



Sino Grandness Food Industry Group Limited
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200706801H)

**FOURTH QUARTER AND FULL YEAR FINANCIAL STATEMENTS
ANNOUNCEMENT FOR THE PERIOD/YEAR ENDED 31 DECEMBER 2021**

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) **An income statement and statement of comparative income or a statement of comprehensive income, for the group together with a comprehensive statement for the corresponding period of the immediately preceding financial year**

	4Q			FULL YEAR (FY)		
	Oct-Dec	Oct-Dec	Change	Jan-Dec	Jan-Dec	Change
	2021	2020		2021	2020	
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	523,996	149,114	251.4	1,380,708	809,299	70.6
Cost of sales	(372,392)	(306,435)	21.5	(1,069,807)	(1,445,302)	(26.0)
Gross profit/(loss)	151,604	(157,321)	(196.4)	310,901	(636,003)	(148.9)
Other operating income	167,976	37,979	342.3	180,826	102,182	77.0
Distribution and selling expenses	(44,092)	(50,949)	(13.5)	(250,137)	(388,969)	(35.7)
Administrative expenses	(21,005)	(29,566)	(29.0)	(107,673)	(130,803)	(17.7)
Other operating expenses	(17,650)	(456,291)	(96.1)	(33,845)	(466,397)	(92.7)
Finance costs	(19,277)	(37,359)	(48.4)	(91,057)	(123,150)	(26.1)
Profit/(loss) before income tax	217,556	(693,507)	(131.4)	9,015	(1,643,140)	(100.5)
Taxation	(53,444)	28,587	(287.0)	(45,208)	121,855	(137.1)
Net profit/(loss) for the period/year	164,112	(664,920)	(124.7)	(36,193)	(1,521,285)	(97.6)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period/year	164,112	(664,920)	(124.7)	(36,193)	(1,521,285)	(97.6)
Profit for the period attributable to:						
Equity holders of the parent	164,159	(664,861)		(36,006)	(1,521,075)	
Non-controlling interests	(47)	(59)		(187)	(210)	
	164,112	(664,920)		(36,193)	(1,521,285)	
Total comprehensive income for the period attributable to:						
Equity holders of the parent	164,159	(664,861)		(36,006)	(1,521,075)	
Non-controlling interests	(47)	(59)		(187)	(210)	
	164,112	(664,920)		(36,193)	(1,521,285)	

1(a)(ii) Profit before income tax is determined after (charging)/crediting:-

	4Q			FULL YEAR (FY)		
	Oct-Dec 2021	Oct-Dec 2020	Change	Jan-Dec 2021	Jan-Dec 2020	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation and amortisation	(36,231)	(45,553)	(20.5)	(158,325)	(171,057)	(7.4)
Impairment of property, plant and equipment	-	(130,810)	n.m.	-	(130,810)	n.m.
Write off of property, plant and equipment	-	(216,883)	n.m.	-	(216,883)	n.m.
Provision for allowance on trade receivables	2,011	147,480	(98.6)	(13,893)	147,480	(109.4)
<u>Other operating income</u>						
	4Q			FULL YEAR (FY)		
	Oct-Dec 2021	Oct-Dec 2020	Change	Jan-Dec 2021	Jan-Dec 2020	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Government grants	4	10	(60.0)	136	622	(78.1)
Interest income - banks	131	251	(47.8)	640	1,113	(42.5)
Exchange gain	3,201	32,743	(90.2)	14,131	49,359	(71.4)
Fair value changes on bonds	-	-	-	-	41,850	n.m.
Gain on settlement of bank borrowings	164,365	-	n.m.	164,365	-	n.m.
Others	275	4,975	(94.5)	1,554	9,237	(83.2)
Total	167,976	37,979	n.m.	180,826	102,182	77.0

