ZIXIN GROUP HOLDINGS
紫心集团控股

(Incorporated in the Republic of Singapore with Unique Entity No.: 200718683N)

Website: **www.zixingroup.com.sg**

SGX stock code: **42W**

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX-MONTH FINANCIAL PERIOD ENDED 30 SEPTEMBER 2023 ("1H FY2024")

*This announcement has been prepared by Zixin Group Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") and reviewed by the Company's sponsor, RHB Bank Berhad, through its Singapore branch ("**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 Alvin Soh, Head, Corporate Finance, at 90 Cecil Street, #03-00 RHB Bank Building, Singapore 069531, telephone (65) 6320 0627.

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

	Note	Group		
		1H FY2024	1H FY2023	Change
		RMB'000	RMB'000	%
Revenue	**4**	117,191	114,759	2.1
Cost of sales		(82,483)	(82,579)	(0.1)
Gross profit		34,708	32,180	7.9
Interest income		615	264	133.0
Other income		786	487	61.4
Marketing and distribution costs		(15,705)	(13,403)	17.2
Administrative expenses		(19,415)	(15,453)	25.6
Other losses		(1,600)	(1,349)	18.6
Finance costs		(1,076)	(854)	26.0
(Loss)/Profit before income tax	**5**	(1,687)	1,872	(190.1)
Income tax expense	**6**	(1,716)	(1,835)	(6.5)
(Loss)/Profit for the period, net of tax		(3,403)	37	n.m.
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations		948	584	62.3
Total comprehensive (loss)/income for the period		(2,455)	621	n.m.
(Loss)/Profit for the period, net of tax, attributable to:				
Owners of the Company		(3,403)	37	n.m.
Non-controlling interests		_	_	n.m.
(Loss)/Profit for the period		(3,403)	37	n.m.
Total comprehensive (loss)/income for the period, attributable to:				
Owners of the Company		(2,455)	621	n.m.
Non-controlling interests		_	_	n.m.
Total comprehensive (loss)/income for the period		(2,455)	621	n.m.
(Losses) / Earnings per share for the period attributable to the owners of the Company:				
Basic (RMB cents)	**7**	(0.25)	0.003	n.m.
Diluted (RMB cents)	**7**	(0.25)	0.003	n.m.

1H FY2023 – six-month financial period ended 30 September 2023
n.m. - not meaningful

B. Condensed Interim Consolidated Statement of Financial Position

	Note	Group As at		Company As at	
		30-Sep-2023 RMB'000	31-Mar-2023 RMB'000	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	8	148,546	142,228	–	–
Intangible assets	9	72,336	75,284	–	–
Investment in subsidiaries		–	–	519,636	519,636
Other assets, non-current	10	110,728	82,664	–	–
Deferred tax assets		1,471	1,471	–	–
Total Non-Current Assets		333,081	301,647	519,636	519,636
Current Assets					
Inventories		897	1,963	–	–
Trade and other receivables	11	42,908	21,945	107,697	102,943
Other assets, current	10	49,778	56,225	134	129
Cash and bank balances		149,463	205,496	565	6,074
Total Current Assets		243,046	285,629	108,396	109,146
Total Assets		576,127	587,276	628,032	628,782
EQUITY AND LIABILITIES					
Equity					
Share capital		239,150	239,150	938,574	938,574
Retained earnings/(accumulated losses)		211,213	214,616	(367,931)	(364,607)
Other reserves		47,104	46,155	54,602	50,970
Total Equity		497,467	499,921	625,245	624,937
Non-Current Liabilities					
Other payables, non-current		1,993	2,740	–	–
Lease liability, non-current		255	246	–	–
Total Non-Current Liabilities		2,248	2,986	–	–
Current Liabilities					
Trade and other payables	12	28,415	37,071	2,787	3,845
Income tax payables		692	–	–	–
Lease liability, current		205	198	–	–
Other financial liabilities	13	47,100	47,100	–	–
Total Current Liabilities		76,412	84,369	2,787	3,845
Total Liabilities		78,660	87,355	2,787	3,845
Total Equity and Liabilities		576,127	587,276	628,032	628,782

