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 FINANCIAL YEAR ENDED 31 MARCH 2023

*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.*

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

| | Note | Group | | | | | |
|---|---|---|---|---|---|---|---|
| | | 6 months ended 31-Mar-2023 Unaudited RMB'000 | 6 months ended 31-Mar-2022 Audited RMB'000 | Change % | 12 months ended 31-Mar-2023 Unaudited RMB'000 | 12 months ended 31-Mar-2022 Audited RMB'000 | Change % |
| **Revenue** | **4** | 104,841 | 158,147 | (33.7) | 219,600 | 289,132 | (24.0) |
| Cost of sales | | (77,802) | (115,869) | (32.9) | (160,381) | (211,521) | (24.2) |
| Gross profit | | 27,039 | 42,278 | (36.0) | 59,219 | 77,611 | (23.7) |
| Finance income | | 669 | 365 | 83.3 | 933 | 682 | 36.8 |
| Other income | | 145 | 386 | (62.4) | 632 | 459 | 37.7 |
| Marketing and distribution costs | | (17,401) | (20,185) | (13.8) | (30,804) | (37,349) | (17.5) |
| Administrative expenses | | (20,293) | (18,901) | 7.4 | (35,746) | (33,511) | 6.7 |
| Other operating expenses | | (194) | _ | n.m. | (194) | _ | n.m. |
| Other losses | | (250) | (516) | (51.6) | (1,599) | (516) | 209.9 |
| Finance costs | | (1,015) | (741) | 37.0 | (1,869) | (1,465) | 27.6 |
| **(Loss)/Profit before income tax** | **5** | (11,300) | 2,686 | n.m. | (9,428) | 5,911 | n.m. |
| Income tax (expenses)/credit | **6** | (2,927) | (2,695) | 8.6 | (4,762) | (2,259) | 110.8 |
| **(Loss)/Profit for the period/year, net of tax** | | (14,227) | (9) | n.m. | (14,190) | 3,652 | n.m. |
| **Other comprehensive (loss)/income:** | | | | | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | | | | | |
| Exchange differences on translating foreign operations | | (478) | (39) | n.m. | 106 | (140) | n.m. |
| **Total comprehensive (loss)/income for the period/year** | | (14,705) | (48) | n.m. | (14,084) | 3,512 | n.m. |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **(Loss)/Profit for the period/year, net of tax, attributable to:** | | | | | | | |
| Owners of the Company | | (14,227) | (9) | n.m. | (14,190) | 3,652 | n.m. |
| Non-controlling interests | | _ | _ | n.m. | _ | _ | n.m. |
| (Loss)/Profit for the year | | (14,227) | (9) | n.m. | (14,190) | 3,652 | n.m. |
| **Total comprehensive (loss)/ income for the period/year, attributable to:** | | | | | | | |
| Owners of the Company | | (14,705) | (48) | n.m. | (14,084) | 3,512 | n.m. |
| Non-controlling interests | | _ | _ | n.m. | _ | _ | n.m. |
| Total comprehensive (loss)/income for the period/year | | (14,705) | (48) | n.m. | (14,084) | 3,512 | n.m. |
| **(Losses)/Earnings per share for (loss)/profit for the period attributable to the owners of the Company during the years:** | | | | | | | |
| Basic (RMB in cent) | **7** | | | | (1.03) | 0.34 | n.m. |
| Diluted (RMB in cent) | **7** | | | | (1.03) | 0.34 | n.m. |

n.m. - not meaningful

## B. Condensed Interim Consolidated Statement of Financial Position

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 31-Mar-2023 (Unaudited) RMB'000 | 31-Mar-2022 (Audited) RMB'000 | 31-Mar-2023 (Unaudited) RMB'000 | 31-Mar-2022 (Audited) RMB'000 |
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | **8** | 142,228 | 128,327 | – | 158 |
| Intangible assets | **9** | 75,284 | 37,068 | – | – |
| Investment in subsidiaries | | | – | 519,636 | 519,636 |
| Other receivables, non-current | | | 11 | – | – |
| Other assets, non-current | **10** | 82,664 | 86,821 | – | – |
| Deferred tax assets | | 1,471 | 5,441 | – | – |
| **Total Non-Current Assets** | | 301,647 | 257,668 | 519,636 | 519,794 |
| **Current Assets** | | | | | |
| Inventories | | 1,963 | 2,439 | – | – |
| Trade and other receivables | **11** | 21,945 | 41,177 | 102,943 | 91,828 |
| Other assets, current | **10** | 56,225 | 69,838 | 129 | 176 |
| Cash and bank balances | | 205,496 | 197,506 | 6,074 | 14,022 |
| **Total Current Assets** | | 285,629 | 310,960 | 109,146 | 106,026 |
| **Total Assets** | | 587,276 | 568,628 | 628,782 | 625,820 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | | 239,150 | 239,150 | 938,574 | 938,574 |
| Retained earnings/(accumulated losses) | | 214,616 | 229,910 | (364,607) | (357,616) |
| Other reserves | | 46,155 | 44,945 | 50,970 | 40,778 |
| **Total Equity** | | 499,921 | 514,005 | 624,937 | 621,736 |
| Non-Current Liabilities | | | | | |
| Other payables, non-current | | 2,740 | – | – | – |
| Lease liability, non-current | | 246 | – | – | – |
| **Total Non-Current Liabilities** | | 2,986 | – | – | – |
| **Current Liabilities** | | | | | |
| Trade and other payables | **12** | 37,071 | 18,534 | 3,845 | 3,924 |
| Income tax payables | | – | 129 | – | – |
| Lease liability, current | | 198 | 160 | – | 160 |
| Other financial liabilities | **13** | 47,100 | 35,800 | – | – |
| **Total Current Liabilities** | | 84,369 | 54,623 | 3,845 | 4,084 |
| **Total Liabilities** | | 87,355 | 54,623 | 3,845 | 4,084 |
| **Total Equity and Liabilities** | | 587,276 | 568,628 | 628,782 | 625,820 |