n.m. – Not meaningful

Note:-

The net exchange gains/(losses) in FY2021 and FY2020 were mainly attributable to the exchange gains/(losses) from operation arising from exchange rate differences mainly between United States Dollar and Renminbi.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31 Dec 21	31 Dec 20	31 Dec 21	31 Dec 20
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	1,751,207	1,393,400	9	12
Subsidiaries	-	-	218,784	258,784
Amount owing by subsidiaries	-	-	479,220	515,531
Deferred tax assets	-	-	-	-
Deposit paid for non-current assets	303,084	245,814	-	-
Total non-current assets	<u>2,054,291</u>	<u>1,639,214</u>	<u>698,013</u>	<u>774,327</u>
Current assets				
Inventories	22,761	5,683	-	-
Trade receivables	826,198	1,040,530	-	-
Other receivables	333,541	526,712	969	404
Cash and cash equivalents	288,388	308,357	17	82
Total current assets	<u>1,470,888</u>	<u>1,881,282</u>	<u>986</u>	<u>485</u>
Current liabilities				
Trade payables	126,304	74,381	-	-
Other payables	163,054	155,697	44,371	83,844
Lease liabilities	400	347	-	-
Current tax payable	37,209	-	198	229
Bank borrowings	69,850	210,719	-	-
Loan from a shareholder (note)	173,025	157,750	173,025	157,750
Straight bonds	282,764	264,908	-	-
Amount owing to subsidiaries	-	-	45,393	46,300
Exchangeable bonds	530,156	485,682	-	-
Total current liabilities	<u>1,382,763</u>	<u>1,349,484</u>	<u>262,987</u>	<u>288,123</u>
Net current assets/(liabilities)	88,126	531,798	(262,001)	(287,637)
Non-current liabilities				
Lease liabilities	541	941	-	-
Deferred tax liabilities	259,638	251,640	-	39,232
Total non-current liabilities	<u>260,179</u>	<u>252,581</u>	<u>-</u>	<u>39,232</u>
Net assets	<u>1,882,238</u>	<u>1,918,431</u>	<u>436,012</u>	<u>447,458</u>
Equity				
Equity attributable to equity holders of the Parent				
Share capital	791,500	791,500	791,500	791,500
Retained profits/(accumulated losses)	801,433	821,437	(431,966)	(420,520)
Other reserves	277,452	293,454	76,478	76,478
Total shareholder's funds	<u>1,870,385</u>	<u>1,906,391</u>	<u>436,012</u>	<u>447,458</u>
Non-controlling interests	11,853	12,040	-	-
Total equity	<u>1,882,238</u>	<u>1,918,431</u>	<u>436,012</u>	<u>447,458</u>

Note: Refer to convertible loan from Soleado Holdings Pte. Ltd. (“Soleado”)

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	31 Dec 2021	31 Dec 2020
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	242,875	368,469
Unsecured	812,920	750,591
	<u>1,055,795</u>	<u>1,119,060</u>
Amount repayable after one year		
Secured	541	941
Unsecured	-	-
	<u>541</u>	<u>941</u>
	<u>1,056,336</u>	<u>1,120,001</u>

Details of collaterals:-

The secured bank borrowings are secured by a mortgage over the Group's factory and warehouse premises, land use rights, security deposits, personal guarantee by director of the Company, Huang Yupeng and corporate guarantees.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	4Q		FULL YEAR (FY)	
	Oct-Dec 2021 RMB'000	Oct-Dec 2020 RMB'000	Jan – Dec 2021 RMB'000	Jan – Dec 2020 RMB'000
Cash flows from operating activities:				
Profit/(loss) before income tax	217,556	(693,507)	9,015	(1,643,140)
Adjustments for:				
Depreciation of property, plant and equipment	36,231	45,553	158,326	171,057
Interest expenses	19,252	37,317	90,932	122,763
Interest income	(437)	(251)	(640)	(1,114)
Changes in fair value of bonds	-	-	-	(41,850)
Exchange gains	(5,991)	(14,274)	(4,980)	(51,589)
Impairment of property, plant and equipment	-	130,810	-	130,810
Write off of property, plant and equipment	-	216,883	-	216,883
Loss on disposal of property, plant and equipment	17,338	-	17,338	9,129
Provision for allowance on trade receivables	2,011	147,480	(13,893)	147,480
Write off of other receivables	27,816	-	27,816	-
Gain on disposal of subsidiaries	(139)	-	2,294	-
Gain on settlement of bank borrowings	(164,365)	-	(164,365)	-
Operating cash flows before working capital changes	149,272	(129,989)	121,843	(939,571)
Decrease/(increase) in inventories	17,124	53,115	(17,078)	4,991
(Increase)/decrease in operating receivables	(303,637)	84,909	390,679	654,520
Increase/(decrease) in operating payables	69,567	(189,420)	59,280	111,068
Cash (used in)/generated from operations	(67,674)	(181,385)	554,724	(168,992)
Income tax paid	-	(4,872)	-	(50,016)
Net cash (used in)/generated from operating activities	(67,674)	(186,257)	554,724	(219,008)

