

EGGRICULTURE FOODS LTD. 永續農業發展有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 8609



Interim
Report
2023



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of Eggriculture Foods Ltd. (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Unaudited Interim Results

The Board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2023 together with the relevant comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2023

		Six months ended 30 September					
		2023			2022		
		Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total
Note		S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)
Revenue	3	53,436	-	53,436	45,788	-	45,788
Cost of sales	7	(39,879)	(9,862)	(49,741)	(36,702)	(8,149)	(44,851)
Gross profit		13,557	(9,862)	3,695	9,086	(8,149)	937
Other income	4	110	-	110	331	-	331
Other (losses)/gains – net							
– Impairment loss on financial assets		(24)	-	(24)	(18)	-	(18)
– Others	5	98	-	98	50	-	50
Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest		-	9,928	9,928	-	8,209	8,209
Gain arising from changes in fair value of biological assets less estimated point-of-sale costs		-	5,783	5,783	-	5,618	5,618
Selling and distribution expenses	7	(3,635)	-	(3,635)	(3,570)	-	(3,570)

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2023

		Six months ended 30 September						
		2023			2022			
		Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	Results before biological assets and agricultural produce fair value adjustments	Biological assets and agricultural produce fair value adjustments	Total	
Note		S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	S\$'000 (unaudited)	
	Administrative expenses	7	(3,481)	-	(3,481)	(2,785)	-	(2,785)
	Finance costs	6	(621)	-	(621)	(283)	-	(283)
	Profit before tax		6,004	5,849	11,853	2,811	5,678	8,489
	Income tax expense	8	(1,794)	-	(1,794)	(1,174)	-	(1,174)
	Profit after tax and total comprehensive income for the period		4,210	5,849	10,059	1,637	5,678	7,315
	Profit after tax and total comprehensive income attributable to:							
	Owners of the Company		4,249	5,849	10,098	1,644	5,678	7,322
	Non-controlling interests		(39)	-	(39)	(7)	-	(7)
			4,210	5,849	10,059	1,637	5,678	7,315
	Earnings per share							
	Basic and diluted (S\$ – in cents)	9			2.02			1.46



Condensed Consolidated Statement of Financial Position

As at 30 September 2023

		As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
ASSETS			
Non-current assets			
Biological assets	11	11,152	7,829
Property, plant and equipment	12	46,958	46,318
Intangible assets		1,598	1,794
Investments in insurance contracts		2,365	2,277
Other receivables	14	–	418
		62,073	58,636
Current assets			
Biological assets	11	6,404	3,755
Inventories		4,006	3,781
Trade and other receivables	14	19,470	16,526
Cash and cash equivalents		13,322	8,739
		43,202	32,801
Total assets		105,275	91,437
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	290	656
Bank borrowings		14,391	11,908
Deferred income tax liabilities		1,760	1,447
		16,441	14,011

Condensed Consolidated Statement of Financial Position
As at 30 September 2023

	<i>Note</i>	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Current liabilities			
Trade and other payables	15	14,976	14,413
Deferred grant income		909	909
Current income tax liabilities		2,655	1,460
Lease liabilities	13	529	523
Bank borrowings		13,048	13,463
		32,117	30,768
Total liabilities		48,558	44,779
NET ASSETS		56,717	46,658
EQUITY			
Share capital	16	890	890
Share premium		8,544	8,544
Other reserves		9,767	9,767
Retained earnings		37,313	27,215
		56,514	46,416
Non-controlling interests		203	242
Total equity		56,717	46,658



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2023

	Share capital	Share premium	Other reserve (Note)	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April 2022 (audited)	890	8,544	9,767	18,575	37,776	-	37,776
Profit and total comprehensive income for the period	-	-	-	7,322	7,322	(7)	7,315
Transactions with owners	-	-	-	-	-	-	-
Shares acquired by non-controlling interests	-	-	-	-	-	207	207
At 30 September 2022 (unaudited)	890	8,544	9,767	25,897	45,098	200	45,298
At 1 April 2023 (audited)	890	8,544	9,767	27,215	46,416	242	46,658
Profit and total comprehensive income for the period	-	-	-	10,098	10,098	(39)	10,059
At 30 September 2023 (unaudited)	890	8,544	9,767	37,313	56,514	203	56,717

Note:

Other reserve represents the difference between consideration paid and share capital of entities under common control acquired.



