



SUNTAR ECO-CITY LIMITED

Condensed Interim Financial Statements for the Six months ended 30th June 2022

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A. Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated statement of comprehensive income for the Six Months Ended 30 June 2022 (“1H 2022”)

	Group 1H 2022 RMB'000	Group 1H 2021 RMB'000	+ / (-) %
Revenue	3,961	8,843	(55.2)
Cost of sales	(3,762)	(8,579)	(56.1)
Gross profit	199	264	(24.6)
Other operating income	101	507	(80.1)
Administrative expenses	(1,340)	(1,599)	(16.2)
Selling and distribution expenses	(159)	(145)	9.7
share of profit of associates	1,355	1,091	24.2
Profit before taxation	156	118	32.2
Income tax credit (expense)	24	(9)	n.m.
Profit after taxation, representing total comprehensive income	<u>180</u>	<u>109</u>	65.1
Profit attributable to:			
Owners of the company	183	109	67.9
Non-controlling interests	(3)	-	n.m.
	<u>180</u>	<u>109</u>	65.1
Earnings per share (cent)			
- Basic	0.29	0.17	67.9
- Diluted	0.29	0.17	67.9

n.m.= not meaningful

B. Condensed Interim Statements of Financial Position

	Group 30/6/2022 RMB'000	Group 31/12/2021 RMB'000	Company 30/6/2022 RMB'000	Company 31/12/2021 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	4,677	8,954	358	187
Structured deposits	1,400	-	-	-
Trade receivables	1,881	1,022	-	-
Other receivables	57,086	54,714	67	65
Completed properties for sale	11,664	11,664	-	-
Inventories	145	139	-	-
Total current assets	76,853	76,493	425	252
Non-current assets				
Right-of-use asset	13,610	13,746	-	-
Property, plant and equipment	127	135	-	-
Subsidiaries	-	-	131,406	131,406
Associate	25,356	24,001	-	-
Total non-current assets	39,093	37,882	131,406	131,406
Total assets	115,946	114,375	131,831	131,658
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	5,443	4,768	-	-
Other payables	19,525	18,505	16,314	15,281
Income tax payable	1,290	1,594	-	-
Total current liabilities	26,258	24,867	16,314	15,281
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	1,052	1,052	-	-
Accumulated losses	(74,044)	(74,227)	(47,196)	(46,336)
Equity attributable to owners of the Company	89,721	89,538	115,517	116,377
Non-controlling interest	(33)	(30)	-	-
Total equity	89,688	89,508	115,517	116,377
Total liabilities and equity	115,946	114,375	131,831	131,658

C. Condensed Interim Statements of Changes in Equity

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the Company RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
Group						
Balance as at 1 January 2022	162,713	1,052	(74,227)	89,538	(30)	89,508
Profit for the period, representing total comprehensive income for the period	-	-	183	183	(3)	180
Balance as at 30 June 2022	162,713	1,052	(74,044)	89,721	(33)	89,688
Balance as at 1 January 2021	162,713	970	(74,229)	89,454	-	89,454
Profit for the period, representing total comprehensive income for the period	-	-	109	109	-	109
Balance as at 30 June 2021	162,713	970	(74,120)	89,563	-	89,563
	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000		
Company						
Balance as at 1 January 2022	162,713	-	(46,336)	116,377		
Loss for the period, representing total comprehensive loss for the period	-	-	(860)	(860)		
Balance as at 30 June 2022	162,713	-	(47,196)	115,517		
Balance as at 1 January 2021	162,713	-	(44,609)	118,104		
Loss for the period, representing total comprehensive loss for the period	-	-	(889)	(889)		
Balance as at 30 June 2021	162,713	-	(45,498)	117,215		