## C. Condensed Interim Consolidated Statement of Changes in Equity

**Group**

| | Share capital (Audited) RMB'000 | Other reserves (Audited) RMB'000 | Retained earnings (Audited) RMB'000 | Total equity (Audited) RMB'000 |
|---|---|---|---|---|
| Balance at 1 April 2021 | 182,572 | 45,021 | 226,322 | 453,915 |
| Total comprehensive (loss)/income for the year | | | | |
| Profit for the year | – | – | 3,652 | 3,652 |
| Other comprehensive loss | – | (140) | – | (140) |
| Total comprehensive (loss)/income for the year | – | (140) | 3,652 | 3,512 |
| Transactions with owners, recognized directly in equity | | | | |
| Transferred from retained earnings to other reserves | – | 64 | (64) | – |
| Issuance of new shares | 56,578 | – | – | 56,578 |
| | 56,578 | 64 | (64) | 56,578 |
| Balance as at 31 March 2022 | 239,150 | 44,945 | 229,910 | 514,005 |

| | Share capital (Unaudited) RMB'000 | Other reserves (Unaudited) RMB'000 | Retained earnings (Unaudited) RMB'000 | Total equity (Unaudited) RMB'000 |
|---|---|---|---|---|
| Balance at 1 April 2022 | 239,150 | 44,945 | 229,910 | 514,005 |
| Total comprehensive income/(loss) for the year | | | | |
| Loss for the period | – | – | (14,190) | (14,190) |
| Other comprehensive income | – | 106 | – | 106 |
| Total comprehensive income/(loss) for the year | – | 106 | (14,190) | (14,084) |
| Transactions with owners, recognized directly in equity | | | | |
| Transferred from retained earnings to other reserves | – | 1,104 | (1,104) | – |
| Balance as at 31 March 2023 | 239,150 | 46,155 | 214,616 | 499,921 |

**Company**

| | Share capital (Audited) RMB'000 | Other reserves (Audited) RMB'000 | Retained earnings (Audited) RMB'000 | Total equity (Audited) RMB'000 |
|---|---|---|---|---|
| Balance at 1 April 2021 | 881,996 | 42,979 | (67,065) | 857,910 |
| Total comprehensive loss for the year | | | | |
| Loss for the year | – | – | (290,551) | (290,551) |
| Other comprehensive loss | – | (2,201) | – | (2,201) |
| Total comprehensive loss for the year | – | (2,201) | (290,551) | (292,752) |
| Transactions with owners, recognized directly in equity | | | | |
| Issuance of new shares | 56,578 | – | – | 56,578 |
| Balance as at 31 March 2022 | 938,574 | 40,778 | (357,616) | 621,736 |

| | Share capital (Unaudited) RMB'000 | Other reserves (Unaudited) RMB'000 | Retained earnings (Unaudited) RMB'000 | Total equity (Unaudited) RMB'000 |
|---|---|---|---|---|
| Balance at 1 April 2022 | 938,574 | 40,778 | (357,616) | 621,736 |
| Total comprehensive income/(loss) for the year | | | | |
| Loss for the year | – | – | (6,992) | (6,992) |
| Other comprehensive income | – | 10,192 | – | 10,192 |
| Total comprehensive income/(loss) for the year | – | 10,192 | (6,992) | 3,200 |
| Balance as at 31 March 2023 | 938,574 | 50,970 | (364,608) | 624,936 |