Condensed Consolidated Statement of Cash Flow

For the six months ended 30 September 2023

	Six months ended 30 September	
	2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
Net cash generated from operating activities	6,222	2,913
Net cash used in investing activities	(2,793)	(4,572)
Net cash generated from financing activities	1,154	359
Net increase/(decrease) in cash and cash equivalents	4,583	(1,300)
Cash and cash equivalents at beginning of the period	8,739	10,069
Cash and cash equivalents at end of the period	13,322	8,769



Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2023

1. GENERAL INFORMATION

Eggiculture Foods Ltd. (the “Company”) was incorporated in the Cayman Islands on 12 February 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman 1-1111, Cayman Islands and principal place of business in Hong Kong is Unit 1104, 11/F, Keybond Commercial Building, 38 Ferry Street, Jordan, Kowloon, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the production and sale of fresh eggs and processed egg products in Singapore. The immediate and ultimate holding company of the Company is Radiant Grand International Limited (“Radiant Grand”), a company which was incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Ma Chin Chew (“Mr. Ma”).

2. BASIS OF PRESENTATION AND PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which comprise all standards and interpretations) issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited condensed consolidated financial statements are presented in Singapore dollar (“S\$”) and all values are rounded to the nearest thousand (“S\$’000”) except when otherwise indicated. The comparative financial information has been prepared under the historical cost convention, as modified by the revaluation of biological assets and agricultural produce. The investments in insurance contracts are subsequently stated at the cash surrender value. The condensed consolidated financial statements for the six months ended 30 September 2023 have not been audited by the Company’s independent auditor, but have been reviewed by the audit committee of the Board (the “Audit Committee”).

The preparation of unaudited condensed consolidated results in conformity with IFRSs requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.



2. BASIS OF PRESENTATION AND PREPARATION *(Continued)*

The basis of preparation and accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2023, except for those that relate to new standards or interpretations effective for the first time for the annual period beginning on or after 1 April 2023.

The Group has applied the following new and amendments to IFRSs for the first time in the current accounting period:

IAS 8	Amendments to IAS 8: Definition of Accounting Estimates
IAS 12	Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The adoption of the above standards did not have any significant effects on the unaudited condensed consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the chief executive of the Company ("CODM"). The CODM reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports.

The CODM considers that the Group has two operating and reporting segments which are fresh eggs and processed eggs. CODM assesses the performance of these single segments based on revenue, segment results and income/expenses arriving the segment results. Segment result represents the profit earned by each segment without allocation of finance costs, unallocated other income and unallocated corporate expenses are mainly including general administration expense.

Information relating to segment assets and segment liabilities is not disclosed as such information is not regularly reported to the CODM.



3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information about these reportable and operating segments is presented below:

Six months ended 30 September 2023 (unaudited):

	Fresh eggs S\$'000	Processed eggs S\$'000	Fruits and vegetables S\$'000	Total S\$'000
Segment revenue	36,196	15,742	1,498	53,436
Other income	17	-	3	20
Gain arising from initial recognition of agricultural produce at fair values less estimated point-of-sales costs at point of harvest – unrealised	246	-	-	246
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	2,371	3,412	-	5,783
Purchases of inventories	(25,917)	(6,885)	(1,071)	(33,873)
Changes in inventories	226	(167)	(80)	(21)
Impairment loss for trade receivables, net	(18)	(6)	-	(24)
Depreciation of property, plant and equipment	(1,222)	(497)	(31)	(1,750)
Employee benefits	(2,529)	(1,782)	(232)	(4,543)
Utilities	(502)	(470)	(12)	(984)
Repairs and maintenance of motor vehicles and transportation	(682)	(569)	(33)	(1,284)
Royalty expense	-	(40)	-	(40)
Chicken/Quail shed – medication and vaccination	(166)	(199)	-	(365)
Other expenses	(676)	(596)	(78)	(1,350)
Segment results	7,344	7,943	(36)	15,251
Unallocated finance cost				(621)
Unallocated other income				188
Unallocated corporate expenses				(2,965)
Profit before tax				11,853

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Six months ended 30 September 2022 (unaudited):

	Fresh eggs S\$'000	Processed eggs S\$'000	Total S\$'000
Segment revenue	32,172	13,616	45,788
Other income	27	–	27
Gain arising from initial recognition of agricultural produce at fair values less estimated point-of-sales costs at point of harvest – unrealised	205	–	205
Gain arising from changes in fair value of biological asset less estimated point-of-sale costs	2,191	3,427	5,618
Purchases of inventories	(24,906)	(7,452)	(32,358)
Changes in inventories	(147)	178	31
Impairment loss for trade receivables, net	(13)	(5)	(18)
Depreciation of property, plant and equipment	(844)	(405)	(1,249)
Employee benefits	(2,314)	(1,555)	(3,869)
Utilities	(360)	(420)	(780)
Repairs and maintenance of motor vehicles and transportation	(695)	(439)	(1,134)
Royalty expense	–	(32)	(32)
Chicken shed – medication and vaccination	(69)	(107)	(176)
Other expenses	(434)	(660)	(1,094)
Segment results	4,813	6,146	10,959
Unallocated finance cost			(283)
Unallocated other income			354
Unallocated corporate expenses			(2,541)
Profit before tax			8,489

Geographical information

The Group's operations are principally in Singapore and hence no further disclosure is made on the geographical information.

