



ZHONGXIN

Fruit and Juice Limited

中新果业有限公司

Company registration no.: 200208395H

SUSTAINABILITY REPORT 2025



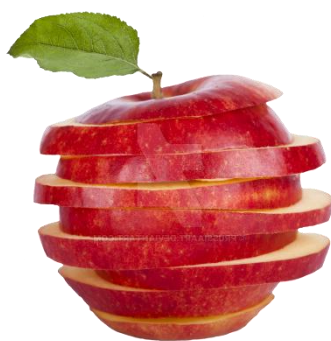


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This Sustainability Report has been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor").

This Sustainability Report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST"). The SGX-ST assumes no responsibility for the contents of this Sustainability Report, including the correctness of any of the statements or opinions made or reports contained in this Sustainability Report.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 83 Clemenceau Avenue, #10-01 UE Square, Singapore 239920 and contact number: (+65) 6590 6881.

BOARD STATEMENT



The Board of Directors (the “Board”) is pleased to present the Sustainability Report (the “Report”) of Zhongxin Fruit and Juice Limited (the “Company”) together with its subsidiaries (the “Zhongxin Group”) for the financial year ended 30 June 2025.

We remain committed to managing the key material economic, environmental, social and governance (“EESG”) aspects of our business and operations. Throughout the financial year, Zhongxin Group has continued to strengthen its capabilities in the following areas:

- identifying and analysing sustainability issues;
- integrating sustainability considerations into business activities and problem solving;
- acquiring basic knowledge and tools for compiling sustainability practices; and
- enhancing analytical approaches for business decision making related to sustainable development.

Our strategy is anchored in long-term value creation. We will continually review our portfolio and challenge ourselves to be a trusted strategic partner by unlocking the potential of our businesses and driving sustainable growth. This approach guides our capital allocation strategy and shapes our contribution to portfolio businesses at both the board and management levels.

Embedding EESG in our management systems is a key part of our overall strategy. We actively assess our readiness, engage stakeholders in meaningful dialogue, and track our progress towards our defined sustainability goals. The EESG data and information presented in this Report are derived from internal data monitoring and verification to ensure accuracy. The Company’s sustainability reporting process has undergone internal review to uphold transparency and accountability.

With the availability of economic, environment, social and governance data, sustainability reporting has gained greater significance to investors. It is no longer viewed merely as a branding exercise. Robust EESG practices are now widely recognized as essential to long-term corporate success and play a vital role in attracting talent and investment.

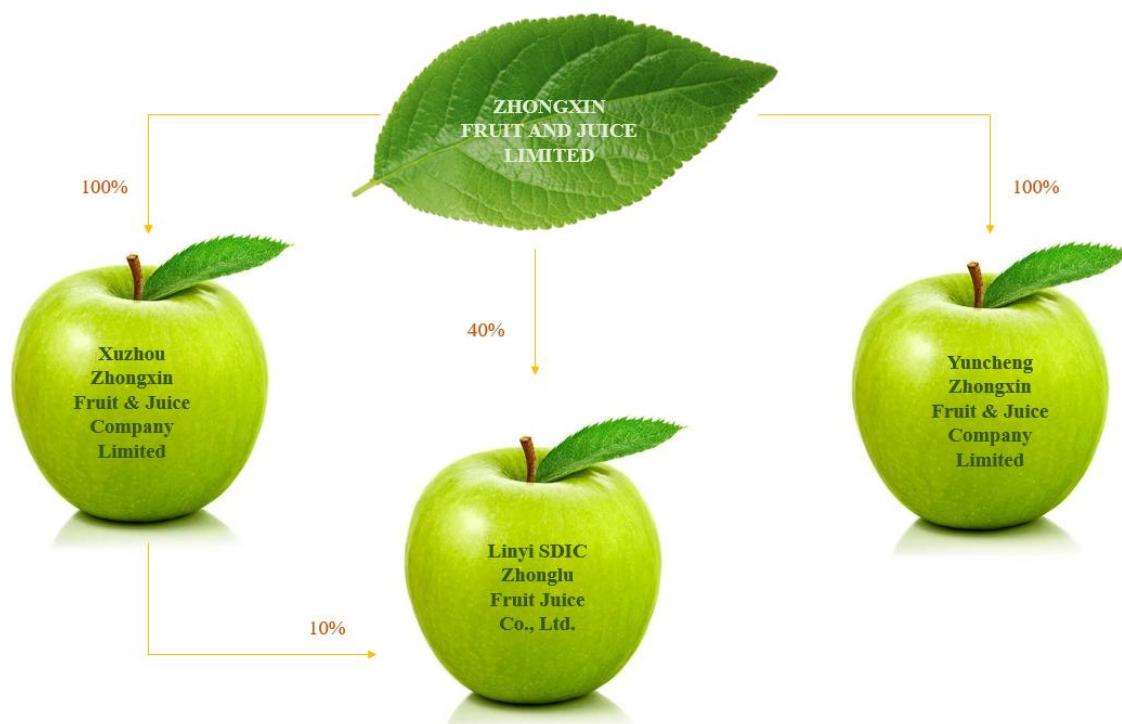
We remain mindful of the enhanced disclosure requirements set out by the Singapore Exchange Securities Trading Limited (“SGX-ST” or “SGX”) for all listed entities. Building on the initial climate-related disclosures made in previous financial year, we have further strengthened our climate-related disclosures, with continued alignment to the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations in this Report.

