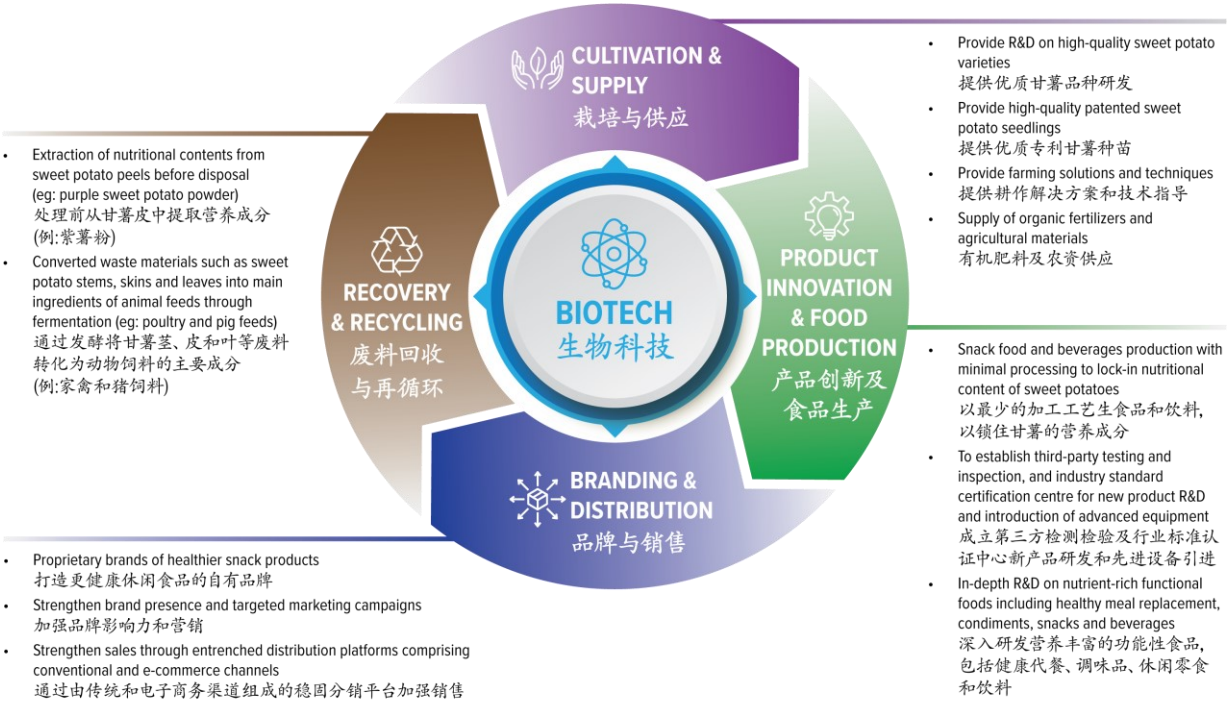
"The adoption of e-commerce, online sales platforms, and video marketing strategies such as "live-streaming", which complements our entrenched distribution network and channels and offers alternative options to distributors and consumers, also allows us to engage with our consumers through more targeted marketing campaigns and distribution channels. We remain committed to expanding our distribution network, to bring our selected range of fresh sweet potato varieties, and high nutritional quality snack products to more consumers in China and overseas," said Mr. Liang.

Currently, Zixin Group offers products in the following eight categories, and it will continue to invest in R&D on the recipes as well as production techniques of higher nutritional value snack food products.



With the constraints of the integrated industrial chain adequately addressed, Mr. Liang said, "**We are appreciative of everyone who stood by us and worked with us in overcoming challenges and finetuning our biotech-focused sweet potato circular economy business model. While we have our biotech competencies encompassed into our business areas and integrated into a seamless and feasible circular economy business model, the inclusion of supporting industries such as cold storage warehousing and fermentation plants will enhance the circular economy business model and allow it to operate like clockwork.**

Zixin Group's Biotech-focused Sweet Potato Circular Economy Business Model



These supporting industries are only introduced recently to the Liancheng County, where we are located, after the local authorities recognised that the sustainability of the agricultural sector was impeded by the perishability of fresh produce, and the increasing concern on the management of agricultural waste. The establishments of these supporting industries will not only resolve our existing issues, but also propel us to accelerate our expansion in our upstream operations of cultivation and supply.

We believe our ability to better manage our upstream sources of consistently good quality and supply of seedlings and fresh sweet potatoes will further lower our business risk and bring forth sustainable growth across our integrated business segments in the circular economy model. Barring any unforeseen circumstances, we expect to return to profitability in FY2024 as the supporting industries will commence operations in the fourth quarter of 2023, in order to be in time for the harvesting season."

Industry trend bodes well for Zixin Group's sustainable growth over the long term

According to the '2023 China Agriculture and Rural Trend Report: Accelerate the construction of an agricultural power'[(2)], it was mentioned that China's 14th Five-Year Plan emphasised on food security and the Chinese government's determination to expand the agricultural sector to safeguard against the declining global food supply and high food prices in the international markets.

(Reference: (2) International Poverty Reduction Center in China https://www.iprcc.org.cn/article/4BdUtWxl32D)

Commenting on Zixin Group's recent participation in the rural revitalisation project in Língāo County, Hainan Province[(3-5)], Mr. Liang said, "**We are honoured to participate in both primary and secondary project levels albeit a smaller stake at the primary project level as this is our maiden replication project. Given opportunities in the future, we may increase our participation at the primary project level, and continue to provide our proven circular economy business model solutions together with the local operators of the supporting industries at the secondary project level. Our primary mission remains to safeguard food security and food safety.**"

(Reference: (3) CSFG Press Release – Participation in Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/0LF6A22UI45Q3E91/d125dac98b455a254bb457bee90f4daf25769a530027220d454f1c540364d6cd (4) ZGH Press Release – Zixin Group and JV Partners commence Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/PPKGUBE3MUA6QJY8/7fd839975273388d9f1ec8718746795f8cce5ef952442f0f7fd36a89d05b3c49) and

(5) ZGH Press Release – Incorporation of JV Company for Rural Revitalisation Project https://links.sgx.com/1.0.0/corporate-announcements/HT4BXHD15EREI42Y/3ca8422a9ad59198a7f151f51f305fba511eb470f09305adc4736b9ad22cf75d)

Further announcements

The Company will make further update announcements on SGXNet in compliance with the Singapore Exchange Securities Trading Limited 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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Zixin Group Holdings Limited 紫心集团控股

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

Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) ("**Zixin**" or the "**Company**" and together with its subsidiaries, "**Zixin Group**") is a leading sweet potato biotech-focused 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 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** – recovering 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. Zixin Group will continue to reinforce its circular economy business model in these four main areas to further enhance their effectiveness.

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:

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*This press release has been prepared by Zixin Group Holdings Limited (the "**Company**") and 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 press release has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this press release, including the correctness of any of the statements or opinions made or reports contained in this press release.

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