Cash flows from investing activities:

Acquisition of property, plant and equipment	(5,121)	-	(375,078)	(17,718)
Deposit paid for non-current assets	-	(31,746)	(314,184)	(31,746)
Interest received	437	251	640	1,114
Proceeds from disposal of property, plant and equipment	827	-	827	-
Refund of deposits paid for non-current assets	28,569	-	97,694	-
Proceeds from disposal of subsidiaries	606	-	606	-
Net cash generated from/(used in) investing activities	<u>25,318</u>	<u>(31,495)</u>	<u>(589,495)</u>	<u>(48,350)</u>

Cash flows from financing activities:

Proceeds from share issue	-	-	-	16,500
Bank loans obtained	-	4,500	70,000	47,500
Repayment of finance lease liabilities	(86)	(76)	(347)	(303)
Bank loans repaid	(5,050)	(25,664)	(45,600)	(86,664)
Interest paid	(9,182)	(1,507)	(9,251)	(1,507)
Net cash (used in)/generated from financing activities	<u>(14,318)</u>	<u>(22,747)</u>	<u>14,802</u>	<u>(24,474)</u>

Net decrease in cash and cash equivalents (56,674) (240,499) (19,969) (291,832)

Cash and cash equivalents at beginning of period/year 345,062 548,856 308,357 600,189

Cash and cash equivalents at end of period/year 288,388 308,357 288,388 308,357

Cash and cash equivalents comprise:

Cash and bank balances 288,388 308,357 288,388 308,357

Fixed deposits - - - -

Less: Fixed deposits pledged - - - -

Reconciliation of liabilities arising from financing activities

With effective from 1 January 2017, the Amendments to FRS 7 *Statements of Cash Flow* comes with the objective that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	Bank borrowings RMB'000	Finance leases RMB'000	Convertible loan RMB'000	Straight bonds RMB'000	Exchangeable bonds RMB'000
At 1 January 2021	210,719	1,288	157,750	264,909	485,681
<u>Cash flow</u>					
Drawdown of bank borrowings	70,000	-	-	-	-
Repayment of bank borrowings	(45,600)	-	-	-	-
Repayment of lease liabilities	-	(347)	-	-	-
Interest paid	(9,158)	(93)	-	-	-
<u>Non-cash changes</u>					
Gain on settlement of bank borrowings	(164,365)	-	-	-	-
Accrued interest	9,158	93	19,351	17,855	44,475
Exchange translation	(904)	-	(4,076)	-	-
At 31 December 2021	69,850	941	173,025	282,764	530,156

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	Share capital	Retained profits	Share option Reserve	Merger reserve	Statutory common reserve	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	791,500	2,346,340	76,479	(31,414)	244,561	3,427,466	12,250	3,439,716
Loss for the year and representing total comprehensive income for the year	-	(1,521,075)	-	-	-	(1,521,075)	(210)	(1,521,285)
Transfer to statutory reserve	-	(3,828)	-	-	3,828	-	-	-
Balance at 31 December 2020	791,500	821,437	76,479	(31,414)	248,389	1,906,391	12,040	1,918,431
Loss for the year and representing total comprehensive loss for the year	-	(36,006)	-	-	-	(36,006)	(187)	(36,193)
Transfer to statutory reserve	-	16,002	-	-	(16,002)	-	-	-
Balance at 31 December 2021	791,500	801,433	76,479	(31,414)	232,387	1,870,385	11,853	1,882,238

Company	Share capital	Accumulated losses	Share option reserves	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	791,500	(375,026)	76,478	492,952
Loss for the year representing total comprehensive loss for the year	-	(45,494)	-	(45,494)
Balance at 31 December 2020	791,500	(420,520)	76,478	447,458
Loss for the period representing total comprehensive loss for the year	-	(11,446)	-	(11,446)
Balance at 31 December 2021	791,500	(431,966)	76,478	436,012

- (d) (ii) Details of any changes in the company's share capital arising from right issues, bonus issue, share buy-back, 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 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 immediate preceding financial year.