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 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
Balance at 1 April 2023	239,150	46,156	214,616	499,922
Total comprehensive income/(loss) for the period				
Loss for the period	–	–	(3,403)	(3,403)
Other comprehensive income	–	948	–	948
Total comprehensive income/(loss) for the period	–	948	(3,403)	(2,455)
Balance as at 30 September 2023	239,150	47,104	211,213	497,467

Company

	Share Capital RMB'000	Other Reserves RMB'000	Retained Earnings RMB'000	Total Equity RMB'000
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
Balance at 1 April 2023	938,574	50,970	(364,607)	624,937
Total comprehensive income/(loss) for the period				
Loss for the period	–	–	(3,762)	(3,762)
Other comprehensive income	–	3,632	–	3,632
Total comprehensive income/(loss) for the period	–	3,632	(3,762)	(130)
Balance as at 30 September 2023	938,574	54,602	(368,369)	624,807

D. Condensed Interim Consolidated Statement of Cash Flow

	Note	Group	
		1H FY2024 RMB'000	1H FY2023 RMB'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(1,687)	1,872
Interest income		(615)	(264)
Interest expense		1,076	854
Depreciation of property, plant and equipment		7,704	7,536
Amortisation of intangible assets		2,674	542
Loss on disposal of property, plant and equipment		733	1,375
Exchange differences on translating functional to presentation currency		948	584
Operating cash flow before changes in working capital		**10,833**	**12,499**
Inventories		1,067	1,900
Trade and other receivables		(20,962)	352
Other assets		28,383	25,006
Trade and other payables		(9,403)	15,767
Net cash flows generated from operations		**9,918**	**55,524**
Income tax paid		(1,023)	(284)
Net cash flows from operating activities		**8,895**	**55,240**
Cash flows from investing activities			
Purchase of property, plant and equipment	**8**	(14,467)	(18,854)
Upfront payment for supplies of sweet potatoes		(50,000)	–
Proceed from disposal of property, plant and equipment		–	3,283
Interest income received		615	264
Net cash flows used in investing activities		**(63,852)**	**(15,307)**
Cash flows from financing activities			
Proceeds from new borrowings		44,100	59,600
Repayment of borrowings		(44,100)	(48,300)
Lease liability, net		–	9
Interest expense paid		(1,076)	(854)
Net cash flows (used in)/from financing activities		**(1,076)**	**10,455**
Net change in cash and cash equivalents		(56,033)	50,388
Cash and cash equivalents at beginning of financial period		205,496	197,506
Cash and cash equivalents at end of financial period		**149,463**	**247,894**

E. Notes to the Condensed Interim Consolidated Financial Statements for 1H FY2024

1. Corporate information

Zixin Group Holdings 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 2023 and for 1H FY2024 comprise the Company and its subsidiaries (collectively, the "**Group**").

The registered office and principal place of business of the Company is located at 60 Paya Lebar Road, #13-40 Paya Lebar Square, Singapore 409051.

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 2023. The Group is a leading sweet potato biotech-focused integrated industrial value chain operator in the People's Republic of China (the "**PRC**" or "**China**"). Through its wholly-owned subsidiaries, the Group harnesses its biotechnology capabilities to strengthen and support its core business areas: (a) cultivation and supply – (i) research and development of sweet potato varieties to cultivate sweet potato seedlings, and (ii)) sweet potato cultivation techniques and solutions to improve the quality and yield for farmlands, and (iii) fresh sweet potato supply, (b) product innovation and food production – food processing techniques to maximise nutrient retention in proprietary branded products, (c) brand building, marketing and distribution – building of propriety brands of heathier snacks through targeted marketing campaigns and various distribution platforms (traditional and e-commerce) throughout China, and (d) recovery and recycling – recovering nutritional content from sweet potato peels, and converting waste materials such as sweet potato peels, stems and leaves into main ingredients for poultry and animal feed.

2. Basis of preparation

The condensed interim consolidated financial statements for 1H FY2024 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 2023.

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 2023. 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 2023.