Information about major customers

During the period, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue (six months ended 30 September 2022: Nil).



4. OTHER INCOME

	Six months ended	
	30 September	
	2023	2022
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Government grants	20	168
Income from sale of animal feeds	17	16
Interest income	2	15
Others	71	132
	110	331

5. OTHER GAINS/(LOSSES) – NET

	Six months ended	
	30 September	
	2023	2022
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Gain on investments in insurance contracts	24	19
Gain/(Loss) on disposal of property, plant and equipment	6	(6)
Net currency exchange gains	68	37
	98	50

6. FINANCE COSTS

	Six months ended 30 September 2023		2022
	S\$'000		S\$'000
	(unaudited)		(unaudited)
Interest expense			
– Bank borrowings	627		269
– Lease liabilities	14		18
– Others	–		8
	641		295
Less: Amount capitalised in property, plant and equipment	(20)		(12)
Amount recognised in profit or loss	621		283

7. EXPENSES BY NATURE

	Six months ended 30 September 2023		2022
	S\$'000		S\$'000
	(unaudited)		(unaudited)
Auditor's remuneration	102		83
Purchases of inventories	33,873		32,358
Changes in inventories	21		(31)
Depreciation of property, plant and equipment	1,889		1,395
Amortisation of intangible assets	196		127
Employee benefits	6,340		5,545
Utilities	984		780
Repairs and maintenance of motor vehicles and transportation	1,381		1,136
Chicken/Quail shed – medication and vaccination	365		176
Royalty expense	40		32
Agricultural produce recorded in cost of sales	9,862		8,149
Other expenses	1,804		1,456
	56,857		51,206



8. INCOME TAX EXPENSE

The Company is incorporated in the Cayman Islands as an exempted company with limited liabilities under the Company Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

Tax arising from Singapore has been provided at the rate of 17% on the estimated assessable profits during the reporting periods. The applicable Hong Kong profits tax rate is 16.5%. No provision for Hong Kong Profits Tax is provided in the condensed consolidated financial statements as the Group did not have assessable profit in Hong Kong during the reporting periods.

	Six months ended	
	30 September	
	2023	2022
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Singapore current tax	1,484	1,043
Deferred income tax expense	310	131
Tax expense for the period	1,794	1,174

9. EARNINGS PER SHARE

	Six months ended	
	30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit attributable to equity holders of the Company (S\$'000)	10,098	7,322
Weighted average number of ordinary shares in issue (thousands)	500,000	500,000
Basic and diluted earnings per share (S\$ – in cents)	2.02	1.46

The diluted earnings per share is the same as the basic earnings per share as the Group does not have potentially dilutive ordinary shares in issue during the periods ended 30 September 2023 and 2022.

10. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: Nil).

11. BIOLOGICAL ASSETS

	30 September 2023 S\$'000 (unaudited)	30 September 2022 S\$'000 (unaudited)
Movement in biological assets are as follows:		
At 1 April 2023/1 April 2022	11,584	7,910
Purchases of immature hens	548	225
Gain arising from changes in fair value less estimated point-of-sale costs	5,783	5,618
Sales of mature hens	(359)	(228)
At 30 September 2023/30 September 2022	17,556	13,525

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Biological assets comprise: <i>(Note)</i>		
– Mature hens	10,946	5,807
– Immature hens	6,610	5,777
	17,556	11,584
Current	6,422	3,755
Non-current	11,134	7,829
	17,556	11,584

Note:

Biological assets are used in the production of eggs. Mature hens represent batches of hens that start to produce eggs.



11. BIOLOGICAL ASSETS *(Continued)*

The biological assets were valued at their fair values less point-of-sale costs using the discounted cash flow method. The management's major key assumptions used in the valuation are as follows:

	As at 30 September 2023 (unaudited)	As at 31 March 2023 (audited)
Selling price of mature hens	S\$3.13	S\$3.13
Selling price of agriculture produce (fresh eggs)	S\$0.24	S\$0.24
Mortality rate	16.3%	16.1%
Discount rate	11.9%	11.9%
Estimated egg laying period	89 weeks	89 weeks