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	1H 2022 RMB'000	1H 2021 RMB'000
Operating activities:		
Profit before taxation	156	118
Adjustments for:		
Depreciation of property, plant and equipment	8	18
Interest income	(24)	(466)
Depreciation of right-of-use asset	136	136
Share of profit of associate	(1,355)	(1,091)
Unrealised exchange loss	14	4
Operating loss before working capital changes	(1,065)	(1,281)
Change in trade receivables	(859)	(4,876)
Change in inventories	(6)	(85)
Change in other receivable	348	1,009
Change in completed properties for sale	-	83
Change in trade payables	675	4,589
Change in other payables and accruals	(280)	(2)
Cash used in operations	(1,187)	(563)
Interest received	24	466
Income tax paid	(280)	(294)
Net cash used in operating activities	(1,443)	(391)
Investing activities:		
Increase in structured deposits	(1,400)	(19,600)
Advance to an associate	(2,720)	-
Loan to third party	-	12,000
Net cash used in investing activities	(4,120)	(7,600)
Financing activities		
Receipt of advances from a director, representing net cash generated from financing activity	1,300	871
Net decrease in cash and cash equivalents	(4,263)	(7,120)
Cash and cash equivalents at beginning of financial year	8,954	49,022
Effect of exchange rate changes on the balance of cash held in foreign currencies	(14)	(4)
Cash and cash equivalents at end of financial period	4,677	41,898

E. Notes To The Condensed Interim Consolidated Financial Statements

1. Corporate Information

Suntar Eco-city Limited (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group is:

- (a) Health and Nutrition
- (b) Property Development

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 year ended 31 December 2021.

The accounting policies 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 financial statements are presented in Renminbi which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of Judgements And Estimates

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

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

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

3. Seasonal Operations

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

4. Segment Information

The group has two reportable segments, as described below, which are the Group's strategic business unit. The Operating businesses are organized and managed separately according to the nature of the product provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organized into two main operating business segments, namely:

- (a) Health and Nutrition
- (b) Property Development

4.1 Reportable segments

	Health & Nutrition	Property Development	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
1H 2022				
Segment revenue:				
External customers	3,961	-	-	3,961
Segment results:				
Segment result	(67)	(247)	(885)	(1,199)
Share of profit in associate				1,355
Tax Expense				24
Profit for the period				180
Assets				
Segment assets	31,444	84,047	455	115,946
Liabilities				
Segment liabilities	2,330	7,081	16,847	26,258
Other Segment Information:				
Capital Expenditure	-	-	-	-
Depreciation of property, plant and equipment	-	8	-	8
Depreciation of right-of-use assets	-	136	-	136

4.1 Reportable segments (Cont'd)

	Health & Nutrition RMB'000	Property Development RMB'000	Unallocated RMB'000	Total RMB'000
1H 2021				
Segment revenue:				
External customers	8,749	94	-	8,843
Segment results:				
Segment result	67	(81)	(959)	(973)
Share of profit in associate				1,091
Tax Expense				(9)
Profit for the period				109
Assets				
Segment assets	32,671	83,709	457	116,837
Liabilities				
Segment liabilities	5,068	7,174	15,032	27,274
Other Segment Information:				
Capital Expenditure	-	-	-	-
Depreciation of property, plant and equipment	10	8	-	18
Depreciation of right-of-use assets	-	136	-	136

4.2 Disaggregation of Revenue

The Group derives revenue from the transfer of goods at a point in time in the People's Republic of China.

The Group	1H 2022 RMB'000	1H 2021 RMB'000
Timing of revenue recognition		
<u>At a point of time:</u>		
Sale of completed properties	-	94
Sale of health and nutrition products	3,961	8,749
Total	3,961	8,843

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	The Group		The Company	
	30/06/2022 RMB'000	31/12/2021 RMB'000	30/06/2022 RMB'000	31/12/2021 RMB'000
Financial assets				
Financial assets at fair value through profit or loss (FVTPL)	1,400	-	-	-
Financial assets at amortised cost:				
Cash and cash equivalents	4,677	8,954	358	187
Trade receivables	1,881	1,022	-	-
Other receivables	283	597	67	65
	8,241	10,573	425	252
Financial liabilities				
Trade payables	3,443	2,768	-	-
Other payables	16,998	15,978	16,314	15,281
	20,441	18,746	16,314	15,281

6. Profit before taxation

Significant items

	Group 1H 2022 RMB'000	Group 1H 2021 RMB'000	+ / (-) %
Other Income			
Interest income	24	466	(94.8)
Exchange gain	-	25	n.m.
Other operating expenses			
Staff costs	(275)	(526)	(47.7)
Depreciation of property, plant and equipment	(8)	(18)	(55.6)
Depreciation of right-of-use assets	(136)	(136)	-

7. Taxation

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

	Group 1H 2022 RMB'000	Group 1H 2021 RMB'000	+ / (-) %
Current tax credit (expense)	24	(9)	n.m.

