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**

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2022 (1H FY2023)

*This announcement has been prepared by Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) (the "**Company**" and together with its subsidiaries, the "**Group**") 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 (the "**Catalist Rules**").*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes 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.

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.

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		
		1H FY2023	1H FY2022	Change
		RMB'000	RMB'000	%
Revenue	**4**	114,759	130,985	(12.4)
Cost of sales		(82,579)	(95,652)	(13.7)
Gross profit		32,180	35,333	(8.9)
Interest income		264	317	(16.7)
Other income		487	73	n.m.
Marketing and distribution costs		(13,403)	(17,164)	(21.9)
Administrative expenses		(15,453)	(14,610)	4.3
Other losses		(1,349)	-	n.m.
Finance costs		(854)	(724)	18.0
Profit before income tax	**5**	1,872	3,225	(42.0)
Income tax (expense)/credit	**6**	(1,835)	436	n.m.
Profit for the period, net of tax		37	3,661	(99.0)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		584	(101)	n.m.
Total comprehensive income for the period		621	3,560	(82.6)
Profit for the period, net of tax, attributable to:				
Owners of the Company		37	3,661	(99.0)
Non-controlling interests		-	-	n.m.
Profit for the period		37	3,661	(99.0)
Total comprehensive income for the period, attributable to:				
Owners of the Company		621	3,560	(82.6)
Non-controlling interests		-	-	n.m.
Total comprehensive income for the period		621	3,560	(82.6)
Earnings per share for profit for the period attributable to the owners of the Company during the years:				
Basic (RMB in cent)	**7**	0.003	0.47	n.m.
Diluted (RMB in cent)	**7**	0.003	0.47	n.m.

1H FY2022 – six-month financial period ended 30 September 2021
n.m. - not meaningful

B. Condensed Interim Consolidated Statement of Financial Position

	Note	Group As at		Company As at	
		30-Sep-2022 RMB'000	31-Mar-2022 RMB'000	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	135,170	128,327	158	158
Intangible assets	9	36,343	37,068	–	–
Investment in subsidiaries		–	–	803,636	803,636
Other receivables, non-current		–	11	–	–
Other assets, non-current	10	67,769	86,821	–	–
Deferred tax assets		8,007	8,007	–	–
Total Non-Current Assets		247,289	260,234	803,794	803,794
Current Assets					
Inventories		908	2,809	–	–
Trade and other receivables	11	40,836	41,177	98,128	91,828
Other assets, current	10	63,884	69,838	62	176
Cash and bank balances		247,894	197,506	12,064	14,022
Total Current Assets		353,522	311,330	110,254	106,026
Total Assets		600,811	571,564	914,048	909,820
EQUITY AND LIABILITIES					
Equity					
Share capital		239,150	239,150	938,574	938,574
Retained earnings/(accumulated losses)		232,884	232,847	(76,292)	(73,616)
Other reserves		45,528	44,944	46,583	40,778
Total Equity		517,562	516,941	908,865	905,736
Non-Current Liabilities					
Lease liability, non-current		–	160	–	160
Current Liabilities					
Trade and other payables	12	34,300	18,534	5,014	3,924
Income tax payables		1,680	129	–	–
Lease liability, current		169	–	169	–
Other financial liabilities	13	47,100	35,800	–	–
Total Current Liabilities		83,249	54,463	5,183	3,924
Total Liabilities		83,249	54,623	5,183	4,084
Total Equity and Liabilities		600,811	571,564	914,048	909,820

C. Condensed Interim Consolidated Statement of Changes in Equity

Group

	Share Capital RMB'000	Other Reserves RMB'000	Retained Earnings RMB'000	Total Equity RMB'000
Balance at 1 April 2021	182,572	45,021	226,322	453,915
Total comprehensive (loss)/income for the period				
Profit for the period	–	–	3,661	3,661
Other comprehensive loss	–	(101)	–	(101)
Total comprehensive (loss)/income for the period	–	(101)	3,661	3,560
Balance as at 30 September 2021	182,572	44,920	229,983	457,475
Balance at 1 April 2022	239,150	44,944	232,847	516,941
Total comprehensive income for the period				
Profit for the period	–	–	37	37
Other comprehensive income	–	584	–	584
Total comprehensive income for the period	–	584	37	621
Balance as at 30 September 2022	239,150	45,528	232,884	517,562