Liu Yu
Chairman and Non-Executive Non-Independent Director

ABOUT THE ZHONGXIN GROUP



Zhongxin Fruit and Juice Limited (the “Company”, and together with its subsidiaries, the “Group” or “Zhongxin Group”) is a subsidiary of the world’s leading producer of fruit and vegetable juice concentrates and beverages, SDIC Zhonglu Fruit Juice Co., Ltd. (“SDICZL”). The Group’s primary business is the production of concentrated apple juice mainly for export to multinational F&B corporations in the United States, European Union, South Africa, Japan via SDICZL. The concentrated apple juice produced is used as an ingredient in packet juice drinks, soft drinks, cider, yoghurt and candies.

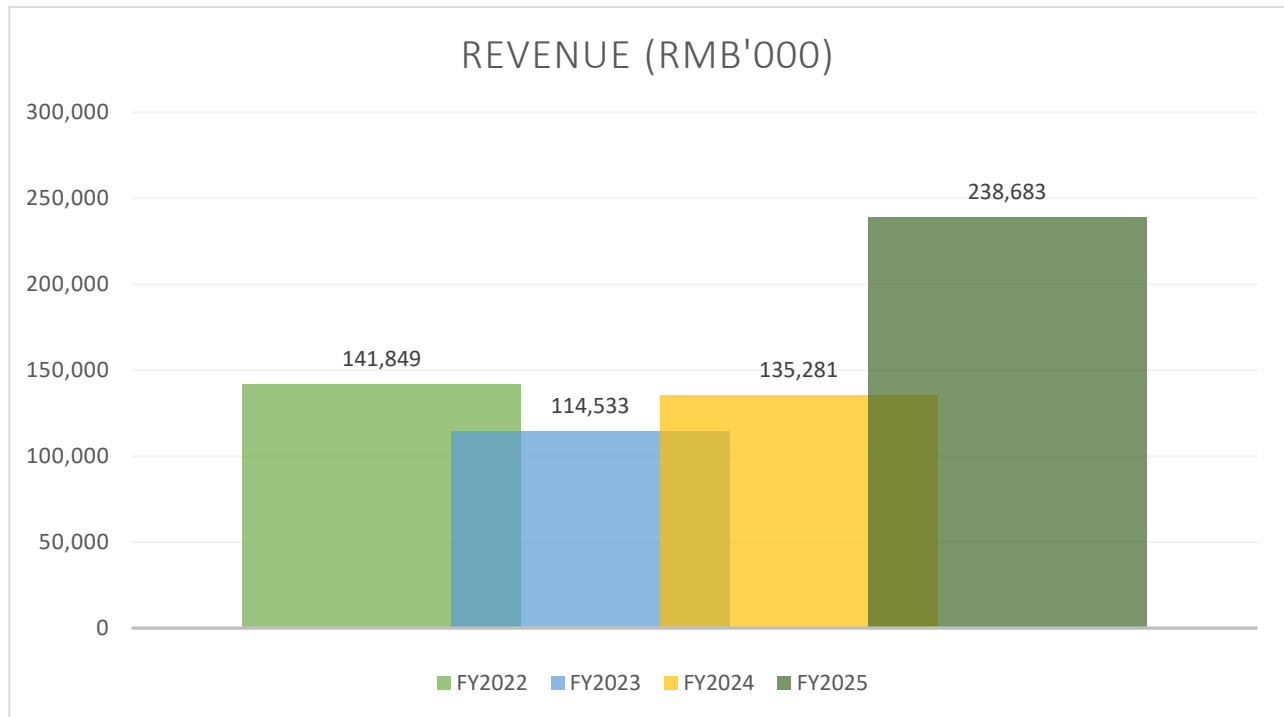


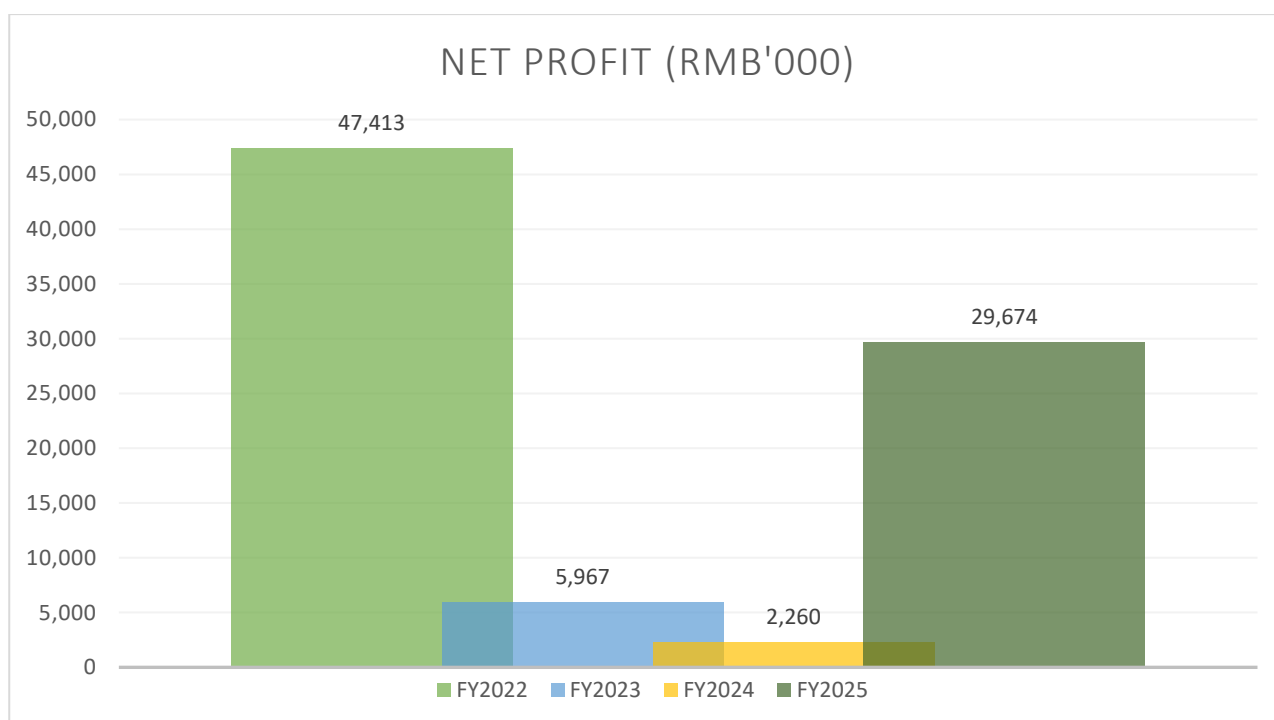
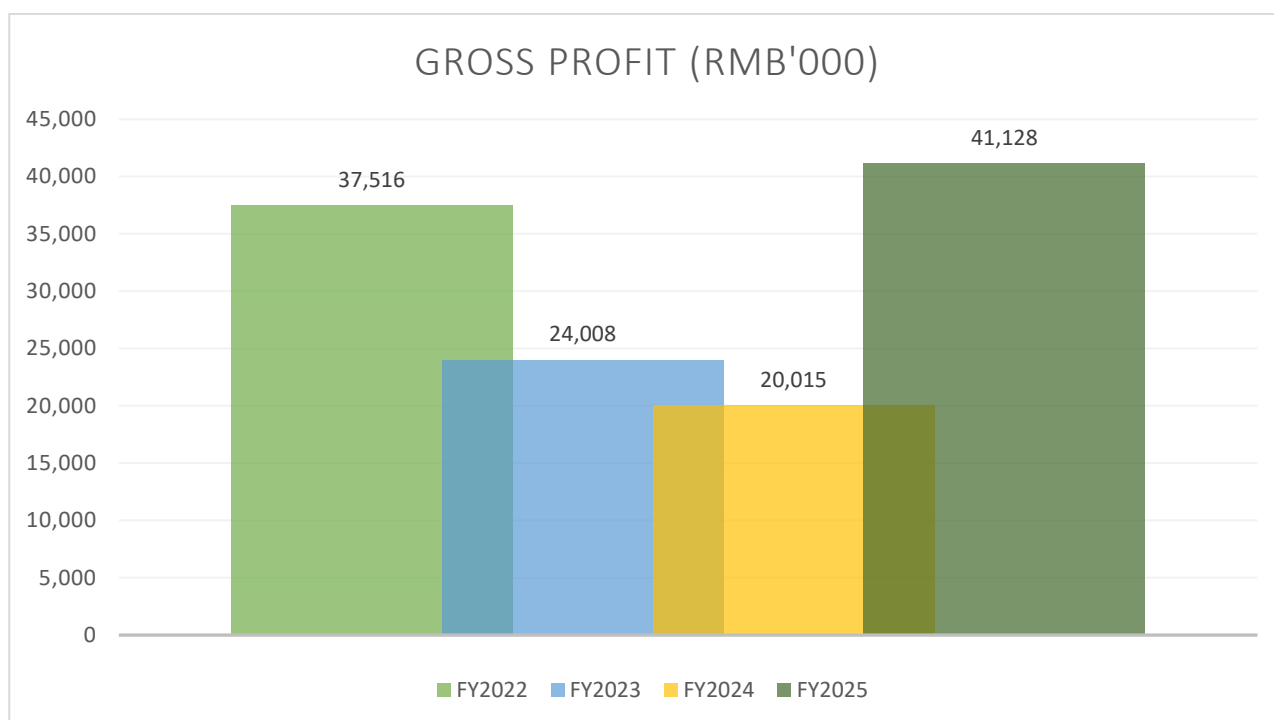
Zhongxin Group consists of two wholly-owned subsidiaries – Yuncheng Zhongxin Fruit & Juice Company Limited (“Yuncheng Zhongxin”), Xuzhou Zhongxin Fruit & Juice Company Limited (“Xuzhou Zhongxin”) and a 50%-owned joint venture – Linyi SDIC Zhonglu Fruit Juice Co., Ltd. (“Linyi SDICZL”).

The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) with its registered office in Singapore and main operations in the People’s Republic of China (“PRC”).

In FY2025, the Group achieved growth in both revenue and profitability despite an unfavourable operating environment and multiple headwinds. Production was impacted by a shortage of raw materials, while the Group continued to navigate challenges such as elevated tariffs, ongoing trade tensions, and rising operating costs.