As at 30 September 2023, the number of hens held by the Group were 961,760 (31 March 2023: 769,516), out of which 270,649 (31 March 2023: 251,681) were immature hens. During the six months ended 30 September 2023, the Group harvested 94,606,104 (six months ended 30 September 2022: 82,173,047) eggs.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2023 and 2022, the Group acquired property, plant and equipment, net of grants of approximately S\$2,851,000 (six months ended 30 September 2022: S\$5,775,000). The breakdown of the additions are as follows:

	Six months ended 30 September 2023 S\$'000 (unaudited)	2022 S\$'000 (unaudited)
Leasehold buildings and improvements	319	24
Plant and machinery	1,240	171
Equipment and furniture	250	74
Motor vehicles	340	401
Assets under construction	702	5,105
	2,851	5,775

13. LEASES

(i) Amounts recognised in the consolidated statement of financial position

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Right-of-use assets		
Leasehold land	2,530	2,616
Leasehold premises	750	1,058
Machinery and motor vehicles	576	689
	3,856	4,363
Lease liabilities		
Current	529	523
Non-current	290	656
	819	1,179

(ii) Amounts recognised in the consolidated statement of comprehensive income

	Six months ended 30 September 2023 S\$'000 (unaudited)	2022 S\$'000 (audited)
Depreciation charge of right-of-use assets		
Leasehold land	86	86
Leasehold premises	208	107
	294	193
Interest expense (included in finance costs)	14	18
Gain from derecognition of right-of-use assets (included in other gains/(losses) – net)	(2)	–



13. LEASES *(Continued)*

(iii) The Group's leasing activities and how these are accounted for

Leasehold land

The Group has made an upfront payment for land use rights of the current poultry farm and a quail egg farm. The land lease payments are amortised on a straight-line basis over lease term of 20 years.

There are no externally imposed covenant on these lease arrangements.

Leasehold premises

The Group leases premises for the purpose of inventory storage, back office operation and employees' accommodation.

The Group has made an upfront payment to secure the right-of-use of a 30-year leasehold premise, which is used by the Group for inventory storage and back office operations. The Group also makes annual lease payments for this premise.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) Variable lease payments

A storage building lease contains variable payment terms that vary on a yearly basis to reflect changes in market rental rates.

(v) Extension and termination option

The lease for certain storage building contains extension period, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise the extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The extension option is exercisable by the Group and not by the lessor.

14. TRADE AND OTHER RECEIVABLES

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Trade receivables	15,130	13,924
Less:		
Allowance for impairment of receivables	(153)	(129)
	14,977	13,795
Other receivable	396	536
Deposits	220	194
Prepayments	3,877	2,001
	19,470	16,526
Non-current		
Other receivables	–	418

The credit period of trade receivables ranged up to 60 days. No interest was charged on the outstanding balances. The ageing analysis of trade receivables as at 30 September 2023 and 31 March 2023 based on invoice date is as follows:

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Less than 30 days	8,542	8,184
31 to 60 days	5,521	4,179
61 to 90 days	754	982
More than 90 days	313	579
	15,130	13,924



14. TRADE AND OTHER RECEIVABLES *(Continued)*

The carrying amounts of trade receivables approximate their fair values.

The closing loss allowances for trade receivable reconcile to the opening loss allowance as follows:

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
At beginning of period	129	34
Increase/(Decrease) in loss allowance recognised in profit or loss during the period/year	24	116
Utilisation of loss allowance	-	(21)
At end of period	153	129

The Group recognises a loss allowance for expected credit loss on trade and other receivables. The amount of expected credit loss is updated at each reporting date to reflect the changes in credit risk since initial recognition in the respective financial instruments.

The expected credit loss on trade receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group's trade and other receivables (excluding prepayments and goods and services tax) are denominated Singapore dollar.

15. TRADE AND OTHER PAYABLES

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Trade payables	5,954	6,001
Other payables	419	167
Other accruals	8,359	8,002
Accrued royalty expense	240	239
Amounts due to non-controlling interests	4	4
	14,976	14,413

The credit term granted by the Group's suppliers were usually ranged up to 60 days.

15. TRADE AND OTHER PAYABLES *(Continued)*

The ageing analysis of trade payables based on invoice date was as follows:

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Less than 30 days	3,971	4,396
31 to 60 days	1,370	1,017
More than 60 days	613	588
	5,954	6,001

The Group's trade and other payables (excluding goods and service tax) are denominated in the following currencies:

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
SGD	14,388	14,040
USD	94	163
HKD	118	86
EUR	278	16
MYR	8	–
	14,886	14,305



16. SHARE CAPITAL

The share capital as at 30 September 2023 represented the issued share capital of the Company.