Company

	Share Capital RMB'000	Other Reserves RMB'000	Retained Earnings RMB'000	Total Equity RMB'000
Balance at 1 April 2021	881,996	42,979	(67,065)	857,910
Total comprehensive loss for the period				
Loss for the period	–	–	(2,924)	(2,924)
Other comprehensive loss	–	(1,267)	–	(1,267)
Total comprehensive loss for the period	–	(1,267)	(2,924)	(4,191)
Balance as at 30 September 2021	881,996	41,712	(69,989)	853,719
Balance at 1 April 2022	938,574	40,778	(73,616)	905,736
Total comprehensive income/(loss) for the period				
Loss for the period	–	–	(2,676)	(2,676)
Other comprehensive income	–	5,805	–	5,805
Total comprehensive income/(loss) for the period	–	5,805	(2,676)	3,129
Balance as at 30 September 2022	938,574	46,583	(76,292)	908,865

D. Condensed Interim Consolidated Statement of Cash Flow

	Note	Group	
		1H FY2023 RMB'000	1H FY2022 RMB'000
Cash flows from operating activities			
Profit before income tax		1,872	3,225
Interest income	**5**	(264)	(317)
Interest expense	**5**	854	724
Depreciation of property, plant and equipment		7,536	10,616
Amortisation of intangible assets		542	695
Loss on disposal of property, plant and equipment		1,375	–
Exchange differences on translating functional to presentation currency		584	(101)
Operating cash flow before changes in working capital		**12,499**	**14,842**
Inventories		1,900	675
Trade and other receivables		352	7,000
Other assets		25,006	11,480
Trade and other payables		15,767	(5,472)
Net cash flows generated from operations		**55,524**	**28,525**
Income tax paid		(284)	–
Net cash flows from operating activities		**55,240**	**28,525**
Cash flows from investing activities			
Purchase of property, plant and equipment	**8**	(18,854)	(3,625)
Purchase of manufacturing patent	**9**	–	(1,200)
Proceed from disposal of property, plant and equipment		3,283	–
Interest income received		264	317
Net cash flows used in investing activities		**(15,307)**	**(4,508)**
Cash flows from financing activities			
Proceeds from new borrowings	**11**	59,600	30,800
Repayment of borrowings	**11**	(48,300)	(31,300)
Lease liability, net		9	(10)
Interest expense paid		(854)	(724)
Net cash flows from/(used in) financing activities		**10,455**	**(1,234)**
Net change in cash and cash equivalents		50,388	22,783
Cash and cash equivalents at beginning of financial period		197,506	196,387
Cash and cash equivalents at end of financial period		**247,894**	**219,170**

E. Notes to the Condensed Interim Consolidated Financial Statements for 1H FY2023

1. Corporate information

Zixin Group Holdings Limited (formerly known as China Star Food Group Limited) (the "**Company**") is a limited liability company incorporated in Singapore. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). These condensed interim consolidated financial statements as at 30 September 2022 and for 1H FY2023 comprise the Company and its subsidiaries (collectively, the "**Group**").

The registered office of the Company is located at 24 Raffles Place #20-03 Clifford Centre Singapore 048621. The principal place of business of the Company is located at 10 Anson Road International Plaza #27-06B, Singapore 540193.

The principal activity of the Company is that of an investment holding company. The principal activities of the Company's subsidiaries are disclosed in the Group's annual consolidated financial statements as at 31 March 2022. The Group is a leading sweet potato-focused integrated snacks supply chain operator in the People's Republic of China (the "**PRC**" or "**China**"). Through its wholly-owned subsidiaries, the Group leverages on its biotechnology capabilities to strengthen its three (3) core business areas: (a) cultivation and supply – (i) research and development of sweet potato varieties, (ii) cultivate sweet potato seedlings, (iii) provide farming solutions and technique, and (iv) fresh sweet potato supply, and (b) product innovation and snacks production – research and development to produce snacks with higher nutritional content, and (c) marketing and distribution – build propriety brands of heathier snacks through targeted marketing campaigns and various distribution platforms (traditional and modern) throughout China.

2. Basis of preparation

The condensed interim consolidated financial statements for 1H FY2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the financial year ended 31 March 2022.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Chinese Renminbi dollars ("**RMB**"), which is the Company's functional currency, and all values are rounded to the nearest thousand ("**RMB'000**") except when otherwise indicated.