The Company granted four tranches of options under ESOS Scheme on 9 April 2015, 20 May 2016, 24 May 2017 and 25 May 2018 that give holders the right to subscribe for ordinary shares as detailed below:

Date of grant	Exercise price of Option Granted (SGD per share)	Expiry date
9 April 2015	0.33*	8 April 2025
9 April 2015	0.26*	8 April 2025
20 May 2016	0.49*	19 May 2026
24 May 2017	0.18	23 May 2027
25 May 2018	0.22 ⁽¹⁾ /0.18 ⁽²⁾	24 May 2028

*As announced by the Company on 25 October 2018, the exercise price of these options granted were adjusted due to issuance of right issue in March 2017.

⁽¹⁾ Exercise price of option granted to directors (other than associate of controlling shareholder) and employees.

⁽²⁾ Exercise price of option granted to associate of controlling shareholder.

Number of options outstanding under ESOS scheme as at 31 December 2021 was 51,776,822.

As shown in the above, there were no other outstanding convertible securities treasury shares and subsidiary holdings as at 31 December 2021 and 31 December 2020.

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

	As at 31 Dec 2021	As at 31 Dec 2020
Total number of ordinary shares issued and fully paid	1,149,410,658	1,149,410,658

The Company does not have treasury shares as at 31 December 2021 and 31 December 2020.

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

On 25 August 2021, the Group sold its entire equity interest of a subsidiary, Grandness (Shanxian) Foods Co., Ltd for a total cash consideration of RMB1. Interest in Grandness (Shanxian) Foods Co., Ltd has been fully disposed with a loss of RMB2.4 million recognized in profit or loss.

On 31 December 2021, the Group sold its entire equity interest of a subsidiary, Shanxi Yongji Huaxin Foods Co., Ltd for a total cash consideration of RM0.6 million. Interest in Shanxi Yongji Huaxin Foods Co., Ltd has been fully disposed with a gain of RMB0.1 million recognized in profit or loss.

The above disposal of subsidiaries resulted in a net loss on disposal of RMB2.3 million.

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

The figures have neither been audited nor reviewed by the Company's auditors.

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

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.

The accounting policies and methods of computation have been consistently applied by the Group and by the Company and are consistent with the audited financial statements for the financial year ended 31 December 2020.

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 applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2020.

6. Earnings per ordinary share of the group for the current financial 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 on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share (EPS)	4Q		FULL YEAR (FY)	
	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan – Dec 2020
EPS based on average number of ordinary shares (RMB cents)	14.28	(57.8)	(3.1)	(132.3)
EPS on a fully diluted basis (RMB cents)	14.28	(57.8)	(3.1)	(132.3)
Weighted average number of ordinary shares ('000)	1,149,411	1,149,411	1,149,411	1,149,411
Weighted average number of ordinary shares – diluted ('000)	1,149,411	1,149,411	1,149,411	1,149,411

Basic earnings/losses per share for 4Q2021 and FY2021 are calculated based on the Group's profit after taxation attributable to shareholders of RMB164,159,000 for 4Q2021 and Group's loss after taxation attributable to shareholders of RMB36,006,000 after taxation respectively on weighted average number of ordinary shares of 1,149,410,658.

For comparative purpose, the basic losses per share for 4Q2020 and FY2020 are calculated based on the adjusted Group loss after taxation of RMB664,861,000 and RMB1,521,075,000 respectively on weighted average number of ordinary shares of 1,149,410,658.

The fully diluted earnings/losses per share for 4Q2021 and FY2021 are calculated based on the Group's profit after taxation attributable to shareholders of RMB164,159,000 for 4Q2021 and Group's loss after taxation attributable to shareholders of RMB36,006,000 after taxation respectively on weighted average number of ordinary shares of 1,149,410,658.

For comparative purpose, the diluted losses per share for 4Q2020 and FY2020 were calculated based on the Group loss after taxation of RMB664,861,000 and RMB1,521,075,000 respectively on weighted average number of ordinary shares of 1,149,410,658 after adjusting for the outstanding options under ESOS scheme.