	Number of shares	Amount HK\$'000	Amount S\$'000
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Ordinary shares of HK\$0.01 each

Authorised:

At 30 September 2023 and 31 March 2023	10,000,000,000	100,000	–
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	Number of shares	Amount HK\$'000	Amount S\$'000
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Issued and fully paid:

At 30 September 2023 and 31 March 2023	500,000,000	5,000	890
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17. COMMITMENTS

Capital Commitments

As at the reporting date, capital expenditure to expand the Group's farming operations contracted for but not provided for in the financial statements is as follows:

	As at 30 September 2023 S\$'000 (unaudited)	As at 31 March 2023 S\$'000 (audited)
Property, plant and equipment	7,298	10,550

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group continues to focus on its core business of egg production and distribution in Singapore. The Group operates its own egg laying farm in Singapore and sources fresh chicken eggs from third party suppliers. There have been no changes to its business model.

The Group's revenue has increased by approximately 17% from approximately S\$45.8 million for the six months ended 30 September 2022 to approximately S\$53.4 million for the six months ended 30 September 2023. The higher sales are mainly attributable to more eggs sold to a larger customer base as we consolidate our leading market position in Singapore.

For the six months ended 30 September 2023, the Group's net profit increased by approximately S\$3.4 million from approximately S\$8.5 million for the six months ended 30 September 2022 to approximately S\$11.9 million for the six months ended 30 September 2023. The increase is mainly attributable to increase in our sales and improvements in our gross margins as we scale up our own produced eggs for sales.

The construction of the chicken eggs laying facilities is substantially completed and the expanded farm is scheduled to be fully operational by the first quarter of 2024. With the expanded chicken egg farm coming into operations, our own eggs production will increase further. This will enable us to reduce our reliance on sourced (purchased) eggs enhancing our control over the cost and quality of our eggs and the reliability of our supplies leading improvements in our gross margins.

With the substantial completion of the expanded egg laying capacity, the Group is expanding its existing egg sorting, packing and processing facilities to cope with the increased egg production. The completion of the quail farm has strengthened our revenue stream in the quail space. At this early stage of the quail farm operations, we are expecting costs pressures and other challenges as we scale up our production.

With our expansion substantially completed, management will focus to streamline its operations to cope with the increase in business activities to achieve the expected costs savings and efficiencies.

On 13 September 2023, as part of the Group's continuing effort to enlarge its customers base, it agreed to acquire the ongoing business and selected assets from two individuals. Further details of the said acquisition of the ongoing business and selected assets were set out in the Company's announcements dated 13 September 2023 and 14 September 2023. The acquisition was completed on 1 October 2023 and impact of this acquisition is expected to be positive for the remaining half of the financial year.



FINANCIAL REVIEW

Revenue

(i) Fresh eggs

For the six months ended 30 September 2023 and 2022, approximately 68% of the revenue was derived from the sales of fresh eggs. Revenue increased by approximately S\$4.0 million from approximately S\$32.2 million for the six months ended 30 September 2022 to approximately S\$36.2 million for the six months ended 30 September 2023, primarily driven by an expansion of our customer base.

(ii) Processed eggs

For the six months ended 30 September 2023 and 2022, approximately 29% of the revenue was derived from the sales of processed eggs. Revenue increased by approximately S\$2.1 million from approximately S\$13.6 million for the six months ended 30 September 2022 to approximately S\$15.7 million for the six months ended 30 September 2023. Such increase was primarily due to the increase in sales of the pasteurised liquid eggs and pasteurised hard-boiled and peeled eggs.

(iii) Fruits and vegetables

For the six months ended 30 September 2023, approximately 3% (30 September 2022: Nil%) of the revenue was derived from the sales of fruits, vegetables and groceries.

Cost of Sales

The Group's total cost of sales increased by approximately S\$4.8 million, or approximately 11% from approximately S\$44.9 million for the six months ended 30 September 2022 to approximately S\$49.7 million for the six months ended 30 September 2023 primarily due to the increase in the cost of sourced and produced eggs to meet the increased sales of the Group.

Gross Profit and Gross Profit Margin

The gross profit before agricultural produce fair value adjustments increased by approximately S\$4.5 million or from approximately S\$9.1 million for the six months ended 30 September 2022 to S\$13.6 million for the six months ended 30 September 2023. The gross profit after agricultural produce fair value adjustments increased by approximately S\$2.8 million from approximately S\$0.9 million for the six months ended 30 September 2022 to approximately S\$3.7 million for the six months ended 30 September 2023. Separately, gross profit margin after agricultural produce fair value adjustments increased to approximately 7% for the six months ended 30 September 2023 from approximately 2% for the six months ended 30 September 2022. The gross profit margin before agricultural produce fair value adjustments increased to approximately 25% for the six months ended 30 September 2023 from approximately 20% for the six months ended 30 September 2022. Such increase was primarily due to the decrease in sales of sourced fresh eggs and the increase in sales of own produced fresh eggs and own produced processed eggs.