2.1. New and amended standards adopted by the Group

The Group and the Company have adopted the new and revised SFRS(I)s, and interpretations of SFRS(I) that are effective for the annual period beginning on 1 April 2022. The Group did not have to change its accounting policies or make any retrospective adjustments as a result of adopting those standards.

2.2. Use of judgement and estimates

In preparing the condensed interim consolidated financial statement, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the most recently audited consolidated financial statements as at and for the year ended 31 March 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Not applicable. The Group only has one operating segment (sweet potatoes related products) and one geographical segment (the PRC). There are no operating segments or reportable segments disclosed as required by SFRS(I)8.

	Group	
	1H FY2023 RMB'000	**1H FY2022 RMB'000**
Revenue:		
Sweet potato processed products	97,861	109,821
Sweet potatoes	16,898	21,164
	114,759	130,985
Timing of transfer of goods or service:		
At a point in time	114,759	130,985

5. Profit/(Loss) before income tax

Profit/(Loss) before income tax is stated after charging the following:

	Group	
	1H FY2023 RMB'000	**1H FY2022 RMB'000**
Amortisation of intangible assets	542	695
Depreciation of property, plant and equipment	7,536	10,616
Research and development expenses	706	464
Employee benefits expense	8,337	9,022
Nursery fees	1,100	1,368

6. Income tax credit/(expense)

The Group calculates the period income tax credit/(expense) using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax credit/(expense) in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H FY2023 RMB'000	**1H FY2022 RMB'000**
Current tax credit/(expense):		
Current year	1,736	–
Overprovision in prior financial year	99	436
Total income tax credit/(expense)	1,835	436

7. Earnings per share

The basic earnings per share is calculated based on the consolidated earnings attributable to equity holders of the Company divided by the weighted average number of shares in issue of 1,316,695,000 (1H FY2022: 786,092,000) shares during the financial period. Dilutive potential ordinary shares are deemed to have been converted into ordinary shares at the beginning of the year or if later, the date of the issue of the potential ordinary shares.

The following table illustrates the numerators and denominators used to calculate basic and diluted earnings per share:

	Group	
	1H FY2023 RMB'000	**1H FY2022 RMB'000**
Basic earnings per share		
Profit, net of tax attributable to owners of the Company	37	3,661
Weighted average number of ordinary shares in issue ('000)	1,316,695	786,092
Basic earnings per share (RMB cents)	0.003	0.47

As the Company does not have any dilutive potential ordinary shares, the basic earnings per share and diluted earnings per share for 1H FY2023 were the same i.e., RMB 0.003 cents (1H FY2022: RMB 0.47 cents) per share.

8. Property, plant and equipment

During 1H FY2023, the Group acquired assets (mainly plant and machinery and construction work-in-progress) amounting to RMB 18,854,000 (1H FY2022: RMB 3,625,000).

9. Intangible assets

Group:	Right-of-use assets RMB'000	Manufacturing patents RMB'000	Software RMB'000	Favourable supply contracts RMB'000	Goodwill RMB'000	Total RMB'000
Cost:						
At 1 April 2021	42,215	1,562	338	12,822	36,660	93,597
Additions	–	1,200	–	–	–	1,200
At 31 March 2022 and 30 September 2022	42,215	2,762	338	12,822	36,660	94,797
Accumulated amortisation:						
At 1 April 2021	5,295	1,195	338	10,257	–	17,085
Amortisation for the year	1,174	245	–	–	–	1,419
At 31 March 2022	6,469	1,441	338	10,257	–	18,504
Amortisation for the year	587	138	–	–	–	725
At 31 March 2022	7,056	1,578	338	10,257	–	19,229
Accumulated impairment:						
At 1 April 2021, 31 March 2022 and 30 September 2022	–	–	–	2,565	36,660	39,225
Carrying amount:						
At 31 March 2022	35,746	1,322	–	–	–	37,068
At 30 September 2022	35,159	1,184	–	–	–	36,343

	Group	
	30-Sep-2022 RMB'000	31-Sep-2021 RMB'000
Amortisation for the year	725	695
Capitalised in construction work-in-progress	(183)	–
Amortisation of intangible assets recorded in administrative expenses (Note 5)	542	695

9. Intangible Assets (cont'd)

Right-of-use assets

The right-of-use assets are the land use rights for four parcels of land located in Liancheng County of Fujian Province, the People's Republic of China.