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

Net asset value (NAV)	Group		Company	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Number of ordinary shares	1,149,410,658	1,149,410,658	1,149,410,658	1,149,410,658
NAV per ordinary share in the Company (RMB cents)	163.8	166.9	37.9	38.9

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) seasonable 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.

Review of performance

Revenue

Revenue increased by approximately RMB571.4 million or 70.6% from RMB809.3 million in FY2020 to RMB1,380.7 million in FY2021. The increase in sales revenue was mainly due to recovery of post COVID-19 pandemic within People's Republic of China ("PRC").

Breakdown of revenue by segments:

	4Q			FULL YEAR (FY)		
	<u>Oct – Dec 2021</u>	<u>Oct – Dec 2020</u>	<u>Change</u>	<u>Jan - Dec 2021</u>	<u>Jan – Dec 2020</u>	<u>Change</u>
<u>Product segment</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>%</u>
Canned products						
- overseas	45,967	19,150	140.0	109,083	142,413	(23.4)
- domestic	66,764	45,139	47.9	251,781	165,108	52.5
Beverage	411,265	84,824	384.8	1,019,843	501,778	103.2
Total	523,996	149,113	251.4	1,380,708	809,299	70.6

Gross profit

Largely in line with the increase in the Group's sales, the Group's gross profit has increased by approximately RMB946.9 million or 148.9%, from loss of RMB636.0 million in FY2020 to RMB310.9 million in FY2021. Our overall gross profit margin increased by 101.0 percentage points, from -78.6% in FY2020 to 22.5% in FY2021. The increase is in line with the higher demand coupled with recovery of post COVID-19 pandemic accompanied with television advertising with effect since 1Q2021.

Operating income

Other operating income for FY2021 mainly arising from the gain on loan settlement of RMB164.4 million owing to DEG loan which subsequently transferred to Shanghai Shichang. For FY2020, other operating income mainly comprises of the fair value gains from Exchangeable Bonds of RMB41.8 million and net exchange gains.

Operating expenses

Distribution and selling expenses

The decrease in distribution and selling expenses constitute 35.7% (from RMB389.0 million in FY2020 to RMB250.1 million in FY2021) when the sales increase by 71% (RMB809.2 million in FY2020 to RMB1,380.7 million in FY2021). The distribution and selling cost in line with the cost effective on products delivery and marketing plan effectively executed with the recovery of post COVID-19 pandemic.

Administrative expenses decreased by approximately RMB23.1 million or 17.7%, from RMB130.8 million in FY2020 to RMB107.7 million in FY2021. The administrative expenses were lower compared to FY2020 mainly due to the frequency of manufacturing plant shutdown improved slightly due to the recovery from the COVID-19 pandemic.

The manufacturing plants' depreciation was charged-out as administrative expenses when factories were shut, and conversely as cost of sales when factories were operating.

Other operating expenses

Prior year other operating expenses relates to impairment and write-off of the Group's property, plant and equipment in relation to Grandness (Shanxian) Food Co., Ltd. which manufacturing canned asparagus has ceased production since April 2018. Besides, provision for doubtful debts were significantly high due to many customers went into liquidation or bankruptcy during the pandemic in prior year.

The operating expenses in the current year were consistent with the current year's business trend.

Finance costs

Finance costs decreased by approximately RMB32.1 million or 26.1%, from RMB123.2 million in FY2020 to RMB91.1 million in FY2021. The decrease in finance costs was mainly due to the strengthening of RMB against USD evidenced with average rate FY2021: RMB6.5/USD vs FY2020: RMB6.9/USD and its strengthening effect to its revaluation of foreign loans in despite of additional accrued interest.

Profit before taxation

Profit before taxation increased by approximately RMB1,652.1 million or 100.51%, loss before taxation of RMB1,643.1 million in FY2020 to profit before tax of RMB9.0 million in FY2021. The increase was mainly due to an increase in gross profit coupled with a decrease in expenses, reasons of which have been analysed above.

Review of Balance Sheet

Property, plant and equipment increased by approximately RMB357.8 million from RMB1,393.4 million in FY2020 to RMB1,751.2 million in FY2021. The net increase comprises of acquisition of RMB375.1 million assets in Anhui, Hubei and Sichuan factories lowered by RMB158.3 depreciation expenses. The remaining netbook value relates to completed construction of the Group's production plant and machinery, whereby transfer from deposit paid for non-current assets upon completion of manufacturing lines in Hubei and Anhui.

