



SUNTAR ECO-CITY LIMITED

Condensed Interim Financial Statements for the Six months ended 30th June 2023

Table of Contents

A. Condensed Interim Consolidated Statement of Comprehensive Income	3
B. Condensed Interim Statements of Financial Position	4
C. Condensed Interim Statements of Changes in Equity	5
D. Condensed Interim Consolidated Statement of Cash Flows	6
E. Notes To The Condensed Interim Consolidated Financial Statements.	7
F. Other information required by listing rule appendix 7.2	12

A. Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated statement of comprehensive income for the Six Months Ended 30 June 2023 (“1H 2023”)

	Group 1H 2023 RMB'000	Group 1H 2022 RMB'000	+ / (-) %
Revenue	13,405	3,961	n.m.
Cost of sales	(12,984)	(3,762)	n.m.
Gross profit	421	199	n.m.
Other operating income	274	101	n.m.
Administrative expenses	(1,318)	(1,340)	(1.6)
Bad debt written off	(78)	-	n.m.
Selling and distribution expenses	(205)	(159)	28.9
share of profit of associates	1,822	1,355	n.m.
Profit before taxation	916	156	n.m.
Tax (expenses)/credit	(24)	24	n.m.
Profit after taxation, representing total comprehensive income	892	180	n.m.
Profit attributable to:			
Owners of the company	875	183	n.m.
Non-controlling interests	17	(3)	n.m.
	892	180	n.m.
Earnings per share (cent)			
- Basic	1.39	0.29	n.m.
- Diluted	1.39	0.29	n.m.

n.m.= not meaningful

B. Condensed Interim Statements of Financial Position

	Group 30/6/2023 RMB'000	Group 31/12/2022 RMB'000	Company 30/6/2023 RMB'000	Company 31/12/2022 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	24,460	10,330	517	350
Structured deposits	10,000	-	-	-
Trade receivables	5,482	544	-	-
Other receivables	24,459	48,921	103	100
Completed properties for sale	10,912	10,790	-	-
Inventories	357	179	-	-
Total current assets	75,670	70,764	620	450
Non-current assets				
Right-of-use asset	13,338	13,474	-	-
Property, plant and equipment	147	119	-	-
Subsidiaries	-	-	131,406	131,406
Associate	33,344	31,522	-	-
Deferred tax asset	229	229	-	-
Total non-current assets	47,058	45,344	131,406	131,406
Total assets	122,728	116,108	132,026	131,856
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	11,223	6,620	-	-
Other payables	19,297	18,032	18,389	17,274
Income tax payable	1,269	1,409	-	-
Total current liabilities	31,789	26,061	18,389	17,274
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	1,070	1,070	-	-
Accumulated losses	(72,905)	(73,780)	(49,076)	(48,131)
Equity attributable to owners of the Company	90,878	90,003	113,637	114,582
Non-controlling interest	61	44	-	-
Total equity	90,939	90,047	113,637	114,582
Total liabilities and equity	122,728	116,108	132,026	131,856

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 2023	162,713	1,070	(73,780)	90,003	44	90,047
Profit for the period, representing total comprehensive income for the period	-	-	875	875	17	892
Balance as at 30 June 2023	162,713	1,070	(72,905)	90,878	61	90,939
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

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Company				
Balance as at 1 January 2023	162,713	-	(48,131)	114,582
Loss for the period, representing total comprehensive loss for the period	-	-	(945)	(945)
Balance as at 30 June 2023	162,713	-	(49,076)	113,637
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