As at 30 September 2022, the land use rights of the Group for two parcels of land with carrying amount of RMB 5,911,000 and RMB 23,999,000 respectively (31 March 2022: RMB 5,982,000 and RMB 24,281,000 respectively) are mortgaged for bank loans.

In September 2018, Liangcheng Dizhongbao Modern Agriculture Development Co., Ltd ("**Dizhongbao**"), a subsidiary in the Group, entered into Land Use Rights Transfer Agreements (the "**Agreements**") with 86 farmers to lease 91 plots of farmland (certain farmers are contracted to lease more than one (1) plot of farmland) for 15 years as a base for research and development to cultivate new breed of sweet potatoes and to nurture the sweet potatoes seedlings. The seedlings are collected from the farmers after they sprout and are distributed to the contracted suppliers to grow on their own land to ensure better control of the end product quality. Under the terms of the Agreements, Dizhongbao had made upfront full payments of approximately RMB 7,000,000 to the contract farmers for 15 years.

Goodwill arising on consolidation

In the financial year 2016, a determination of the recoverable amount of goodwill subsequent to the completion of the reverse takeover exercise of Brooke Asia Limited on 22 September 2015 revealed a shortfall of RMB 36,660,000 in future cash flow to support the purchase consideration paid of RMB 36,661,000 as the Company did not have operations or subsidiaries at the time when the reverse acquisition was completed. Accordingly, an impairment charge of RMB 36,660,000 was recorded against goodwill and disclosed under "other expenses" in the consolidated statement of profit or loss and other comprehensive income for the financial year ended 31 March 2016.

Manufacturing patents

During the 1H FY2023, the Group had not acquired any intangible assets which relates to a manufacturing patent from third parties (1H FY2022: RMB 1,200,000).

10. Other assets

	Group		Company	
	30-Sep-2022	**31-Mar-2022**	**30-Sep-2022**	**31-Mar-2022**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Advance payments for supplies of sweet potatoes (Note A)	111,638	130,690	–	–
Prepayment	20,015	25,969	62	176
	131,653	156,659	62	176
Presented in the statements of financial position as:				
Other assets, non-current	67,769	86,821	–	–
Other assets, current	63,884	69,838	62	176
	131,653	156,659	62	176

Note A: Advance payment for supplies of sweet potatoes

The Group, through one of its subsidiaries, Dizhongbao, had entered into various purchase contracts with a few suppliers (the "**Co-operatives**") to secure the supply of quality raw sweet potatoes at reasonable prices.

The agreements entered into during the financial years ended 31 March 2018 and 2019 carry similar terms and last for 15 years and grant Dizhongbao with the first right of refusal of the supply of sweet potatoes. In return, Dizhongbao pays prepayments to the suppliers once every five (5) years. The prepayments are used to offset the purchase during the five-year period. Where the prepayments are fully utilised within the five (5) years, the payment of subsequent purchases are made in accordance with the agreed terms of each respective contract.

11. Trade and other receivables

	Group		Company	
	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000
Trade receivables:				
Outside parties	39,939	41,061	–	–
Less: Allowance for impairment loss on receivables	(217)	(599)	–	–
	39,722	40,462	–	–
Other receivables:				
Outside parties	1,060	675	–	–
Subsidiaries	–	–	98,074	91,777
Refundable deposits	54	51	54	51
	1,114	726	98,128	91,828
Total trade and other receivables	40,836	41,188	98,128	91,828
Presented in the condensed interim consolidated statement of financial position as:				
Other receivables, non-current	–	11	–	–
Trade and other receivables, current	40,836	41,177	98,128	91,828
	40,836	41,188	98,128	91,828

12. Trade and other payables

	Group		Company	
	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000
Trade payables:				
Outside parties	26,712	7,677	–	–
Other payables:				
Outside parties	5,241	10,568	4,503	3,148
Subsidiaries	–	–	515	487
Director/shareholder	2,347	289	2,347	289
	7,588	10,857	5,018	2,099
Total trade and other payables	34,300	18,534	5,018	2,099

13. Other financial liabilities

	Group	
	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000
Bank loans A (unsecured) (Note 13.1)	15,300	10,500
Bank loans B (secured) (Note 13.2)	31,800	25,300
	47,100	35,800

13.1. Bank loans A (unsecured)

The bank loans are repayable within 12 months and renewable annually. The bank loans' fixed interest rates were 3.20% - 5.50% (31 March 2022: 3.20% - 4.35%) per annum respectively and are repayable within 12 months.