Financial Highlights





Please refer to the Zhongxin Group's annual report ("Annual Report") for the financial year ended 30 June 2025 ("FY2025") and Zhongxin Group's sustainability report ("Sustainability Report") in the operation and financial overview section from page 9 to 12 for detailed analysis and commentary on the financial performance.

ABOUT THIS REPORT

The Report express our commitment to sustainability and transparency. To reflect the interests of our key stakeholders realistically, this Report is designed to provide a true and fair view of the company. Towards sustainability, Zhongxin Group aims to include general and available information on the strategy in this Report.

Reporting Boundary

This Report covers the sustainability performance of the Company for FY2025 which has been prepared with reference to the 2021 Global Reporting Initiative (“GRI”) Sustainability Reporting Standards (“GRI Standards”). Zhongxin Group has chosen the GRI Standards as it is a well-known and globally recognised sustainability reporting standard. The GRI Content Index on pages 30 to 31 set out the full list of GRI references and disclosures used in this Report.

The Zhongxin Group’s climate-related disclosures were guided by the TCFD. The Financial Stability Board (“FSB”) established the TCFD to create guidelines for corporate climate-related disclosures. Our compliance with TCFD recommendations is detailed in the TCFD Index section of the Report.

The scope of this report will focus on the sustainability performance, activities and initiatives, as part of our efforts to align our sustainability reporting with relevant market standards.



Reporting Period And Scope

The Report contains a full year’s data from 1 July 2024 to 30 June 2025 (“FY2025”). It focuses on the business owned by Zhongxin Group, including the subsidiaries. A Report will be published annually in accordance with our Sustainability Report policy.

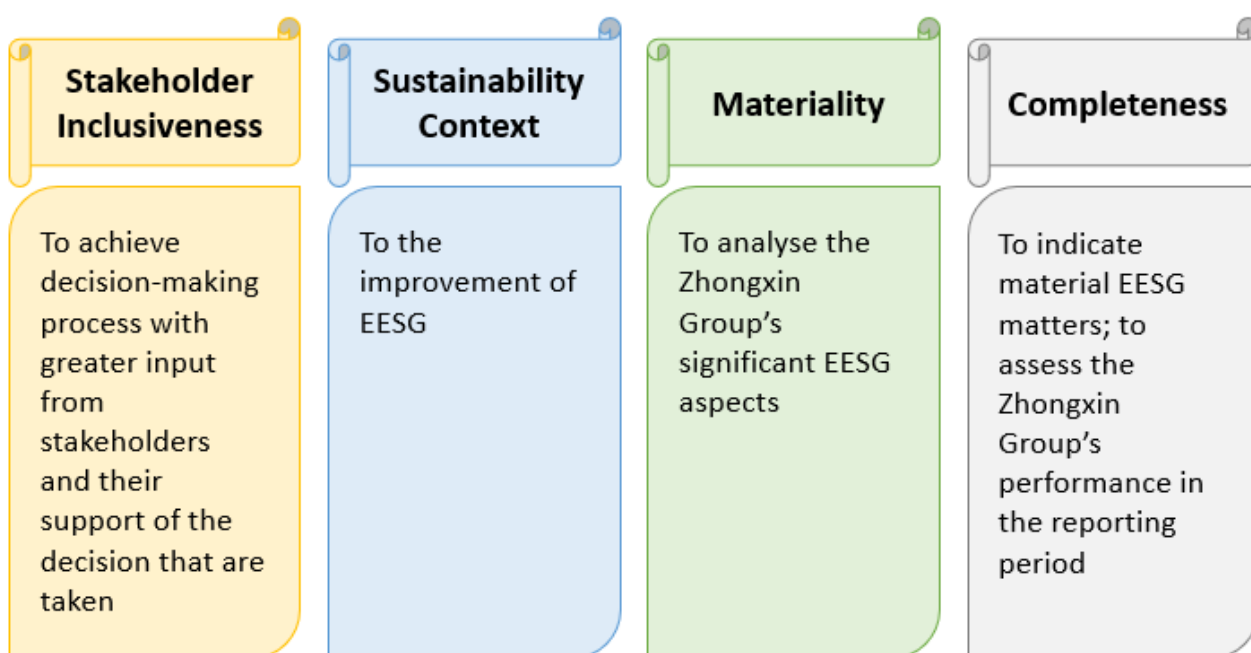
Independent Assurance

We have not obtained any external assurance of the information being reported. The sustainability reporting processes were subjected to internal review. We will consider seeking external assurance as our sustainability reporting matures over time if necessary.