FINANCIAL REVIEW *(Continued)*

Other gains – net – others

The other gains – net – others increased by approximately S\$48,000, from approximately S\$50,000 for the six months ended 30 September 2022 to approximately S\$98,000 for the six months ended 30 September 2023 primarily due to net currency exchange gains during the six months ended 30 September 2023.

Gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales costs at point of harvest

The gain arising from initial recognition of agricultural produce at fair value less estimated point-of-sales cost at point of harvest increased by approximately S\$1.7 million, or approximately 21% from approximately S\$8.2 million for the six months ended 30 September 2022 to approximately S\$9.9 million for the six months ended 30 September 2023 primarily due to the increase in price of agricultural produce at the point of harvest during the six months ended 30 September 2023 as compared to 30 September 2022.

Gain arising from changes in fair value of biological assets less estimated point-of-sale costs

The gain arising from changes in fair value of biological assets less estimated point-of-sale costs increased by approximately S\$0.2 million from approximately gain of S\$5.6 million for the six months ended 30 September 2022 to gain of approximately S\$5.8 million for the six months ended 30 September 2023. Such changes primarily due to higher number of growers and increase in selling price as at 30 September 2023 as compared to the period ended 31 March 2023.

Selling and distribution expenses

Selling and distribution expenses remained stable at approximately S\$3.6 million for the six months ended 30 September 2023 and 2022.

Administrative expenses

Administrative expenses increased from approximately S\$2.8 million for the six months ended 30 September 2022 to approximately S\$3.5 million for six months ended 30 September 2023, primarily due to increase in employee benefits during the six months ended 30 September 2023, as a result of an increase in our head count and staff salaries.



LIQUIDITY AND FINANCIAL RESOURCES

For the six months ended 30 September 2023, the Group financed its operations by cash flow generated from operating activities and banking facilities.

The current ratio, being the ratio of current assets to current liabilities, was approximately 1.3 times as at 30 September 2023 (31 March 2023: 1.1 times). The gearing ratio, being the ratio of net debt to total capital, was approximately 21% as at 30 September 2023 (31 March 2023: 28%).

As at 30 September 2023 and 31 March 2023, the Group had cash and cash equivalents of approximately S\$13.3 million and S\$8.7 million, respectively.

As at 30 September 2023, total borrowings amounted to approximately S\$28.3 million (31 March 2023: S\$26.6 million). There was no material seasonality in relation to the borrowing requirements of the Group. Below is a breakdown of the total borrowings:

	30 September 2023 S\$'000 (unaudited)	31 March 2023 S\$'000 (audited)
Non-current		
Lease liabilities	290	656
Bank borrowings	14,391	11,908
	14,681	12,564
Current		
Lease liabilities	529	523
Bank borrowings	13,048	13,463
	13,577	13,986
Total borrowings	28,258	26,550
Maturity of Bank Borrowings		
Within 1 years	13,048	13,463
Between 1 and 2 years	5,648	5,754
Between 2 and 5 years	8,743	6,154
	27,439	25,371

LIQUIDITY AND FINANCIAL RESOURCES *(Continued)*

As at 30 September 2023, the Group had undrawn borrowing facilities of approximately S\$23.0 million (31 March 2023: S\$28.3 million) which included unutilised loan facilities, trade facilities and non-revolving hire purchase facilities.

PLEDGE OF ASSETS

The borrowings amounting to approximately S\$853,000 as at 30 September 2023 (31 March 2023: S\$933,000) are secured by assignment over the investments in insurance contracts with a carrying amount of approximately S\$2,365,000 (31 March 2023: S\$2,277,000).

Lease liabilities of the Group amounting to approximately S\$319,000 as at 30 September 2023 (31 March 2023: S\$405,000) are effectively secured over the leased machinery and motor vehicles with a carrying amount of approximately S\$576,000 (31 March 2023: S\$689,000).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the six months ended 30 September 2023. The share capital of the Company only comprises ordinary shares.

DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 September 2023.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not have any material acquisitions or disposals of subsidiaries during the six months ended 30 September 2023.

SIGNIFICANT INVESTMENTS

As at 30 September 2023, the Group did not hold any significant investments other than disclosed.

FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

Save as disclosed elsewhere in this report, the Group did not have any plans for material investment or acquisition of capital assets as at the date of this report. The Company will make further announcement in accordance with the GEM Listing Rules, where applicable, if any investments and acquisition opportunities materialise.