The bank loans are unsecured and guaranteed separately by a local credit guarantee company, and one (1) of the Company's directors and his spouse.

13.2. Bank loans B (secured)

The loans are secured by mortgages of a leasehold building and land use rights of the Group. The bank loans bear fixed interest rate at 4.00% (2022: 3.35% - 4.60%) per annum and are repayable within 12 months.

A summary of the Group's borrowings and debt securities is as follows:

	As at 30-Sep-2022		As at 31-Mar-2022	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one (1) year or less, or on demand	31,800	15,300	25,300	10,500
Amount repayable after one year	–	–	–	–
Total borrowings	31,800	15,300	25,300	10,500

14. Financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded as at 30 September 2022 and 31 March 2022:

	Group		Company	
	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000	30-Sep-2022 RMB'000	31-Mar-2022 RMB'000
Financial assets:				
At amortised cost:-				
Cash and cash equivalents	247,894	197,506	12,064	14,022
Trade and other receivables	40,836	41,188	98,128	91,828
	288,730	238,694	110,192	105,805
Financial liabilities:				
At amortised cost:-				
Trade and other payables	34,300	18,534	5,014	3,924
Other financial liabilities	47,100	35,300	–	–
Lease liability	169	160	169	160
	81,569	53,994	5,183	4,084

15. Subsequent events

There are no known subsequent events from 1 October 2022 to the date of this announcement, which led to adjustments to this set of condensed interim consolidated financial statements.

Other Information Required pursuant to Listing Rule Appendix 7C for 1H FY2023

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes in the issued share capital of the Company from 31 March 2022 to 30 September 2022.

Save for the above, the Company does not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 30 September 2022 and 30 September 2021. Accordingly, the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding is nil% as at 30 September 2022 and 30 September 2021.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	As at 30-Sep-2022	As at 31-Mar-2022
Total number of issued shares	1,383,818,100	1,383,818,100

The Company did not have any treasury shares as at 30 September 2022 and 31 March 2022.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable, as the Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable, as the Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditor.

3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter)

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is material uncertainty relating to going concern.

(a) Not applicable.

(b) Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those in the most recently audited consolidated financial statements for the financial year ended 31 March 2021 as set out in the Company's annual report.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all the applicable new and revised Financial Reporting Standards ("**FRS**") in Singapore and the related Interpretations to FRS ("**INT FRS**") that are relevant to its operation and effective for the accounting periods beginning on or after 1 April 2022. The adoption of these new and revised FRS did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends
(a) based on the weighted average number of ordinary shares in issue; and
(b) on a fully diluted basis (detailing any adjustments made to the earnings).

Please refer to paragraph E7 above.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the
(a) Current period reported on; and
(b) Immediately preceding financial year

Net asset value ("NAV")	Group		Company	
	30-Sep-2022	31-Mar-2022	30-Sep-2022	31-Mar-2022
NAV (RMB'000)	517,562	516,941	908,865	905,736
Number of ordinary shares in issue (in thousands)	1,383,818	1,383,818	1,383,818	1,383,818
NAV per ordinary share (RMB)	0.37	0.37	0.66	0.65

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Consolidated Statement of Comprehensive Income

Revenue

The revenue of the Group for 1H FY2023 decreased by approximately RMB 16.2 million or 12.4% from RMB 131.0 million for 1H FY2022 to RMB 114.8 million in 1H FY2023. The decrease was mainly due to (i) the disruptions in logistics during the lockdown in Shanghai, China in April and May 2022 that affected the supply and logistics of raw materials, and (ii) the lower volume of snack products produced and sold, as certain production lines in the Group's snack manufacturing facility underwent upgrading. Specifically, certain production lines of Fujian Zilaohu Food Co., Ltd. ("**Zilaohu**") were halted during the period from April 2022 to mid-September 2022 to supplant and convert the existing production lines for the purpose of raising production capacity to meet market demand. The production line on-halt represented 30% of the total production capacity of the Zilaohu manufacturing facility. The upgrading program resulted in the decrease in production volume from April 2022 to September 2022. Consequently, this led to lower sales in the period under review. The upgrading of the production line has completed and production is resumed since mid-September 2022.