Reporting Framework

We looked into addressing gaps in our sustainability performance by benchmarking our sustainability processes against industry leaders, to further improve our processes and performance through best practice sharing and knowledge transfer.

The content of this sustainability report is determined by the following Content Reporting Principles established by GRI Standards:-



Contact For Matters Pertaining to Zhongxin Group SR 2025

We value and appreciate all feedback to help make our future reports more relevant to our stakeholders. Please direct any questions pertaining to our sustainability initiatives or reporting, or comments and feedback to:

Email: AC@zhongxinfj.com
Phone number: (+65) 6557 2308
Address: 25 International Business Park, #02-53 German Centre, Singapore 609916

OPERATION AND FINANCIAL OVERVIEW

Market Overview

The Apple Juice Concentrate market has witnessed steady growth in recent years and is anticipated to maintain this positive progression until 2032. A notable trend within the Apple Juice Concentrate market is the rising customer preference for sustainable and eco-friendly products. In parallel, the integration of advanced technology enhanced product quality and operational efficiency. Modernising production system, including AI-assisted sorting and energy efficient juice concentration methods improve product consistency, reduce energy and resource consumption, and boost productivity.

From 2024 to 2032, the Apple Juice Concentrate market is expected to sustain consistent and positive growth, supported by increasing consumer demand, technological innovation, and shifting lifestyle preferences. A key driver of the Apple Juice Concentrate market is the growing consumer awareness of health and wellness, which has accelerated the demand for natural and healthy food products. Apple Juice Concentrate products are increasingly perceived as healthier and more natural alternatives with the recognised health benefits of apples, including their antioxidant properties and positive contribution to hearth health, playing a pivotal role in driving market demand. Furthermore, technological advancements within the Apple Juice Concentrate industry have led to the emergence of more efficient and sustainable production methods, enhancing market growth and supporting alignment with broader sustainability goals.

Major industry players are committing substantial investments in innovation and distribution, with primary focus on the new product development and expansion of distribution networks. These initiatives are anticipated to drive innovation, fuel market expansion and stimulate future demand.

Nevertheless, challenges persist. Unpredictable harvesting conditions driven by unfavourable weather condition, pose risks to raw material quality and availability, potentially constraining supply resulting in difficulties to meet market demands. In addition, macroeconomic pressures including intensifying competition, cost pressures brought about by escalating logistic and shipping costs, inflation, rising interest rates, tariffs, as well as the evolving geopolitical and trade conflicts will continue to be present and would drive operating costs upwards and contribute to continued market volatility.

Significant Trends and Competitive Conditions

The Zhongxin Group recorded a significant increase in revenue and higher gross profit in FY2025, primarily driven by a substantial rise in purchasing activity from end customers. Despite these positive results, the Zhongxin Group remains cautious navigating the rising costs and challenges faced to sustain positive business performance in the mid to long term. The challenges faced by the Zhongxin Group include fluctuating market demand, trade tensions, market competition, unpredictable climate change that adversely affects the harvesting conditions and causes reduction in the supply of quality raw materials and drives volatility of raw material prices, etc. The ability to procure sufficient raw materials during the harvesting seasons will impact on the Zhongxin Group's ability to maximise the utilisation of the production capacity for economies of scale and cost competitiveness of the products produced by the Zhongxin Group.