CONTINGENT LIABILITIES

As at 30 September 2023, the Group did not have any significant contingent liabilities.



CAPITAL COMMITMENTS

As at 30 September 2023, the Group did not have material capital commitments other than disclosed in Note 17 of Notes to the Condensed Consolidated Financial Statements of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2023, the Group had a total of 332 employees (31 March 2023: 311). Staff cost, including Directors' remuneration, of the Group were approximately S\$6.3 million for the six months ended 30 September 2023 (six months ended 30 September 2022: S\$5.5 million).

The remuneration package offered by the Group to our employees includes salary, bonus and staff benefits. In general, the Group determines the level of employee salaries based on each employee's qualification, experience, position, seniority and the prevailing market remuneration rate. The Group reviews its remuneration of employees annually and adjust them as needed to ensure that they are competitive to attract and retain talents and having regards to the Group's profitability.

FOREIGN CURRENCY EXPOSURE

Currency risk arises when transactions are denominated in a currency that is not the entity's functional currency. The Group's business is mainly exposed to the United States dollar ("USD") and Hong Kong dollar ("HKD"). The Group monitors exchange rate movements to ensure this risk is kept within an acceptable level. This exposure is not hedged by any financial instruments.

The Group's currency exposure to USD is as follows:

	30 September 2023 S\$'000 (unaudited)	31 March 2023 S\$'000 (audited)
Financial assets		
Cash and bank deposits	371	58
Financial liabilities		
Borrowings	(853)	(933)
Trade and other payables	(94)	(163)
	(576)	(1,038)
Less:		
Borrowings designated for insurance contracts	853	933
	277	(105)

FOREIGN CURRENCY EXPOSURE *(Continued)*

The sensitivity analysis of the exposure to USD, after taking into consideration the USD borrowings designated for the investments in insurance contracts are as follows:

As at 30 September 2023, if USD had strengthened/weakened by 3% (31 March 2023: 2%) against Singapore dollar (“SGD”) with all other variables including tax rate being held constant, the Group’s results would have been S\$7,000 lower/higher (31 March 2023: S\$2,000 higher/lower), respectively, as a result of currency translation gains/losses on the USD-denominated financial assets/liabilities and insurance contracts.

The Group’s currency exposure to HKD is as follows:

	30 September 2023 S\$’000 (unaudited)	31 March 2023 S\$’000 (audited)
Cash and bank deposits	429	413
Trade and other payables	(118)	(86)
	311	327

As at 30 September 2023, if HKD had weakened/strengthened by 3% (31 March 2023: 2%) against SGD with all other variables including tax rate being held constant, the Group’s results would have been S\$8,000 (31 March 2023: S\$5,000) lower/higher, respectively, as a result of currency translation gains/losses on the HKD-denominated assets/liabilities.



Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value. To accomplish this, the Company has adopted the principles and the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix 15 of the GEM Listing Rules. In particular, the Company regards a pre-eminent board of directors, sound internal controls and accountability to all shareholders as the core elements of its corporate governance principles. The Board will review at least annually the corporate governance practices of the Company to ensure its continuous compliance with the CG Code, and make appropriate changes if considered necessary.

Save for the deviation from code provision C.2.1 of the CG Code as mentioned below, the Company, to the best knowledge of the Board, has complied with all applicable code provisions during the six months ended 30 September 2023 and to the date of this report.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Ma currently holds both positions. Mr. Ma, a founder and an executive director, has served as the Group’s chief executive officer since 2009 and was appointed the chairman of the Board in September 2018. Mr. Ma has been providing leadership to the Board and is responsible for overseeing the daily operations of the Group. The Board believes that it is in the best interest of the Group to continue to have Mr. Ma acting as the chairman of the Board and chief executive officer of the Company for effective and efficient strategic planning and execution of plans for the Group. The Company has put in place a sound check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Company.

COMPETING BUSINESS AND CONFLICT OF INTERESTS

Save as disclosed elsewhere in this report, based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective associates, as defined in the GEM Listing Rules, has engaged in any business that competes or may compete either directly or indirectly, with the business of the Group or has any other conflict of interest with the Group during the six months ended 30 September 2023.

DEED OF NON-COMPETITION

Radiant Grand (the controlling shareholder of the Company) and Mr. Ma Chin Chew (the sole director and shareholder of Radiant Grand and chairman of the Board) have entered into the deed of non-competition (the “Non-Compete Undertakings”) in favour of the Group dated 15 August 2018.