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	1H 2023 RMB'000	1H 2022 RMB'000
Operating activities:		
Profit before taxation	916	156
Adjustments for:		
Depreciation of property, plant and equipment	8	8
Interest income	(129)	(24)
Depreciation of right-of-use asset	136	136
Bad debt written off	78	-
Share of profit of associate	(1,822)	(1,355)
Unrealised exchange loss	19	14
Operating loss before working capital changes	<u>(794)</u>	<u>(1,065)</u>
Change in trade receivables	(4,938)	(859)
Change in inventories	(178)	(6)
Change in other receivable	(16)	348
Change in completed properties for sale	(122)	-
Change in trade payables	4,603	675
Change in other payables and accruals	(166)	(280)
Cash used in operations	<u>(1,611)</u>	<u>(1,187)</u>
Interest received	129	24
Income tax paid	(164)	(280)
Net cash used in operating activities	<u>(1,646)</u>	<u>(1,443)</u>
Investing activities:		
Increase in structured deposits	(10,000)	(1,400)
Purchase of property, plant and equipment	(36)	-
Repayment from (Advance to) an associate	24,400	(2,720)
Net cash generated from (used in) investing activities	<u>14,364</u>	<u>(4,120)</u>
Financing activities		
Receipt of advances from a director, representing net cash generated from financing activity	1,431	1,300
Net increase (decrease) in cash and cash equivalents	14,149	(4,263)
Cash and cash equivalents at beginning of financial year	10,330	8,954
Effect of exchange rate changes on the balance of cash held in foreign currencies	(19)	(14)
Cash and cash equivalents at end of financial period	<u>24,460</u>	<u>4,677</u>

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 2023 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 2023 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 2022.

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 2022.

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

3. Seasonal Operations

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

4. Segment 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 2023				
Segment revenue:				
External customers	13,405	-	-	13,405
Segment results:				
Segment result	148	(904)	(150)	(906)
Share of profit in associate				1,822
Tax Expense				(24)
Profit for the period				892
Assets				
Segment assets	38,598	83,614	516	122,728
Liabilities				
Segment liabilities	6,670	6,197	18,922	31,789
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 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

4.2 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 2023 RMB'000	1H 2022 RMB'000
Timing of revenue recognition		
<u>At a point of time:</u>		
Sale of completed properties	-	-
Sale of health and nutrition products	13,405	3,961
Total	13,405	3,961

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 2023 and 31 December 2022:

	The Group		The Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)	10,000	-	-	-
Financial assets at amortised cost:				
Cash and cash equivalents	24,460	10,330	517	350
Trade receivables	5,482	544	-	-
Other receivables	3,657	48,064	103	100
	63,599	58,938	620	450
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	6,696	2,093	-	-
Other payables	19,290	18,032	18,389	17,274
	25,986	20,125	18,389	17,274

6. Profit before taxation

Significant items

	Group 1H 2022 RMB'000	Group 1H 2022 RMB'000	+ / (-) %
Other Income			
Interest income	129	24	n.m.
Other operating expenses			
Staff costs	(117)	(275)	(57.5)
Depreciation of property, plant and equipment	(8)	(8)	-
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 2023 RMB'000	Group 1H 2022 RMB'000	+ / (-) %
Current tax (expense) credit	(24)	24	n.m.

8. Dividends

No interim dividends for the first half ended 30 June 2023 (30 June 2022: \$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 as the Group deems it appropriate to retain cash for its operations.

9. Net Asset Value

	Group 30/6/2023 RMB Cents	Group 31/12/2022 RMB Cents	Company 30/6/2023 RMB Cents	Company 31/12/2022 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	144.80	143.41	181.07	182.57

10. Loan and Borrowings

Amount repayable in one year or less, or on demand

As at 30/06/2023		As at 31/12/2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	17,154	Nil	15,723

Amount repayable after one year

As at 30/06/2023		As at 31/12/2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

11. Share Capital

	As at 30 June 2023	As at 31 December 2022
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 31 December 2022 and 30 June 2023.

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 2023 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 increased by RMB 9.44 million to RMB 13.41 million for the six months ended 30 June 2023 ("1H 2023") compared to the corresponding period in 2022. All revenue was contributed by the Health and Nutrition segment, and there was no income from the Property Development segment. The revenue increase is primarily attributed to the resurgence of the health and nutrition segment following the relaxation of COVID-19 containment measures in China by the end of 2022, coupled with the growth in retail channels that has facilitated improved market access and distribution, leading to increased sales performance.