Accordingly, this resulted in a decrease in the revenue from the sale of sweet potato snack products from RMB 109.8 million in 1H FY2022 to RMB 97.9 million in 1H FY2023, representing a decrease of approximately RMB 11.9 million or 10.9% and decrease in the sale of raw sweet potatoes by approximately RMB 4.3 million or 20.2% from RMB 21.1 million in 1H FY2022 to RMB 16.9 million in 1H FY2023.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RMB 3.2 million or 8.9% from RMB 35.3 million in 1H FY2022 to RMB 32.2 million in 1H FY2023. The decrease in gross profit was mainly due to the decrease in revenue from the sale of sweet potato snack products recorded in 1H FY2023 as compared to 1H FY2022. Notwithstanding, the Group's gross profit margin increased slightly from approximately 27.0% in 1H FY2022 to 28.0% in 1H FY2023, mainly due to an increase in efficiency of operating cost of sales of sweet potatoes snack product, coupled with higher sales of higher margin snack product categories.

Interest Income

Interest income decreased by approximately RMB 53,000 or 16.7% from RMB 317,000 in 1H FY2022 to RMB 264,000 in 1H FY2023. This was mainly due to the decrease in interest received from banks.

Other Income

Other income increased from RMB 73,000 in 1H FY2022 to RMB 487,000 in 1H FY2023. The increase was mainly due to (i) royalty payments received through a licensing agreement with third parties allowing for the use of the Fujian Zixin branding, and (ii) other income from sales of excess in-house cultivated sweet potato seedlings in 1H FY2023.

Marketing and Distribution Costs

Marketing and distribution costs decreased by approximately RMB 3.8 million or 21.9% to RMB 13.4 million in 1H FY2023 as compared to RMB 17.2 million in 1H FY2022. This decrease was mainly due to a decrease in advertisement expenses, publicity expenses, delivery charges, operating expenses and travelling expenses of RMB 1.3 million, RMB 0.8 million, RMB 1.0 million, RMB 0.5 million and RMB 0.2 million respectively, which was partially offset against the increase in depreciation expenses of RMB 0.3 million.

Administrative Expenses

Administrative expenses increased by approximately RMB 0.8 million or 5.8% from RMB 14.6 million in 1H FY2022 to RMB 15.4 million in 1H FY2023. This was mainly due to higher audit fees in 1H FY2023 of RMB 1.2 million as compared to the previous financial period, due to the overprovision of audit fees in 1H FY2022. The increase in administrative expenses was also due to the increase in consultancy fee of RMB 0.3 million, research and development expenses of RMB 0.2 million, employee benefit expenses of RMB 0.2 million, secretary fee of RMB 0.2 million and union fee of RMB 0.1 million, which was partially offset against the decrease in director's remunerations of RMB 0.4 million, travelling fee of RMB 0.2 million, entertainment expenses of RMB 0.2 million, nursery fee of RMB 0.3 million and other expenses of RMB 0.6 million.

Other Losses

Other losses increased by approximately RMB 1.4 million mainly due to a loss recognised on the disposal of certain property, plant and equipment.

Finance Costs

Finance costs increased by approximately RMB 0.1 million or 18.0% to RMB 0.9 million in 1H FY2023 as compared to RMB 0.7 million in 1H FY2022. The increase was due mainly to the increase in interest expenses charged by the bank for the borrowings taken by the Group for 1H FY2023.

Income Tax (Expense)/Credit

Income tax (expense)/credit decreased from an income tax credit of approximately RMB 0.4 million in 1H FY2022 to record an income tax expense of approximately RMB 1.8 million in 1H FY2023. This was mainly due to the provision for higher income tax expenses for 1H FY2023 as a result of higher profits generated by Fujian Zixin Biological Potato Co., Ltd. ("**Fujian Zixin**").

Consolidated Statement of Financial Position

The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 30 September 2022 and 31 March 2022.

Non-current Assets

There was a decrease in the Group's total non-current assets of approximately RMB 12.9 million or 5.0%, from RMB 260.2 million as at 31 March 2022 to RMB 247.3 million as at 30 September 2022. This was mainly due to a decrease in other assets (non-current) of approximately RMB 19.1 million or 21.9% arising from (i) the amortisation of long-term deferred expenses and (ii) the decrease in advance payments to suppliers whose delivered supplies of raw sweet potatoes will be recognised and offset against the payments over the contractual period. As at 30 September 2022, other assets (non-current) amounted to approximately RMB 66.5 million, comprising mainly advance payments to suppliers for the long-term supply contracts of raw sweet potatoes.