Pursuant to these Non-Compete Undertakings, the controlling shareholders of the Company have unconditionally and irrevocably undertaken to the Company (for itself/himself and for the benefits of members of our Group) that it/he would not, and would procure that its/his close associates (other than any members of our Group) would not, directly or indirectly, either on its/his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, director, partner, agent, employee, or otherwise, and whether for profit, reward or otherwise) any activity or business which is or may be in competition, directly or indirectly, with the business carried on or contemplated to be carried on by any member of our Group from time to time.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s securities during the six months ended 30 September 2023.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “Scheme”) pursuant to a resolution of the shareholders of the Company passed on 15 August 2018. The purpose of the Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons’ contribution to further advance the interests of the Group. The terms of the Scheme are in compliance with the provisions of Chapter 23 of the GEM Listing Rules.

No share options have been granted or agreed to be granted under the Scheme.



DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND/OR ITS ASSOCIATED CORPORATION

As at 30 September 2023, the interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO") held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provision of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.45 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name of the Directors	Capacity/Nature of Interest	Number of Shares Held ⁽¹⁾	Approximate Percentage
Mr. Ma Chin Chew ⁽²⁾	Interest of controlled corporation	294,800,000 (L)	58.96%
Ms. Lim Siok Eng ⁽²⁾	Interest of spouse	294,800,000 (L)	58.96%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the shares of the Company.
- (2) Radiant Grand International Limited is held as to 100% by Mr. Ma. Therefore, Mr. Ma is deemed to be interested in the shares of the Company which Radiant Grand International Limited is interested in by virtue of the SFO. Ms. Lim Siok Eng is the spouse of Mr. Ma. Under the SFO, Ms. Lim Siok Eng is deemed to be interested in the shares of the Company held by Mr. Ma through Radiant Grand International Limited.

Save as disclosed above, as at the date of this report, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2023, so far as is known to the Directors, the following persons/entities (other than the Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name	Capacity/Nature of Interest	Number of Shares Held ⁽¹⁾	Approximate Percentage
Radiant Grand International Limited ⁽²⁾	Beneficial owner	294,800,000 (L)	58.96%
Elite Ocean Ventures Limited ⁽³⁾	Beneficial owner	80,200,000 (L)	16.04%
Mr. Lim Joo Boon ⁽³⁾	Interest of controlled corporation	80,200,000 (L)	16.04%
Ms. Tan Bee Hong ⁽⁴⁾	Interest of spouse	80,200,000 (L)	16.04%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the shares of the Company.
- (2) Radiant Grand International Limited is held as to 100% by Mr. Ma. Therefore, Mr. Ma is deemed to be interested in the shares of the Company which Radiant Grand International Limited is interested in by virtue of the SFO.
- (3) Elite Ocean Ventures Limited is held as to 100% by Mr. Lim Joo Boon. Therefore, Mr. Lim is deemed to be interested in the shares of the Company which Elite Ocean Ventures Limited is interested in by virtue of the SFO.
- (4) Ms. Tan Bee Hong is the spouse of Mr. Lim Joo Boon. Under the SFO, Ms. Tan Bee Hong is deemed to be interested in the shares of the Company held by Mr. Lim Joo Boon through Elite Ocean Ventures Limited.

Save as disclosed above, as at the date of this report, the Company has not been notified of any other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register to be kept by the Company under section 336 of the SFO.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Based on specific enquiry made with all the Directors, all of them have confirmed that they have fully complied with the required standard of dealings and there is no incident of non-compliance noted by the Company throughout the six months ended 30 September 2023.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, there are changes in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules in the course of the Director's term of office during the six months ended 30 September 2023. Mr. Lew Chern Yong was appointed as an independent non-executive director of Hygieia Group Limited (stock code: 1650), the shares of which are listed on the Main Board of the Stock Exchange, with effect from 1 September 2023.

Save as disclosed above and in this report, there are no other matters required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules up to the date of this report.

AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision D.3.3 of the CG Code. The Audit Committee currently comprises of three independent non-executive Directors, namely Mr. Sneddon Donald William, Mr. Yuen Ka Lok Ernest and Mr. Lew Chern Yong. Mr. Sneddon Donald William is the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board in providing an oversight of the financial reporting and disclosure processes, internal control and risk management systems of the Company, and to oversee the audit process.

AUDIT COMMITTEE *(Continued)*

The Audit Committee has discussed and reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023, and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board
Eggriculture Foods Ltd.
Mr. Ma Chin Chew
Chairman and Chief Executive Officer

Singapore, 10 November 2023

As at the date of this report, the executive Directors are Mr. Ma Chin Chew (Chairman and Chief Executive Officer), Ms. Lim Siok Eng and Mr. Tang Hong Lai; and the independent non-executive Directors are Mr. Sneddon Donald William, Mr. Yuen Ka Lok Ernest and Mr. Lew Chern Yong.