Deposit paid for non-current assets increased by approximately RMB57.3 million, from RMB245.8 million in FY2020 to RMB303.1 million in FY2021. The net movement in deposit paid for non-current assets mainly relates to additional investment in Anhui and Hubei manufacturing line as well as transfer to property, plant and equipment upon completed construction of the Group's production plant and machinery.

Inventories increased by approximately RMB17.1 million from RM5.7 million in FY2020 to RMB22.8 million in FY2021. Higher inventory was mainly due to the ramp up of production activity in anticipation of an improvement in demand.

Trade receivables decreased by approximately RMB214.3 million from RMB1,040.5 million in FY2020 to RMB826.2 million in FY2021 as with prompt collection from respective customers post COVID-19.

Other receivables decreased by approximately RMB193.2 million from RMB526.7 million in FY2020 to RMB333.5 million in FY2021. Other receivables comprised of VAT receivables, export tax refund and deposits and prepayments.

Current liabilities decreased by RMB33.3 million from RMB1,349.5 million in FY2020 to RMB1,382.8 million in FY2021. The increase was mainly attributable to an increase in trade payables, bonds balances, amount owing to Soleado, tax payables offset by lower bank borrowings resulting from DEG loan settlement.

Equity decreased by RMB36.2 million from RMB1,918.4 million as at 31 December 2020 to RMB1,882.2 million as at 31 December 2021 due to financial losses during the year.

Review of cash flow statement

Net cash used in investing activities amounted to RMB589.5 million in FY2021 due to acquisition of non-current assets and substantial investment in property, plant and equipment.

In addition, net cash generated from financing activities amounted to RMB14.8 million in FY2021, which was due to higher net loan drawdown during the year.

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

Not applicable.

10. A commentary at the date of 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.

Global macro risks and market volatilities are expected to heighten and shipments disruptions to continue as geopolitical events unfold. Notwithstanding this challenging backdrop, the Group expects the food and beverage industry to remain resilient.

The Group continues to execute its strategy by investing for the future with new manufacturing assets and enhanced capabilities in innovation. The Group will also continue to enhance brand visibility to grow our market share domestically and internationally.

While overall end-consumer demand may be subjected to short term fluctuations, the Group remains well-positioned to meet customer needs, with strong and expanding research and development so as to increase the product offerings and to consider new sales channels.

Moving forward, the Group will continue to execute its strategy of scaling up its production and distribution operations while it continues to explore capital investment plans to strengthen its cashflows. The Group is focused on executing its differentiated strategy to deliver profitable growth and optimal returns.

Update on receipt of letter of demand from Goldman Sachs Investments Holdings (Asia) Limited

On 2 July 2024, the Company received letter of demand from Goldman Sachs Investments Holdings (Asia) Limited dated 28 June 2024 in relation the sums of RMB396,577,356 and USD150,372,476.

The Company disagrees with the amount claimed and considers the demand to be opportunistic due to excessive interest charges. The negotiation with Goldman Sachs Investments Holdings (Asia) Limited on the letter of demand is still ongoing as of now. The Company would make the necessary announcement as and when there is any material development.

Update on overdue loan from a related party - Soleado Holdings Pte. Ltd.

On 5 June 2020, Soleado has, in writing, informed the Company that the shareholders of Soleado may require Soleado to demand settlement or to take legal action against the Company if warranted. In addition, the pledged shares (102 million shares) of the Company owned by Huang Yupeng will be realised if called upon.

The Company is currently in discussion with the lender to extend the repayment of principal and interest. The Company would make the necessary announcement as and when there is any material development. The Company has repaid approximately RMB11.0 million to Soleado from the placement proceeds as details set up in paragraph 15 below.

Update on proposed listing of Garden Fresh

The Company continues in its effort towards the proposed listing of its beverage business (“Proposed Listing”). The Company will keep shareholders updated on any material developments relating to the Proposed Listing as and when appropriate.

11. Dividends**Current financial period reported on**

Any dividend declared for the current financial period reported on?

None

Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

Date payable

Not applicable

Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared/recommended for the full year ended 31 December 2021 due to loss position of the Group.