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 FY2024 RMB'000	**1H FY2023 RMB'000**
Revenue:		
Sweet potato processed products	98,446	97,861
Sweet potatoes	18,745	16,898
	117,191	114,759
Timing of transfer of goods or service:		
At a point in time	117,191	114,759

5. (Loss)/Profit before income tax

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

	Group	
	1H FY2024 RMB'000	**1H FY2023 RMB'000**
Amortisation of intangible assets (Note 9)	2,674	542
Depreciation of property, plant and equipment	5,641	5,425
Research and development expenses	1,605	706
Employee benefits expense	3,761	3,402
Seedlings nursery fees	856	1,100

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	
	1H FY2024 RMB'000	**1H FY2023 RMB'000**
Current tax expense:		
Current year	618	1,736
Underprovision in prior financial year	1,098	99
Total income tax expense	1,716	1,835

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 (1H FY2023: 1,383,818,000) 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 (losses)/earnings per share:

	Group	
	1H FY2024 RMB'000	**1H FY2023 RMB'000**
Basic (losses)/earnings per share		
(Loss)/Profit, net of tax attributable to owners of the Company	(3,403)	37
Weighted average number of ordinary shares in issue ('000)	1,383,818	1,383,818
Basic (losses)/earnings per share (RMB cents)	(0.25)	0.003

As the Company does not have any dilutive potential ordinary shares, the basic (losses)/earnings per share and diluted (losses)/earnings per share for 1H FY2024 were the same i.e., RMB (0.25) cents (1H FY2023: RMB 0.003 cents) per share.

8. Property, plant and equipment

During 1H FY2024, the Group acquired assets (mainly plant and machinery and construction work-in-progress) amounting to RMB 14,467,000 (1H FY2023: RMB 18,854,000).

9. Intangible assets

Group:	Right-of-use assets RMB'000	Manufacturing patents RMB'000	Software RMB'000	Favourable supply contracts RMB'000	Total RMB'000
Cost:					
At 1 April 2022 and 31 March 2023	42,215	2,762	338	12,822	98,177
Additions	40,040	–	–	–	–
At 30 September 2023	82,255	2,762	338	12,822	98,177
Accumulated amortisation:					
At 1 April 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
Amortisation for the period	2,833	115	–	–	2,948
At 30 September 2023	10,850	1,831	338	10,257	23,276
Accumulated impairment:					
At 1 April 2022, 31 March and 30 September 2023	–	–	–	2,565	39,225
Carrying amount:					
At 31 March 2023	74,238	1,046	–	–	75,284
At 30 September 2023	71,405	931	–	–	72,336

	Group	
	30-Sep-2023 RMB'000	31-Sep-2022 RMB'000
Amortisation for the period	2,948	725
Capitalised in construction work-in-progress	(274)	(183)
Amortisation of intangible assets recorded in administrative expenses (Note 5)	2,674	542

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 2023, the land use rights of the Group for two parcels of land with carrying amount of RMB 5,768,000 and RMB 23,435,000 respectively (31 March 2023: RMB 5,840,000 and RMB 23,717,000 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 "**Transfer Agreements**") with 86 farmers, pursuant to which Dizhongbao leased a total of 91 plots of farmland for 15 years as a base for research and development to cultivate new varieties of sweet potatoes and to nurture sweet potato seedlings. Under the terms of the Transfer Agreements, Dizhongbao had made upfront full payments of approximately RMB 7,000,000 to the farmers for 15 years.

In March 2023, Dizhongbao entered into several land use right lease agreements ("**Lease Agreements**") with several contracted suppliers (the "**Co-operatives**") on top of the existing purchase agreement and Transfer Agreements to provide them with a one-off compensation of approximately RMB 40,000,000 in total for the rising cost of land lease in Liancheng County for the remaining period of purchase agreements and Transfer Agreements.

10. Other assets

	Group		Company	
	30-Sep-2023	**31-Mar-2023**	**30-Sep-2023**	**31-Mar-2023**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Upfront payments	30	2,670	134	129
Upfront payments for supplies of sweet potatoes (Note A)	147,443	117,700	–	–
Deferred expenses	8,956	14,719	–	–
Others	4,077	3,800	–	–
	160,506	138,889	134	129
Presented in the statements of financial position as:				
Other assets, non-current	110,728	82,664	–	–
Other assets, current	49,778	56,225	134	129
	160,506	138,889	134	129

Note A: Upfront payment for supplies of sweet potatoes

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

The Purchase Agreements entered during the financial years ended 31 March 2018 and 2019 carry similar terms and last for fifteen (15) years and grant Dizhongbao with the first right of refusal to purchase the sweet potatoes grown by the Co-operatives (through their contracted farmers) with the sprouted seedlings provided by the Group. In return, Dizhongbao makes prepayments to the Co-operatives every five years. The prepayments are used to offset the purchase made 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. Where the prepayments are not fully utilized within the five (5) years, the balance will be carried forward until it is fully utilized before the next prepayment is made.