Other operating income has increased to RMB 0.27 million as compared to RMB 0.10 million in 1H 2022. This is mainly due to the increase in interest income from structured deposit, since the total amount deposited increased.

General and Administrative expenses have decreased by 1.6% to RMB 1.32 million. Selling and distribution expenses has increased by 28.9% to RMB 0.21 million. The rise is primarily attributed to the growth in sales revenue, leading to a corresponding rise in costs.

The Group has recognized a share of profit from associates amounting to RMB 1.82 million, with a significant contribution of RMB 2.3 million coming from Hebei Huawei Health Industry Co. Ltd ("Huawei"), compare to RMB 1.36 million in 1H 2022. This increase is primarily attributed to the improved profitability of Huawei.

It's worth noting that this gain was partially offset by a loss of RMB 0.48 million from Hailan. It's important to acknowledge that Hailan is currently in its construction phase and has not yet recognised profits.

Statement of Financial Position

The Group has recorded a structured deposits of RMB 10.00 million in 1H 2023 as compared to no entry at 31 December 2022.

Trade receivables grew by RMB 4.94 million, reaching RMB 5.48 million as of June 30, 2023. This increase is solely attributed to the Health & Nutrition segment. The surge was primarily driven by a significant transaction occurring near the end of the reporting period, with the customer still operating within the credit term. This circumstance led to the substantial balance. Other receivables have decreased from RMB 48.92 million by RMB 24.46 million to RMB 24.46 million. This reduction can be attributed to the strong presales performance of our Associate, Wuping Hailan Real Estate Development Co., Ltd., enabling them to repay advances from shareholders. Trade payables increased RMB 4.60 million to RMB 11.22 million. This change corresponds to the increase in trade receivables. Notably, both trade receivables and trade payables remain within the credit term. Other payables have increased from RMB 18.03 million by RMB 1.27 million to RMB 19.30 million. It is attributed by the increase of interest free loan from directors.

Statement of Cash Flows

The overall net cash increase in cash and cash equivalents is RMB 14.15 million for 6 months period ended 30 June 2023. It was mainly attributable to the recovery of RMB 22.02 million with the primary contributor being the repayment of shareholders' advance by associate.

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.

China's exit from COVID restrictions has helped accelerate the expansion of Fujian Liangye's business activity, which boosted revenue for the business unit. We anticipate continued growth as we integrate Fujian Liangye into our bottled water strategy and seek partners for brand expansion. While the bottled water market in China is extremely competitive, we are confident that we can maintain steady progress.

Our Health and Nutrition business unit also benefitted from China's exit from COVID restrictions as we established stronger distribution partnerships. We expect growth for the business unit to continue, but at a more sustainable pace.

In property development, our Jiangnan project is seeing steady progress, and we expect villa sales to begin in 2023 2H. However, while Lanjun's property development projects have received highly positive feedback from homebuyers, we expect weakening homebuyer sentiment to lead to a slowdown in home sales.

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 as the Group deems it appropriate to retain cash for its operations.

6. Interested person transactions

Company has no shareholders' mandate for interested person transactions.

7. Disclosures on Incorporation, Acquisition and Realisation of Shares pursuant to Rule 706A of the Listing Manual of the SGX-ST

As of the date of this announcement, our wholly-owned subsidiary, Xi'an Ruijin Biological Pharmaceutical Co., Ltd., incorporated in China, has become inactive, and it has successfully deregistered with Xi'an Yan Liang District Market Supervision Administration.

The deregistration of Xi'an Ruijin Biological Pharmaceutical Co., Ltd. is not anticipated to have a significant impact on the Group's consolidated net tangible assets per share or consolidated earnings per share for the current financial year ending on 31 December 2023.

It is important to note that none of the Directors or Substantial Shareholders of the Company have any direct or indirect interest in the deregistration of Xi'an Ruijin Biological Pharmaceutical Co., Ltd., apart from their respective shareholdings in the Company.

8. 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).

9. 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 2023 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

14 August 2023