## D. Condensed Interim Consolidated Statement of Cash Flow

| | Note | Group | |
|---|---|---|---|
| | | 31-Mar-2023 (Unaudited) RMB'000 | 31-Mar-2022 (Audited) RMB'000 |
| **Cash flows from operating activities** | | | |
| Profit/(Loss) before income tax | | (9,427) | 5,911 |
| Interest income | **5** | (933) | (682) |
| Interest expense | **5** | 1,869 | 1,465 |
| Depreciation of property, plant and equipment | | 15,354 | 17,138 |
| Property, plant and equipment written-off | | 22 | 108 |
| Amortisation of intangible assets | | 1,368 | 1,419 |
| Loss on disposal of property, plant and equipment | | 1,375 | 497 |
| Impairment (gain) on trade receivables and other assets | | (97) | (382) |
| Exchange differences on translating functional to presentation currency | | 106 | (140) |
| **Operating cash flow before changes in working capital** | | **9,637** | **25,334** |
| Inventories | | 476 | 1,033 |
| Trade and other receivables | | 19,340 | 6,190 |
| Other assets | | 17,770 | (59,945) |
| Trade and other payables | | 4,518 | (9,573) |
| Net cash flows generated from operations | | **51,741** | **(36,961)** |
| Income tax paid | | (924) | – |
| **Net cash flows generated/(used in) from operating activities** | | **50,817** | **(36,961)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Additions to property, plant and equipment | **8** | (33,158) | (20,756) |
| Payment for land lease | | (23,281) | – |
| Proceed from disposal of property, plant and equipment | | 3,283 | 1,986 |
| Purchase of manufacturing patent | **9** | – | (1,200) |
| Interest income received | | 933 | 682 |
| **Net cash flows used in investing activities** | | **(52,223)** | **(19,288)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceed from issuance of shares | | – | 56,578 |
| Proceeds from new bank loans | **11** | 64,600 | 35,800 |
| Repayment of bank loans | **11** | (53,300) | (33,300) |
| Payment of lease liabilities | | (35) | (260) |
| Interest expense paid | | (1,869) | (1,450) |
| **Net cash flows generated from financing activities** | | **9,396** | **57,368** |
| | | | |
| Net change in cash and cash equivalents | | 7,990 | 1,119 |
| Cash and cash equivalents at beginning of financial year | | 197,506 | 196,387 |
| **Cash and cash equivalents at end of financial year** | | **205,496** | **197,506** |

## E. Notes to the Condensed Interim Consolidated Financial Statements for the Financial Year Ended 31 March 2023

### 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 and for the second half and full year ended 31 March 2023 comprise the Company and its subsidiaries (collectively, the "**Group**").

The registered office of the Company is located at 16 Raffles Quay, #17-03 Hong Leong Building, Singapore 048581. 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 Group is a leading sweet potato biotech-focused value 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 and support its 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, (c) marketing and distribution – build propriety brands of heathier 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.

### 2. Basis of preparation

The condensed interim consolidated financial statements for the financial year ended 31 March 2023 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 consolidated financial statements as at and for the year ended 31 March 2022.

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

### 4.1 Reportable Segments

Not applicable. The Group only has one (1) operating segment (sweet potatoes related products) and one (1) geographical segment (the PRC). There are no operating segments or reportable segments disclosed as required by SFRS(I) 8.

### 4.2 Revenue

| | Group | |
|---|---|---|
| | 31-Mar-2023 (Unaudited) RMB'000 | 31-Mar-2022 (Audited) RMB'000 |
| Revenue: | | |
| Sweet potato processed products | 187,477 | 235,551 |
| Sweet potatoes | 32,123 | 53,581 |
| | 219,600 | 289,132 |
| Timing of transfer of goods or service: | | |
| At a point in time | 219,600 | 289,132 |

## 5. (Loss)/Profit before income tax

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

| | Group | |
|---|---|---|
| | 31-Mar-2023 (Unaudited) RMB'000 | 31-Mar-2022 (Audited) RMB'000 |
| Amortisation of intangible assets | 1,368 | 1,419 |
| Depreciation of property, plant and equipment | 10,898 | 11,756 |
| Impairment gain on trade receivables and other assets | (97) | (382) |
| Research and development expenses | 4,185 | 2,142 |
| Employee benefits expense | 7,640 | 6,804 |
| Seedlings nursery fees | 1,956 | 2,517 |

## 6. Income tax expense

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

| | Group | |
|---|---|---|
| | 31-Mar-2023 (Unaudited) RMB'000 | 31-Mar-2022 (Audited) RMB'000 |
| **Current tax expense:** | | |
| Current year | 2,454 | 129 |
| Overprovision in prior financial year | (1,660) | – |
| | 794 | 129 |
| Deferred income tax – net debit to profit or loss | 3,970 | 2,130 |
| Total income tax expense | 4,764 | 2,259 |

## 7. (Losses)/ Earnings per share

The basic (losses)/earnings per share is calculated based on the consolidated (losses)/earnings attributable to equity holders of the Company divided by the weighted average number of shares in issue of 1,383,818,000 (31 March 2022: 1,066,010,000) shares during the financial year. 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 (losses)/earnings per share:

| | Group | |
|---|---|---|
| | **31-Mar-2023 (Unaudited) RMB'000** | **31-Mar-2022 (Audited) RMB'000** |
| **Basic (losses)/earnings per share** | | |
| (Losses)/Profit, net of tax attributable to owners of the Company | (14,190) | 3,652 |
| Weighted average number of ordinary shares in issue ('000) | 1,383,818 | 1,066,010 |
| Basic (losses)/earnings per share (RMB cents) | (1.03) | 0.34 |

As the Company does not have any dilutive potential ordinary shares, the basic (losses)/earnings per share and diluted (losses)/earnings per share for 31 March 2023 are the same i.e., RMB (1.03) cents (31 March 2022: RMB 0.34 cents) per share.

## 8. Property, plant and equipment

During the financial year ended 31 March 2023, the Group acquired assets (mainly construction work-in-progress) amounting to approximately RMB 33.6 million (31 March 2022: RMB 20.8 million) and disposed assets with a net book value of approximately RMB 4.6 million (31 March 2022: RMB 2.6 million).