11. Trade and other receivables

	Group		Company	
	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000
Trade receivables:				
Outside parties	42,340	21,010	–	–
Less: Allowance for impairment loss on receivables	(120)	(120)	–	–
	42,220	20,890	–	–
Other receivables:				
Outside parties	686	996	–	–
Subsidiaries	–	–	107,695	102,941
Refundable deposits	2	59	2	2
	688	1,055	107,697	102,943
Total trade and other receivables	42,908	21,945	107,697	102,943

12. Trade and other payables

	Group		Company	
	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000
Trade payables:				
Outside parties	22,272	10,073	–	–
Other payables:				
Outside parties	5,783	28,734	2,314	2,304
Subsidiaries	–	–	556	537
Director/shareholder	360	1,004	360	1,004
	6,143	29,738	3,230	3,845
Total trade and other payables	28,415	39,811	3,230	3,845

13. Other financial liabilities

	Group	
	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000
Bank loans A (unsecured) (Note 13.1)	13,100	13,100
Bank loans B (secured) (Note 13.2)	34,000	34,000
	47,100	47,100

13.1. Bank loans A (unsecured)

The bank loans are repayable within 12 months and renewable annually. The bank loans' fixed interest rates were 4.20% - 5.50% (31 March 2023: 4.35% - 5.50%) 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 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% (31 March 2023: 4.00%) 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-2023		As at 31-Mar-2023	
	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	34,000	13,100
Amount repayable after one year	–	–	–	–
Total borrowings	34,000	13,100	34,000	13,100

14. Financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded as at 30 September 2023 and 31 March 2023:

	Group		Company	
	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000	30-Sep-2023 RMB'000	31-Mar-2023 RMB'000
Financial assets:				
At amortised cost:-				
Cash and cash equivalents	149,463	205,496	565	6,074
Trade and other receivables	42,908	21,945	107,697	102,943
	192,371	227,441	108,262	109,017
Financial liabilities:				
At amortised cost:-				
Trade and other payables	30,408	39,811	2,787	3,845
Other financial liabilities	47,100	47,100	–	–
Lease liability	205	198	–	–
	77,713	87,109	2,787	3,845

15. Subsequent events

There are no known subsequent events from 1 October 2023 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 FY2024

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 2023 to 30 September 2023.

The Company does not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 30 September 2023 and 30 September 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 30 September 2023 and 30 September 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 30-Sep-2023	As at 31-Mar-2023
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 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 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 2023 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 2023. 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-2023	31-Mar-2023	30-Sep-2023	31-Mar-2023
NAV (RMB'000)	497,467	499,921	625,245	624,937
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	0.36	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 Group's revenue for the six months ended 30 September 2023 ("**1H FY2024**") showed a modest increase of approximately RMB 2.4 million or 2.1% to RMB 117.2 million, up from RMB 114.8 million in the six months ended 30 September 2022 ("**1H FY2023**"). This marginal growth was primarily attributed to a decrease in revenue during the first quarter of FY2024 from April to June 2023, which was lifted by higher revenue in the second quarter of FY2024 (from July to September 2023).

Revenue in the first quarter of FY2024 was impacted by the surge in COVID-19 infections following the easing of stringent precautionary measures and travelling restrictions by the Chinese government in December 2022 and early 2023. The mass infections led to temporary cessation of business operations and hence, economic slowdown and lower consumer spending. The gradual economic recovery resulted in improvement in higher revenue in the second quarter of FY2024.

Accordingly, the Group recorded an increase of approximately RMB 0.6 million or 0.6% in the revenue from the sale of sweet potato snack products from RMB 97.9 million in 1H FY2023 to RMB 98.4 million in 1H FY2024, as well as an increase in the sale of fresh sweet potatoes by approximately RMB 1.8 million or 10.9% from RMB 16.9 million in 1H FY2023 to RMB 18.8 million in 1H FY2024.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately RMB 2.5 million or 7.9% from RMB 32.2 million in 1H FY2023 to RMB 34.7 million in 1H FY2024. The increase in gross profit was mainly due to the increase in revenue from the sale of fresh sweet potato recorded in 1H FY2024 as compared to 1H FY2023. Correspondingly, the Group's gross profit margin increased from approximately 28.0% in 1H FY2023 to 29.6% in 1H FY2024 on the back of better efficiency at its manufacturing of sweet potato snack products, coupled with higher sales from the higher-margin fresh sweet potatoes.