8. Dividends

No interim dividends for the first half ended 30 June 2022 (30 June 2021: \$Nil) is recommended. No dividends have been declared or recommended in line with the previous financial year practice that proposed dividends are declared on a full financial year basis.

9. Net Asset Value

	Group 30/06/2022 RMB Cents	Group 31/12/2021 RMB Cents	Company 30/06/2022 RMB Cents	Company 31/12/2021 RMB Cents
Net asset value per ordinary share based on total number of issued shares	142.96	142.67	184.06	185.43

10. Loan and Borrowings

Amount repayable in one year or less, or on demand

As at 30/06/2022		As at 31/12/2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	15,194	Nil	13,894

Amount repayable after one year

As at 30/06/2022		As at 31/12/2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

11. Share Capital

	As at 30 June 2022	As at 31 December 2021
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 31 December 2021 and 30 June 2022.

12. Subsequent Events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. Other information required by listing rule appendix 7.2

1. Review

The condensed consolidated statement of financial position of Suntar Eco-city Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Income Statement

The Group's revenue has decreased by RMB 4.88 million to RMB 3.96 million for the six months ended 30 June 2022 ('1H 2022') compared to the corresponding period in 2021. All revenue was contributed by the Health and Nutrition segment, and there was no income from the Property Development segment. Due to the pandemic in many places in China, sales activities could not be carried out normally in 1H 2022.

Other operating income has decreased to RMB 0.10 million as compared to RMB 0.51 million in 1H 2021. This is mainly due to a reduction in interest income from structured deposit, since the total amount deposited decreased.

General and Administrative expenses have decreased by 16.2% to RMB 1.34 million. It is mainly attributed to the recurrence of the pandemic in 1H 2022, leading to the stagnation of operation. Correspondingly, related office expense has reduced. Selling and distribution expenses has increased by 9.7% to RMB 0.16 million. The reason accounted for that is that increased marketing expense for development of sales channels for bottled water business.

The Group has recorded share of profit of associates of RMB 1.36 million from Hebei Huawei Health Industry Co. Ltd ("Huawei") with North China Pharmaceutical Company (NCPC) for FY2021 compared to RMB 1.09 million in 1H 2022. The increase in the share of profit of associates was mainly contributed by the increase of profitability of Huawei.

Statement of Financial Position

The Group has recorded a structured deposits of 1.4 million in 1H 2022 as compared to no entry at 31 December 2021.

Trade receivables has increased from RMB 1.02 million by RMB 0.86 million to RMB 1.88 million as at 30 June 2022. This is entirely contributed by the Health & Nutrition segment. Other receivables have increased from RMB 54.71 million by RMB 2.37 million to RMB 57.09 million. It is mainly due to the prepayment for Associate, Wuping Hailan Real Estate Development Co., Ltd, as pre-construction cost of property development project.

Other payables have increased from RMB 18.51 million by RMB 1.02 million to RMB 19.53 million. It is attributed by the increase of interest free loan from directors.

Statement of Cash Flows

The overall net cash decrease in cash and cash equivalents is RMB 4.26 million for 6 months period ended 30 June 2022. It was mainly attributable to the cash outflow of RMB 2.72 million to finance the pre-construction cost of property development project by associates and an increase of RMB1.4 million in structure deposit.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

4. 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.

Following the Group's successful investment into Huawei in 2020, a subsidiary of North China Pharmaceutical, the Group's share of Huawei's profits have been consolidated to the Group through equity method accounting starting May 2020 as share of profit from associates. We expect steady growth from this share of profit from associates.

The Group's search for a suitable regional market in China to launch its bottled water product is proceeding as planned. The Group is launching the brand in Fujian in 2H of this year through distribution partnerships and contract manufacturing.

Sales of the remaining units in the Lan County project will be expected to continue to contribute to the Group's revenue.

5. Dividend Information

No dividends have been declared or recommended. This is in line with previous financial year practice that proposed dividends are declared on a full financial year basis.

6. Interested person transactions

Company has no shareholders' mandate for interested person transactions.

7. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720 (1).

The Company confirms that undertakings have been procured from all Directors and Executive Officers under Rule 720 (1).

8. Confirmation Pursuant to The Rule 705(5) of The Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

12 August 2022