13. Interested Person Transactions (“IPT”)

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Use of net proceeds

The Board refer to the issuance of 85,000,000 shares by the Company in August 2019 (“Placement 2019 (2)”). As at the date of this announcement, the Group had fully utilized the net proceeds from the Placement 2019 (2) as follows :-

Use of net proceeds	Allocation (%)	Amount allocated (RMB'000)	Accumulated amount utilized (RMB'000)	Balance (RMB'000)
(a) Repayment of outstanding sums due to Soleado	60	10,965	10,965	-
(b) General working capital	40	7,310	7,310	-
- Operating expenses		7,310	7,310	-
Total	100	18,275	18,275	-

15. Statement pursuant to SGX Listing Rule 720(1) of the Listing Manual

The Company confirms that it has already procured undertakings from all of its Directors and executive officers in the format as set out in Appendix 7.7 of the SGX-ST Listing Manual in accordance to Rule 720 (1) of the SGX-ST Listing Manual.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for business or geographical segment (of the group) in the form presented in the issuer’s most recently audited financial statements, with comparative information for the immediate preceding year.

The Group is a manufacturer and supplier of beverages and canned fruits and vegetables. The Group’s main products are canned asparagus, long beans, mushrooms, beverages and other products (including bamboo shoots, sweet corn, chillies and fruits, such as lychees, pineapples mandarin orange, pears and peaches). The Group segment revenue and gross profits are analyzed based on the product segments as follows:-

REVENUE

Product segment	Group Year ended 31 December 2021 RMB’000	Group Year ended 31 December 2020 RMB’000	Increase/ (Decrease) %
Canned products			
- overseas	109,083	142,413	(23.4)
- domestic	251,781	165,108	52.5
Beverage	1,019,843	501,778	103.2
Total	1,380,708	809,299	70.6

GROSS PROFIT

Product segment	Group Year ended 31 December 2021 RMB’000	Group Year ended 31 December 2020 RMB’000	Increase/ (Decrease) %
Canned products			
- overseas	14,187	30,916	(54.1)
- domestic	11,433	(97,366)	(111.7)
Beverage	285,281	(569,553)	(150.1)
Total	310,901	(636,003)	(2.3)

RESULTS BY GEOGRAPHICAL LOCATIONS OF THE GROUP'S CUSTOMERS

Geographical locations	Group Year ended 31 December 2021 RMB'000	Group Year ended 31 December 2020 RMB'000	Increase/ (Decrease) %
Europe ⁽¹⁾	98,095	123,645	(20.7)
North America ⁽²⁾	10,005	2,349	n.m.
China	1,271,457	666,886	90.7
Others ⁽³⁾	1,151	16,419	(93.0)
Total	1,380,708	809,299	70.6

(1) Includes sales to countries such as Germany, France, Spain, the Netherland, the Czech Republic and Russia

(2) Relates mainly to sales to Mexico

(3) Relates to sales to countries such as Australia and Turkey

With respect to customer concentration risk, the Group does not have a single customer whose revenue account for more than 10% of the Group's total revenue.

17. **In the review of the performance, the factors leading to material changes in contributions to turnover and earnings by the business or geographical segments (of the group) in the form presented in the issuer's most recently audited financial statements, with comparative information for the immediate preceding year.**

Not applicable

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

	31 Dec 2021 RMB'000	31 Dec 2020 RMB'000	Change %
Revenue reported for first half year	537,514	491,713	9.3
Operating loss after tax before deducting non-controlling interests reported for first half year	(165,482)	(317,275)	47.8
Revenue reported for second half year	843,194	317,585	165.5
Operating loss after tax before deducting non-controlling interests reported for second half year	129,289	(1,204,010)	(110.7)

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

Not applicable

20. **Diclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Huang Yupeng	63	Brother of Huang Yushan	Chairman and CEO - appointed with effect from 20 Apr 2007 Responsible for overseeing the overall management and operation of the Group	Not applicable
Huang Yushan	60	Sister of Huang Yupeng	Executive Director – appointed with effect from 20 Apr 2007 Responsible for Human Resource and Administration of the Group	Not applicable

BY ORDER OF THE BOARD
 HUANG YUPENG
 CHAIRMAN AND CEO
 13 September 2024