**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 | 42,215 | 2,762 | 338 | 12,822 | 36,660 | 94,797 |
| Additions | 40,040 | – | – | – | – | 40,040 |
| At 31 March 2023 | 82,255 | 2,762 | 338 | 12,822 | 36,660 | 134,837 |
| 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 | 1,548 | 276 | – | – | – | 1,824 |
| At 31 March 2023 | 8,017 | 1,716 | 338 | 10,257 | – | 20,328 |
| Accumulated impairment: | | | | | | |
| At 1 April 2021, 31 March 2022 and 31 March 2023 | – | – | – | 2,565 | 36,660 | 39,225 |
| Carrying amount: | | | | | | |
| At 31 March 2022 | 35,746 | 1,322 | – | – | – | 37,068 |
| At 31 March 2023 | 74,238 | 1,046 | – | – | – | 75,284 |

**9. Intangible Assets (cont'd)**

**Right-of-use assets**

The right-of-use assets are the land use rights for four (4) parcels of land located in Liancheng County of Fujian Province, the People's Republic of China.

As at 31 March 2023, the land use rights of the Group for two (2) parcels of land with carrying amount of RMB 5,839,000 and RMB 23,717,000 respectively (31 March 2022: RMB 5,982,000 and RMB 24,281,000 respectively) are mortgaged for bank loans.

In September 2018, Liancheng Dizhongbao Modern Agriculture Development Co., Ltd ("**Dizhongbao**"), a subsidiary of 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 sweet potato varieties and to nurture own sweet potato seedlings. These seedlings are collected from the farmers after sprout and distributed to the contracted suppliers to grow on their own land to ensure better control of the quality supply of the fresh sweet potatoes. 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.

In March 2023, Dizhongbao had entered into several land use right lease agreements with several suppliers (the "**Co-operatives**") on top of the existing purchase agreement and Agreements for compensation to Co-operatives and farmers on the arising cost of land lease in Liancheng county. The land use right lease agreements of approximately RMB 40,000,000 last until end of the purchase agreement and Agreements. This is a one-off payment and there will not be any additional cost incurred until end of the land use right lease agreements.

**Manufacturing patents**

During the financial year ended 31 March 2022, the Group acquired an intangible asset, which relates to a manufacturing patent from a third party amounting to RMB 1,200,000. There were no such intangible assets acquired during the financial year ended 31 March 2023.

**10. Other assets**

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 |
| Upfront payments | 2,521 | 7,599 | 129 | 176 |
| Advance payments for supplies of sweet potatoes (Note A) | 117,700 | 130,690 | – | – |
| Deferred expenses | 14,325 | 14,750 | – | – |
| Others | 4,343 | 3,800 | – | – |
| | 138,889 | 156,659 | 129 | 176 |
| Presented in the statements of financial position as: | | | | |
| Other assets, non-current | 82,664 | 86,821 | – | – |
| Other assets, current | 56,225 | 69,838 | 129 | 176 |
| | 138,889 | 156,659 | 129 | 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 the Co-operatives to secure the supply of quality fresh sweet potatoes at reasonable prices.

During the financial year ended 31 March 2018, Dizhongbao had entered into the purchase contracts with three (3) Co-operatives to guarantee the supply of an aggregate of 12,190 tons of fresh sweet potatoes on a yearly basis. Total prepayments made to the three (3) Co-operatives amounted to an aggregate of RMB 131,715,000.

During the financial year ended 31 March 2019, Dizhongbao entered into purchase contracts with another two (2) Co-operatives for the supply of an aggregate of 6,900 tonnes of fresh sweet potatoes on a yearly basis. An

aggregate upfront payment of RMB 71,500,000 was paid to the two (2) suppliers.

All the above-mentioned agreements carry similar terms. The agreements last for 15 years and grant Dizhongbao with the first right of refusal of the supply of fresh sweet potatoes. In return, Dizhongbao pays prepayments to the suppliers once every five (5) years. The prepayments are used to offset the purchase within the five (5) years. In case of the prepayments are fully utilised within the five (5) years, the payment of subsequent purchase is due according to the agreed terms per respective contract.

## 11. Trade and other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 |
| Trade receivables: | | | | |
| Outside parties | 21,009 | 40,679 | – | – |
| Less: Allowance for impairment loss on receivables | (120) | (217) | – | – |
| | 20,889 | 40,462 | – | – |
| Other receivables: | | | | |
| Subsidiaries | – | – | 102,943 | 91,777 |
| Outside parties | 1,056 | 675 | – | – |
| Refundable deposits | – | 51 | – | 51 |
| | 1,056 | 726 | 102,943 | 91,828 |
| Total trade and other receivables | 21,945 | 41,188 | 102,943 | 91,828 |
| Presented in the condensed interim consolidated statement of financial position as: | | | | |
| Other receivables, non-current | – | 11 | – | – |
| Trade and other receivables, current | 21,945 | 41,177 | 102,943 | 91,828 |
| | 21,945 | 41,188 | 102,943 | 91,828 |

## 12. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 |
| Trade payables: | | | | |
| Outside parties | 10,079 | 7,677 | – | – |
| Other payables: | | | | |
| Outside parties | 25,994 | 8,624 | 2,304 | 1,204 |
| Other taxes payables | – | – | – | – |
| Subsidiaries | – | – | 537 | 487 |
| Director/shareholder | 1,004 | 2,233 | 1,004 | 2,233 |
| | 26,998 | 10,857 | 3,924 | 3,924 |
| Total trade and other payables | 37,071 | 18,534 | 3,924 | 3,924 |

## 13. Other financial liabilities

| | Group | |
|---|---|---|
| | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 |
| Bank loans A (unsecured) (Note 13.1) | 13,100 | 10,500 |
| Bank loans B (secured) (Note 13.2) | 34,000 | 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 bear fixed interest rates of 4.35% - 5.50% (31 March 2022: 3.20% - 4.35%) per annum and are repayable within 12 months.