Plant, property and equipment ("**PPE**") increased by approximately RMB 6.8 million or 5.3%, from RMB 128.3 million as at 31 March 2022 to RMB 135.1 million as at 30 September 2022. This was due to the net increase of additions to PPE and construction work-in-progress as well as a decrease in depreciation expense recorded on PPE in 1H FY2023.

Intangible assets decreased by approximately RMB 0.7 million or 2.0%, from RMB 37.1 million as at 31 March 2022 to RMB 36.3 million as at 30 September 2022. This was mainly due to amortisation expenses recorded in 1H FY2023.

Current Assets

Inventories decreased by approximately RMB 1.9 million or 67.7% from RMB 2.8 million as at 31 March 2022 to RMB 0.9 million as at 30 September 2022. The decrease was mainly due to higher utilisation of inventories during 1H FY2023 as compared to 1H FY2022 which was a result of the production on-halt for the supplant progress.

Trade and other receivables decreased by approximately RMB 0.3 million or 0.8% from RMB 41.2 million as at 31 March 2022 to RMB 40.8 million as at 30 September 2022. The decrease was mainly due to the increase in collection of receivables as compared to the previous period.

Other assets (current) decreased by approximately RMB 6.0 million or 8.5% from RMB 69.8 million as at 31 March 2022 to RMB 63.9 million as at 30 September 2022. This was mainly due to the decrease in prepayment to the Group's suppliers of raw sweet potatoes or professional service providers.

Cash and bank balances increased by approximately RMB 50.4 million or 25.5% as a result of the decrease in trade and other receivables and in other assets (current and non-current) and the decrease in settlement of trade payables to the Group's suppliers, which was offset by the payments to other contracted suppliers. Please refer to the "Consolidated Statement of Cash Flows" section below for more details on the change in cash and cash equivalents of the Group.

As a result of the above, the Group's total current assets increased by approximately RMB 42.2 million or 13.6% from RMB 311.3 million as at 31 March 2022 to RMB 353.5 million as at 30 September 2022.

Current Liabilities

Trade and other payables increased by approximately RMB 15.8 million or 85.1% from RMB 18.5 million as at 31 March 2022 to RMB 34.3 million as at 30 September 2022. This was mainly due to the decrease in settlement of trade payables to the Group's suppliers as compared to the previous period.

Other financial liabilities increased by RMB 11.3 million or approximately 31.6% from RMB 35.8 million as at 31 March 2022 to RMB 47.1 million as at 30 September 2022. This was mainly due to the increase in short-term borrowings taken by the Group as at 30 September 2022.

Consolidated Statement of Cash Flows

The Group recorded net cash from operating activities of approximately RMB 55.2 million in 1H FY2023 as compared to net cash from operating activities of RMB 28.5 million in 1H FY2022. In 1H FY2023, the net cash from operating activities comprised mainly the positive operating cash flow before changes in working capital of approximately RMB 12.5 million, adjusted by net working capital inflow of RMB 42.7 million.

Net cash used in investing activities amounted to approximately RMB 15.3 million in 1H FY2023 as compared to RMB 4.5 million in 1H FY2022. The increase was mainly due to the commencement of construction and redevelopment of a plot of land by Fujian Zixin, and acquisition of new plant and machinery and offset against the proceed from disposal of property, plant and equipment and interest income received.

Net cash from financing activities was approximately RMB 10.5 million in 1H FY2023 as compared to net cash used in financing activities of RMB 1.2 million in 1H FY2022. This was mainly due to an increase in short-term borrowings which was offset by the increase in repayment of short-term borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable, as no specific forecast or prospect statement was previously provided.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's research and development efforts in producing purple sweet potato powder and retaining its nutrients with minimal processing from sweet potato peels, as well as turning the waste materials including sweet potato skins, leaves, and stems into nutritional and safe animal feeds for poultry, continue to achieve encouraging laboratory test results and feed trial results, respectively. The first phase of expansion on the production of functional food with an installed annual production capacity of 35,000 tonnes announced on 17 August 2021, is on track to complete by end December 2022.

With the harvesting season of sweet potatoes having begun in October 2022, and which will continue for the next few months, the Group is scaling up its production and cultivating demand for the sweet potato waste material-based animal feed as the source of waste materials including sweet potato skins, leaves and stems increases. This, together with the recent upgrading of the snack products production lines that has increased the extent of automation that further enhances the Group's product safety and productivity, bodes well for the Group.