Interest Income

Interest income increased by approximately RMB 351,000 or 133.0% from RMB 264,000 in 1H FY2023 to RMB 615,000 in 1H FY2024. This was mainly due to higher interest rates on bank deposits

Other Income

Other income increased by approximately RMB 299,000 or 61.4% from RMB 487,000 in 1H FY2023 to RMB 786,000 in 1H FY2024. The increase was mainly due to the sales of excess in-house cultivated sweet potato seedlings in 1H FY2024.

Marketing and Distribution Costs

Marketing and distribution costs increased by approximately RMB 2.3 million or 17.2% from RMB 13.4 million in 1H FY2023 to RMB 15.7 million in 1H FY2024. The increase was primarily attributed to higher operating expenses by RMB 3.3 million, publicity expenses by RMB 1.4 million, and traveling expenses by RMB 135,000. The increase was partially offset by lower advertisement expenses and employee benefit expenses, which decreased by RMB 2.1 million and RMB 447,000, respectively.

Administrative Expenses

Administrative expenses increased by approximately RMB 3.4 million or 22.4% from RMB 15.5 million in the 1H FY2023 to RMB 18.9 million in the 1H FY2024. The increase was due to a provision for higher audit fees in 1H FY2024 of RMB 0.6 million as a correction for the under-provision in 1H FY2023, as well as the increases in the amortisation of intangible assets of RMB 2.1 million, employee benefit expenses of RMB 0.4 million, travelling expenses of RMB 0.2 million, depreciation expense of RMB 0.2 million, research and development expenses by RMB 0.9 million, consultancy fees of RMB 0.2 million. The higher administrative expenses were partially offset by a decrease in directors' remuneration by RMB 0.2 million and a reduction in seedlings nursery fees of RMB 0.2 million.

Other Losses

Other losses increased by approximately RMB 251,000 or 18.6% from RMB 1.3 million in 1H FY2023 to RMB 1.6 million in 1H FY2024. Th other losses was primarily attributed to a loss on disposal of property, plant and equipment of RMB 0.8 million and a donation of RMB 0.6 million made in 1H FY2024.

Finance Costs

Finance costs increased by approximately RMB 222,000 or 26.0% to RMB 1.1 million in 1H FY2024 as compared to RMB 0.9 million in 1H FY2023. The increase was due mainly to the increase in lending rates charged by the bank on the borrowings in 1H FY2024.

Income Tax Expense

Income tax expense was approximately RMB 1.7 million in 1H FY2024. This was primarily attributed by the under provision of prior year income tax expenses of approximately RMB 1.1 million for Fujian Zilaohu Food Co., Ltd. and higher income tax expenses of approximately RMB 0.6 million for Fujian Zixin Biological Potato Co., Ltd. ("**Fujian Zixin**") due to higher profits generated in 1H FY2024.

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 2023 and 31 March 2022.

Non-current Assets

There was an increase in the Group's total non-current assets of approximately RMB 31.4 million or 10.4%, from RMB 301.6 million as at 31 March 2023 to RMB 333.1 million as at 30 September 2023. This was mainly due to the increase in other assets (non-current) and property, plant and equipment and offset against decreased in intangible assets.

The increase in other assets (non-current) from approximately RMB 82.7 million as at 31 March 2023 to approximately RMB 110.7 million as at 30 September 2023 comprising mainly advance payments to suppliers for the long-term supply contracts of fresh sweet potatoes amounting to RMB 109.4 million. The increase was mainly due to the additional upfront payment for supplies of fresh sweet potatoes amounting to RMB 50.0 million and offset against the utilisation of upfront payment of supplies of fresh sweet potatoes 1H FY2024.

Plant, property and equipment ("**PPE**") increased by approximately RMB 6.3 million or 4.4% from RMB 142.2 million as at 31 March 2023 to RMB 148.5 million as at 30 September 2023. This was due to the net increase of construction work-in-progress and offset against depreciation expense recorded on PPE in 1H FY2024.