The bank loans are unsecured, guaranteed by a local credit guarantee company and/or one 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% (2020: 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 31-Mar-2023 (Unaudited)** | | **As at 31-Mar-2022 (Audited)** | |
|---|---|---|---|---|
| | **Secured RMB'000** | **Unsecured RMB'000** | **Secured RMB'000** | **Unsecured RMB'000** |
| Amount repayable in one year or less, or on demand | 34,000 | 13,100 | 25,300 | 10,500 |
| Amount repayable after one year | – | – | – | – |
| Total borrowings | 34,000 | 13,100 | 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 31 March 2023 and 31 March 2022:

| | Group | | Company | |
|---|---|---|---|---|
| | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 | 31 March 2023 (Unaudited) RMB'000 | 31 March 2022 Audited RMB'000 |
| Financial assets: | | | | |
| At amortised cost:- | | | | |
| Cash and cash equivalents | 205,496 | 197,506 | 6,074 | 14,022 |
| Trade and other receivables | 21,945 | 41,188 | 102,943 | 91,828 |
| | 227,441 | 238,694 | 109,017 | 105,850 |
| Financial liabilities: | | | | |
| At amortised cost:- | | | | |
| Trade and other payables | 37,071 | 18,534 | 3,845 | 3,924 |
| Other financial liabilities | 47,100 | 35,800 | – | – |
| Lease liability | 198 | 160 | – | 160 |
| | 84,369 | 54,494 | 3,845 | 4,084 |

## 15. Subsequent events

There are no known subsequent events from 31 March 2023 to the date of this announcement, which will lead to adjustments to this set of condensed interim consolidated financial statements.

**Other Information Required pursuant to Appendix 7C of the Catalist Rules for the Financial Year Ended 31 March 2023**

**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 during the financial year ended 31 March ("**FY**") 2023.

The Company does not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 March 2023 and 31 March 2022. 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 31 March 2023 and 31 March 2022.

**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 31 March 2023 | As at 31 March 2022 |
|---|---|---|
| Total number of issued shares | 1,383,818,100 | 1,383,818,100 |

The Company did not have any treasury shares as at 31 March 2023 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 auditors.

**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 FY2022 as set out in the Company's annual report for FY2022.

**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 | |
|---|---|---|---|---|
| | 31-Mar-2023 (Unaudited) | 31-Mar-2022 (Audited) | 31-Mar-2023 (Unaudited) | 31-Mar-2022 (Audited) |
| NAV (RMB'000) | 499,921 | 514,005 | 624,937 | 621,736 |
| 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) | 0.36 | 0.37 | 0.45 | 0.45 |

**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 the second half financial year ended 31 March 2023 ("**2H FY2023**") decreased by approximately RMB 53.3 million or 33.7% from RMB 158.1 million for the second half financial year ended 31 March 2022 ("**2H FY2022**") to RMB 104.8 million in 2H FY2023. The revenue of the Group for FY2023 decreased by approximately RMB 69.5 million or 24.0% from RMB 289.1 million for FY2022 to RMB 219.6 million in FY2023.

The decrease in 2H FY2023 and FY2023 was mainly due to the economic slowdown and decline in consumer demand in China mainly due to the "zero-COVID" policy and strict measures implemented by the Chinese government during most of FY2023, and on the back of the surge in COVID-19 infections from December 2022 when the Chinese government eased its stringent precautionary measures in the same month. A large proportion of Chinese population were infected in early 2023, resulting in temporary cessation of business operations across China, including those of the Group's subsidiaries in China.

During 2H FY2023, the revenue from sales of sweet potato snack products decreased by approximately RMB 36.1 million or 28.7% from RMB 125.7 million in 2H FY2022 to RMB 89.6 million in 2H FY2023. In FY2023, the revenue from sales of sweet potato processed products decreased from RMB 235.6 million in FY2022 to RMB 187.5 million in FY2023, representing a decrease of approximately RMB 48.1 million or 20.4% over FY2023. The sales of sweet potatoes also decreased by approximately RMB 21.5 million or 40.0% from RMB 53.6 million in FY2022 to RMB 32.1 million in FY2023.