However, the recent increase of Covid-19 infection cases resulting in tighter enforcement and lockdowns of cities in compliance with the Chinese government's "zero-Covid" policy has once again led to disruptions across the supply chain, spurring inflationary pressure on raw materials and logistics. Amid the global economic slowdown, rising costs are likely to have an adverse impact on the Group's financial performance. The Group will continue to stay prudent in its resource management to pursue sustainable growth for the long term.

The Company will announce any material developments as and when they arise.

11. Dividend

If decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and

No.

(b) Previous corresponding period

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

No.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision.

No dividend has been declared for 1H FY2023. The Group intends to conserve the cash resources in anticipation of unpredictable market conditions for the year ahead. These conditions stem mainly from the resurgence of COVID-19 cases in China since February 2022, which has resulted in the further lockdown of affected cities. The lockdowns have continued to have an impact on the operations and logistics of the Company, such as the shipping of products to consumers in those affected areas. Accordingly, conserving its cash resources will ensure that the operations of the Group as well as the upcoming phases of its construction projects are not significantly affected. The Group aims to keep the progress of its construction projects undisturbed, as any prolonging of the construction time will result in an increase in construction costs.

The board of directors of the Company (the "**Board**") will continue to observe the situation and assess, among others, the Group's financial performance and position in respect of the relevant financial period, before deciding on whether to declare dividends.

13. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained an IPT mandate pursuant to Rule 920(1)(a)(ii) of the Listing Manual Section B: Rules of Catalist of the SGX-ST. There was no IPT of S$100,000 and above (or equivalent) for the current financial period reported on.

14. Use of proceeds

Following the completion of the placement exercise by the Company on 19 November 2021 (the "**FY2022 Placement**") where the Company had raised S$11,900,000 in net proceeds (the "**Net Cash Proceeds**"), the Company had subsequently provided an update on the use of proceeds in respect of the FY2022 Placement on 27 January 2022 and 30 May 2022. In this regard, the Board wishes to provide an update on the utilisation of the Net Cash Proceeds from the FY2022 Placement as at the date of this announcement:

(S$'000)	Allocation of the Net Cash Proceeds	Balance brought forward from 30 May 2022	Amount utilised as of the date of this announcement	Balance
To fulfil the paid-up share capital requirement of Fujian Zixin[(1)]	5,200	5,200	–	5,200[(2)]
Future expansion of the Group's business in Singapore[(3)]	4,000	4,000	200	3,800
Working capital for the Group[(4)]	2,700	2,189	271	1,918
	11,900	**11,497**	**471**	**10,918**

Notes:

(1) Please refer to the Company's announcements dated 21 September 2021 and 23 September 2021 for further details.

(2) With reference to the Company's announcement dated 21 September 2021 and its responses to questions from shareholders dated 23 September 2021, the Company had stated its intention to fulfill the capital commitment of its wholly-owned subsidiary, Fujian Zixin's registered share capital through funds raised from the FY2022 Placement. Due to the difficult global market conditions and the outbreak and resurgence of COVID-19 in the PRC since February 2022, the Company had to devote all its attention to the Group's operational and business needs. As a result, the procedure of fulfilling the capital commitment of Fujian Zixin has been temporarily put on hold. Accordingly, the Net Cash Proceeds allocated for the purpose of fulfilling the paid-up share capital requirement of Fujian Zixin remains unutilised as at the date of this announcement.

(3) Please refer to the Company's announcements dated 21 September 2021 and 23 September 2021 for further details.

(4) A breakdown of the amount utilised for the working capital for the Group is as follows:

	Working Capital (S$'000)
Summary of expenses:	
Employee benefit expenses (including director's remuneration)	99
Administrative and miscellaneous expenses	72
Directors' fees	100
Total	**271**

The above utilisation of the Net Cash Proceeds from the FY2022 Placement is consistent with the intended use as disclosed in the Company's announcement dated 21 September 2022 in relation to the FY2022 Placement.

15. Negative confirmation pursuant to Rule 705(5).

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for 1H FY2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liang Chengwang
Executive Chairman and
Chief Executive Officer

Duanmu Xiaoyi
Executive Director

16. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in accordance with Rule 720(1) of the Catalist Listing Rules.

By Order of the Board
Zixin Group Holdings Limited

LIANG CHENGWANG
Executive Chairman and Chief Executive Officer

14 November 2022