Intangible assets decreased by approximately RMB 2.9 million or 3.9%, from RMB 75.3 million as at 31 March 2023 to RMB 72.3 million as at 30 September 2023. This was mainly due to the amortisation expenses recorded in 1H FY2024.

Current Assets

Inventories decreased by approximately RMB 1.1 million or 54.3% from RMB 2.0 million as at 31 March 2023 to RMB 0.9 million as at 30 September 2023. The decrease was mainly due to higher utilisation of inventories during 1H FY2024 as compared to 1H FY2023.

Trade and other receivables increased by approximately RMB 21.0 million or 95.5% from RMB 21.9 million as at 31 March 2023 to RMB 42.9 million as at 30 September 2023. The increase was mainly due to the increase in sales in the second quarter of FY2024 as compared to the previous period.

Other assets (current) decreased by approximately RMB 6.4 million or 11.5% from RMB 56.2 million as at 31 March 2023 to RMB 49.8 million as at 30 September 2023. This was mainly due to the decrease in upfront payment to the Group's suppliers of raw sweet potatoes, professional service providers and deferred expenses.

Cash and bank balances decreased by approximately RMB 56.0 million or 27.3% as a result of the increase in cash flow used in investing and financing activities and a decrease in net cash flow from operating activities in 1H FY2024 as compared to 1H FY2023. 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 42.6 million or 14.9% from RMB 285.6 million as at 31 March 2023 to RMB 243.0 million as at 30 September 2023.

Current Liabilities

Trade and other payables decreased by approximately RMB 8.7 million or 23.3% from RMB 37.1 million as at 31 March 2023 to RMB 28.4 million as at 30 September 2023. This was mainly due to the absence of land lease and offset against increase in trade payables as at 30 September 2023 as compared to 31 March 2023.

Consolidated Statement of Cash Flows

The Group recorded net cash from operating activities of approximately RMB 8.9 million in 1H FY2024 as compared to net cash from operating activities of RMB 55.2 million in 1H FY2023. In 1H FY2024, the net cash from operating activities comprised mainly the positive operating cash flow before changes in working capital of approximately RMB 10.8 million, adjusted by net working capital outflow of RMB 0.1 million.

Net cash used in investing activities amounted to approximately RMB 63.9 million in 1H FY2024 as compared to RMB 15.3 million in 1H FY2023. The increase was mainly due to the increase of construction-in-progress and upfront payment for supplies of sweet potatoes of approximately RMB 14.5 million and RMB 50 million respectively

Net cash used in financing activities was approximately RMB 1.1 million in 1H FY2024 as compared to net cash from financing activities of RMB 10.5 million in 1H FY2023. This was mainly due to no additional short-term borrowings in 1H FY2024 as compared to 1H FY2023.

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.

China's economy had been expanding gradually over the first nine months of 2023 with the Chinese government targeting an economic growth of 5% for 2023. The Civil Aviation of China will be increasing the number of domestic flights to 34% above pre-pandemic levels during the upcoming winter and spring seasons, which will result in 96,651 domestic flights a week through till 30 March 2024.[(1)] This, coupled with international airlines increasing direct regular passenger flights to China in the winter-spring flight season,[(2)(3)] bodes well for tourism and consumer spending.

The installation of equipment and machinery as well as the interior furnishings of the Group's new high-tech manufacturing facility and research laboratories are progressing well. The commissioning of the production capacity of 35,000 tonnes per annum to recover nutrients from sweet potato peels to produce functional food is estimated to commence by the end of the financial year ending 31 March 2024 ("**FY2024**").

The strategic third-party smart warehouse operator has also completed the installation and commissioning of the first phase of the controlled atmosphere cold storage for fresh sweet potatoes, and the distinctive automated sweet potato grading and sorting processing line that also measures the nutritional content of sweet potatoes by exposing them to microscopic rays of light. Similar processing lines, up to eight (8) of such lines to manage approximately 30,000 tonnes of sweet potatoes per annum, will be gradually added to this initial phase of cold storage warehousing to support the sweet potato agriculture sector in Liancheng County, Fujian Province, China. The Group intends to utilise these services at the smart warehouse to (i) maintain the freshness of sweet potatoes for a relatively longer time and lower the amount of spoilage, and (ii) categorise the sweet potatoes for three main channels – (a) sale of fresh sweet potatoes, (b) manufacturing of sweet potato snacks and functional food products, and (c) source of raw material (sweet potatoes that did not meet the quality standards) for the fermentation plant to produce poultry and animal base feed ingredients. This could potentially minimise wastage and risk for the agriculture sector.