**Gross Profit and Gross Profit Margin**

Gross profit in 2H FY2023 decreased by approximately RMB 15.2 million or 36.0% from RMB 42.3 million in 2H FY2022 to RMB 27.0 million in 2H FY2023. In FY2023, the gross profit decreased by approximately RMB 18.4 million or 23.7% from approximately RMB 77.6 million in FY2022 to RMB 59.2 million. The decrease in gross profit for both 2H FY2023 and FY2023 was mainly due to the decrease in revenue in 2H FY2023 and FY2023 as compared to 2H FY2022 and FY2022 of RMB 53.3 million and RMB 69.5 million respectively. The Group's gross profit margin decreased from approximately 26.7% in 2H FY2022 to 25.8% in 2H FY2023 and increased from 26.8% in FY2022 to 27.0% in FY2023. The decrease was mainly due to the lack of sales which resulted in a decrease in the efficiency of operating cost of sales of its sweet potato processed product in 2H FY2023. However, the gross profit margin in FY2023 overall increased by 0.2% due to the higher sales of higher margin sweet potato processed product category.

**Finance Income**

Interest income increased by approximately RMB 304,000 or 36.8% from RMB 365,000 in 2H FY2022 to RMB 669,000 in 2H FY2023. During FY2023, interest income increased from RMB 682,000 in FY2022 to RMB 933,000 in FY2023, representing an increase of RMB 251,000 or approximately 36.8%. The increase in interest income over the respective periods were mainly due to the increase in interest received from banks on the back of an increase in average cash and bank balances held by the Group in 2H FY2023 and FY2023 as compared to 2H FY2022 and FY2022 respectively.

**Other Income**

Other income decreased from RMB 386,000 in 2H FY2022 to RMB 145,000 in 2H FY2023. During FY2023, the other income increased from RMB 459,000 in FY2022 to RMB 632,000, representing an increase of RMB 173,000 or approximately 37.7%. 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 FY2023.

**Marketing and Distribution Costs**

Marketing and distribution costs decreased by approximately RMB 2.8 million or 13.8% from RMB 20.2 million in 2H FY2022 to RMB 17.4 million in 2H FY2023. During FY2023, the marketing and distribution costs decreased from RMB 37.3 million in FY2022 to RMB 30.8 million in FY2023, representing a decrease of approximately RMB 6.5 million or 17.5%. The decrease in 2H FY2023 as compared to 2H FY2022 was mainly due to the decrease in advertisement costs, employee benefit expenses, publicity expense, delivery charges and operating expenses of RMB 1.3 million, RMB 0.2 million, RMB 0.8 million, RMB 1.0 million and RMB 0.5 million respectively, which was partially offset by the increase in depreciation expenses of RMB 0.3 million. The decrease for FY2023 was mainly due to the decrease in advertisement expenses, entertainment expenses, delivery charges, publicity expenses, and employee benefit expenses of RMB 3.8 million, RMB 0.5 million, RMB 1.7 million, RMB 0.6 million and RMB 1.2 million respectively, which was partially offset by the increase in depreciation expenses and operating expenses of RMB 0.6 million and RMB 1.1 million respectively.

**Administrative Expenses**

Administrative expenses increased by approximately RMB 1.4 million or 7.4% from RMB 18.9 million in 2H FY2022 to RMB 20.3 million in 2H FY2023. During FY2023, administrative expenses increased by approximately RMB 2.2 million or 6.7% from RMB 33.5 million in FY2022 to RMB 35.7 million in FY2023.

The increase in administrative expenses for 2H FY2023 was mainly due to the increase in audit fees, secretarial fees, consultancy fees, research and development expenses and trademark fees of RMB 1.3 million, RMB 0.2 million, RMB 0.3 million, RMB 0.2 million and RMB 0.2 million respectively, which was partially offset by the decrease in director's remuneration, entertainment expenses and seedlings nursery fees of RMB 0.4 million, RMB 0.2 million and RMB 0.3 million respectively. The increase in administrative expenses for FY2023 was mainly due to increases in audit fees of RMB 1.9 million as a result of an underprovision of audit fees during FY2022, higher audit fees incurred in FY2023 and an overprovision of audit fees for the Group's subsidiaries in FY2022, employee benefits expenses of RMB 0.2 million, secretarial fees of RMB 0.2 million, research and developments expenses of RMB 2.0 million and trademark fees of RMB 0.2 million respectively, which was partially offset by the decrease in director's remuneration of RMB 0.3 million, travelling expenses of RMB 0.3 million, depreciation expenses of RMB 0.9 million, entertainment expenses of RMB 0.5 million and seedlings nursery fees of RMB 0.6 million.

**Other Losses**

Other losses decreased by approximately RMB 0.3 million or 51.6% from RMB 0.5 million in 2H FY2022 to RMB 0.3 million in 2H FY2023 and increased by approximately RMB 1.1 million or 209.9% in FY2022 from RMB 0.5 million to RMB 1.6 million in FY2023. In 2H FY2023, the other losses decreased mainly due to the decrease in loss on disposal of property, plant and equipment. The other losses increased by RMB 1.1 million in FY2023 mainly due to the increased loss on disposal of property, plant and equipment during the year.

**Finance Costs**

Finance costs increased by approximately RMB 0.3 million or 37.0% from RMB 0.7 million in 2H FY2022 to RMB 1.0 million in 2H FY2023. During FY2023, the finance costs increased by approximately RMB 0.4 million or 27.6% from RMB 1.5 million in FY2022 to RMB 1.9 million in FY2023. The overall increase in 2H FY2023 and FY2023 were mainly due to the increase in interest charged by the bank for borrowings taken on by the Group in 2H FY2023 and FY2023 as compared to 2H FY2022 and FY2022.

**Income Tax Expenses**

The Group recorded income tax expense of approximately RMB 4.8 million in FY2023 as compared to income tax expenses of RMB 2.3 million in FY2022. The increase in income tax expenses for FY2023 was mainly due to current year income tax expenses for FY2023 and deferred income tax expenses offset against the overprovision of income tax expenses.

**Consolidated Statement of Financial Position**

**The comparative performance for both the assets and liabilities are based on the Group's financial statements as at 31 March 2023 and 31 March 2022.**

**Non-current Assets**

There was an increase in the Group's total non-current assets of approximately RMB 44.0 million or 17.1%, from RMB 257.7 million as at 31 March 2022 to RMB 301.7 million as at 31 March 2023. This was mainly due to an increase in intangible assets of approximately RMB 38.2 million and property, plant and equipment of approximately RMB 13.9 million, partially offset by decrease in other assets (non-current) of approximately RMB 4.2 million. As at 31 March 2023, other assets (non-current) amounted to approximately RMB 82.7 million, comprising mainly advance payments to the Co-operatives for the long-term supply contracts of fresh sweet potatoes.

Plant, property and equipment ("**PPE**") increased by approximately RMB 13.9 million or 10.8%, from RMB 128.3 million as at 31 March 2022 to RMB 142.2 million as at 31 March 2023. This was due to additions to PPE which was partially offset by the depreciation expense and disposal of PPE recorded on PPE in FY2023.

Intangible assets increased by approximately RMB 38.2 million or 103.1%, from RMB 37.0 million as at 31 March 2022 to RMB 75.3 million as at 31 March 2023. The increase was mainly due to the increase in leasehold land of RMB 40.0 million, partially offset by amortisation expense of approximately RMB 1.4 million recorded in FY2023.

Deferred tax assets decreased by approximately RMB 4.0 million or 73.0% from RMB 5.4 million as at 31 March 2022 to RMB 1.5 million as at 31 March 2023. The decrease in deferred tax assets was mainly due to the decrease in unutilised losses of the Company's subsidiary which was brought forward for future utilisation of income tax expenses/credit.

**Current Assets**

Inventories decreased by approximately RMB 0.5 million or 19.5% from RMB 2.4 million as at 31 March 2022 to RMB 2.0 million as at 31 March 2023. The decrease was mainly due to fewer sales orders received during the period from December 2022 to March 2023 as compared to the same period last year, which resulted in the purchase and holding of less raw material by the Group for the purposes of producing its snack products.

Trade and other receivables decreased by approximately RMB 19.2 million or 46.7% from RMB 41.2 million as at 31 March 2022 to RMB 22.0 million as at 31 March 2023. The decrease was mainly due to lower sales during the period of December 2022 to March 2023 as compared to same period last year.

Other assets (current) decreased by approximately RMB 13.6 million or 19.5% from RMB 69.8 million as at 31 March 2022 to RMB 56.2 million as at 31 March 2023. This was mainly due to the decrease in prepayment to the Group's suppliers of fresh sweet potatoes or professional service providers.

Cash and bank balances increased by approximately RMB 8.0 million or 4.0% as a result of (i) the decrease in trade and other receivables of which the cash payments were received by the Group, (ii) decrease in other assets, current, (iii) decrease in settlement of trade payables to the Group's suppliers, (iv) net proceeds from new bank loans, after taking into account the repayment of bank loans, and (v) partially offset by purchase of property, plant and equipment and payment for land lease. 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 decreased by approximately RMB 25.3 million or 8.1% from RMB 311.0 million as at 31 March 2022 to RMB 285.6 million as at 31 March 2023.

**Current Liabilities**

Trade and other payables increased by approximately RMB 18.5 million or 100.0% from RMB 18.5 million as at 31 March 2022 to RMB 37.1 million as at 31 March 2023. This was mainly due to the decrease in settlement of trade payables to its suppliers as compared to the previous corresponding period and increased of other payables for land lease.

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 31 March 2023. This was mainly due to the increase in short-term borrowings taken by the Group as at 31 March 2023.

As a result of the above, the Group's current liabilities increased by approximately RMB 29.7 million or 54.5% from RMB 54.6 million as at 31 March 2022 to RMB 84.4 million as at 31 March 2023.

Consequent to the decrease in current assets and the increase in current liabilities as set out above, the Group recorded positive working capital of approximately RMB 201.3 million as at 31 March 2023.

**Consolidated Statement of Cash Flows**

The Group recorded net cash generated from operating activities of approximately RMB 50.8 million in FY2023 as compared to net cash used in operating activities of approximately RMB 37.0 million in FY2022. In respect of FY2023, the net cash generated from operating activities comprised mainly the positive operating cash flow before changes in working capital of approximately RMB 9.6 million, adjusted by net working capital outflow of approximately RMB 42.1 million. Changes in other assets of approximately RMB 17.8 million, trade and other receivables of approximately RMB 19.3 million and trade and other payables of approximately RMB 4.5 million formed the bulk of the changes in working capital of approximately RM 42.1 million for FY2023.

Net cash used in investing activities amounted to approximately RMB 52.2 million in FY2023 as compared to approximately RMB 19.3 million in FY2022. The increase was mainly due to the commencement of construction and redevelopment of a plot of land by Fujian Zixin Biological Potato Co., Ltd., as well as other additions to property, plant and equipment and payment for leasehold land.