Interior furnishings for the recycling and fermentation of sweet potato waste materials and installation of equipment and machinery to turn the waste materials including spoiled sweet potatoes, peels, leaves, and stems into nutritional and safe animal base feeds, were completed at the end of October 2023 by a fermentation company, another strategic third-party operator. Trial production will be carried out with the aim to commence the supply of the feed ingredients to animal and poultry feed manufacturers by the end of FY2024. Subject to the formalisation of the co-management of the fermentation plant, which an update will be provided in due course, the Group could potentially broaden a new income stream through the supply of waste materials including spoiled sweet potatoes, sweet potato peels, stems and leaves from its contracted farmlands and those of others, as well as technical support and probiotic fermentation solutions to the third-party operator from the financial year ending 31 March 2025.

While smoothening the execution of the biotech-focused sweet potato integrated circular economy industrial value chain in Liancheng County, the Group continues to work towards its contribution to the national agenda of food security and food safety.

On 29 June 2023, the Group entered into a strategic collaboration agreement with the Agricultural Genomics Institute at Shenzhen which is a government-supported scientific research organisation held by the Chinese Academy of Agricultural Sciences 中国农业科学院深圳农业基因组研究所. On the same day, the Group also formed a joint venture company, Shenzhen Zixin Provenance Biotechnology Co., Ltd 深圳紫心种源生物科技有限公司 with Fujian Good Villa Agroecological Technology Co., Ltd 福建鼓龙农业生态科技有限公司, and AgSino China Digital Nutrition Technology (Shenzhen) Co., Ltd. 中农数字营养科技（深圳）有限公司. The Group aims to expand into agricultural genomics research covering the whole of China.

On 19 July 2023, the Group entered into a strategic collaboration agreement with the People's Government of Lankao County, Henan Province for the rural revitalisation initiative in Lankao County, Kaifeng City, Henan Province, China with the aim to construct a sustainable sweet potato integrated circular economy industrial value chain that drives economic developments, and enhances the level of agricultural modernisation, especially in the areas of product quality and technology enhancement.

Meanwhile, the rural revitalisation project in Lingao County, Hainan Province, China has commenced the first phase of primary land development.

These strategic expansions beyond Liancheng County are initiated to pave way for sustainable long- term growth of the Group. The Company will announce any material developments as and when they arise.

Sources:

(1) *https://www.businesstimes.com.sg/international/flights-china-increase-34-above-pre-covid-levels*
(2) *https://www.globaltimes.cn/page/202310/1300751.shtml*
(3) *https://www.straitstimes.com/singapore/sia-and-scoot-to-resume-service-from-changi-to-five-cities-in-china-from-nov-26*

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 FY2024. The decision not to distribute dividends stems from the Group's strategy to preserve its cash resources, taking into account the uncertainty of market conditions and the expansion of its operational activities in the upcoming year. By conserving cash resources, the Group aims to safeguard its ongoing operations and the progress of its construction projects. This approach is intended to prevent significant disruptions to the construction timeline, as any delays would lead to increased 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

The status on the use of the net cash proceeds of S$11.9 million ("**Net Cash Proceeds**") raised from the Company's placement exercise completed on 19 November 2021 (the "**FY2022 Placement**") is as follows:

	Allocation of the Net Cash Proceeds **S$'000**	**Balance brought forward from 31 July 2023[3]** **S$'000**	**Amount utilised as of the cut-off at 31 October 2023** **S$'000**	**Balance** **S$'000**
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[1]	4,000	3,400	200	3,200
Working capital for the Group[4]	2,700	427	275	152
	11,900	**9,027**	**475**	**8,552**

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. The Company will provide further update, if any, in due course.

(3) Please refer to the Company's annual report for the financial year ended 31 March 2023 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)	51
Administrative and miscellaneous expenses	224
Total	**275**

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 FY2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Liang Chengwang
Executive Chairman and
Chief Executive Officer

Lawrence Chen
Lead Independent 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 2023