Net cash generated from financing activities amounted to approximately RMB 9.4 million in FY2023 as compared to net cash from financing activities of approximately RMB 57.4 million in FY2022. This decrease was mainly due to the absence of proceeds arising from the completion of issuance of new shares of the Company in FY2022.

**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.**

While the Chinese government had eased precautionary measures against COVID-19 in December 2022 and reopened borders in early 2023 resulting in a year-on-year economic growth of 4.5% in the first quarter of 2023, China's economic recovery is expected to be gradual for 2023 amidst constraints of insufficient domestic demand, declining prices of industrial products, and a surge in youth unemployment rate.(1)

The Group believes that the disruptions faced by its operations in FY2023 are over. The Group's operations including (i) harvesting of fresh sweet potatoes from contracted farmlands, (ii) manufacturing of snack food products, (iii) marketing and distribution activities, and (iv) the installation of equipment and the commissioning of new production facilities to recover nutrients from sweet potato peels, and turning the waste materials including sweet potato skins, leaves, and stems into nutritional and safe animal base feeds, have resumed and are currently functioning normally. The board of directors of the Company ("**Board**") is optimistic that the Group's operation should be able to execute smoothly in the financial year ending 31 March 2024.

In April 2023, the Group had formalised its participation with its joint venture partners and the Hainan Língão People's Government 海南临高县人民政府 to officially commence work with regards to the rural revitalisation project in Lingao County, Hainan Province, China. Whilst this project is not expected to bring immediate revenue contribution to the Group, it will allow the Group to duplicate its established biotech-focused sweet potato circular economy model in another agricultural focused area and thereby, monetise its know-how and solutions.

Amid the global economic slowdown and rising inflationary pressures, the Group strives to stay prudent in its resource management as it continues to pursue growth opportunities to improve financial performance for the long term.

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

Source:
(1) https://edition.cnn.com/2023/04/17/economy/china-gdp-q1-2023-intl-hnk/index.html

**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 FY2023. The Board, after much deliberation and consideration, has decided not to recommend that the Company declare dividends for FY2023. In view that the Group's operations are primarily based in China, which has only recently been relieved of the COVID-19 restrictions in December 2022 and COVID-19 surge, the Group intends to conserve cash resources as a precautionary measure against unpredictable market conditions. Further, given that the Group has already commenced construction of the first phase of expansion into high-tech manufacturing and research capabilities and that such construction projects are still ongoing, the Board has deemed it necessary for the Group to maintain its current cash reserve to fund the remaining construction costs of the first phase of expansion and guard against unexpected costs that may arise, such as fluctuations in material costs, renovation or plant and machinery costs that the Group may incur after construction has completed. 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.

In addition to the above, the Group intends to retain its cash resources for exploring any opportunities in increasing contracted farmlands through Co-operatives which will require advance payment for supplies of sweet potato.

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 Catalist Rules.

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 15 March 2023. 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 16 March 2023** | **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 | 3,600 | – | 3,600 |
| Working capital for the Group[(4)] | 2,700 | 1,041 | 401 | 640 |
| | **11,900** | **9,841** | **401** | **9,440** |

**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 Biological Potato Co., Ltd.'s ("**Fujian Zixin's**") registered share capital through funds raised from the FY2022 Placement. Due to the difficult global market conditions and the recent outbreak and resurgence of COVID-19 in the PRC in 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) | 215 |
| Administrative and miscellaneous expenses | 88 |
| Director's fee | 98 |
| **Total** | **401** |

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.

In addition to the foregoing, as set out in the Company's FY2022 annual report dated 15 March 2023 in relation to the use of proceeds from the placement exercise completed on 1 February 2021 (the "**FY2021 Placement**"), the net proceeds raised by the Company from the FY2021 Placement had since been fully utilised in the manner which is consistent with the intended use as disclosed in the Company's announcement dated 22 January 2021.

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

Not applicable for full year results announcement.

**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 Rules.

## Part II Additional Information Required for Full Year Announcement

**17. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable. The Group only has one (1) operating segment (sweet potatoes snack foods) and one (1) geographical segment (PRC).

**18. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Not applicable. The Group only has one (1) operating segment (sweet potatoes snack foods) and one (1) geographical segment (PRC).

**19. A breakdown of sales as follows:**

| | Group | | |
|---|---|---|---|
| | **FY2023 RMB'000** | **FY2022 RMB'000** | **Increase / (Decrease) %** |
| (a) Sales reported for first half year | 114,759 | 130,985 | (12.4) |
| (b) Operating profit/(loss) after tax before deducting minority interests reported for first half year | 37 | 3,661 | (99.0) |
| (c) Sales reported for second half year | 104,841 | 158,147 | (33.7) |
| (d) Operating profit/(loss) after tax before deducting minority interests reported for second half year | (14,227) | (9) | n.m. |

n.m. - not meaningful

**20. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. No dividend has been declared or recommended for FY2023 and FY2022.

**21. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no persons occupying managerial positions in the Company or any of its principal subsidiaries who are relatives of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board
**Zixin Group Holdings Limited**

LIANG CHENGWANG
Executive Chairman and Chief Executive Officer

30 May 2023