The prevailing soft economic outlook continues to pose challenges for the Group's business to thrive. To mitigate these risks, the Zhongxin Group focuses on cost management and optimization as well as driving productivity improvements while exploring product diversification and adoption of practices to improve production processes and reduce costs. Leveraging the resources and network of its parent company, SDICZL, the Zhongxin Group aims to strengthen its position in the concentrated fruit juice industry and broaden its product varieties to include other value-added products.

Seasonal Operations

The fruit juice industry is cyclical in nature as raw materials such as apples are in season during the second half of the calendar year (i.e. the first half of the Zhongxin Group's financial year). To ensure the freshness of the ingredients, generally, the Zhongxin Group procures the raw materials and produces the fruit juice during the first half of the financial year for its full year's supply. The sales of the Zhongxin Group are not affected significantly by seasonal or cyclical factors during the financial period.

Variance Analysis

The variance analysis on the items in the **Consolidated Statement Of Comprehensive Income** during the FY2025 are as follows:

No.	Area	Variance Analysis
1.	Revenue	- The Group primarily exports its concentrated fruit juices to multinational F&B corporations in overseas markets such as the United States, via SDICZL. In FY2025, the Group recorded a significant 76% increase in revenue from RMB135.3 million in FY2024 to RMB238.7 million in FY2025 driven by a substantial rise in purchasing activity from end customers, likely reflecting efforts to build up inventory levels and ensure supply chain stability. - This positive impact from higher sales volume was partially offset by a slight decline in average selling prices in FY2025, as fructose price fell by approximately 4.0% while the average selling price of concentrated fruit juices were relatively stable compared to FY2024.
2.	Gross profit	- The Group recorded higher gross profit in FY2025 driven by the significant increase in sales. - The gross profit margin improved from 14.8% in FY2024 to 17.2% in FY2025, primarily due to technical and technological upgrades that enhanced production efficiency and led to a better cost optimisation.
3.	Other income	- The Group reported higher amount of other income in FY2025 as compared to FY2024 mainly due to the increase in interest income by RMB3.5 million in relation to the interest charged by Yuncheng Zhongxin for outstanding accounts receivables from SDICZL. The increase is attributable to the higher level of outstanding accounts receivables due from SDICZL in relation to sales made during the financial year.
4.	Expenses	- The increase in distribution expenses was mainly due to: a) The increase in transportation costs by approximately RMB1.1 million following the increase in the volume of sales in the financial year; and b) Offset by the decrease in the warehousing costs by approximately RMB0.6 million due to the lower level of inventories held over the period following sales incurred in the financial year. - The increase in finance costs was mainly due to higher interest paid by Yuncheng Zhongxin attributed to the higher bank borrowings secured in the financial year.
5.	Share of profit / (loss) from equity-accounted joint venture	- The Group shared the profit from its equity-accounted joint venture, Linyi SDIC Zhonglu Fruit Juice Co., Ltd (“Linyi SDIC”) of approximately RMB3.1 million in FY2025 as compared to share of loss of approximately RMB1.0 million in FY2024. This was mainly due to the improvement in revenue and gross profit recorded by Linyi SDIC in FY2025 due to the higher sales volume in FY2025 attributed to increased demand from customers.
6.	Profit for the financial year	- Due to the reasons explained above, the Group recorded profit after taxation of RMB29.7 million in FY2025 as compared to RMB2.3 million in FY2024.

The variance analysis on the items in the **Statement Of Financial position** as at 30 June 2025 are as follows:

NON-CURRENT ASSETS

No.	Area	Variance Analysis
1.	Property, plant and equipment ("PPE")	- PPE decreased by approximately RMB1.9 million mainly due to depreciation charges of RMB4.4 million, offset by addition of PPE of RMB2.5 million. - Included in the depreciation charges in FY2025 was an amount of RMB3.5 million (FY2024: RMB3.1 million) that was absorbed into inventories costing while the remaining amount of RMB0.9 million (FY2024: RMB1.0 million) was charged to distribution and administrative expenses.
2	Investment in Joint Venture	- Investment in joint venture increased by approximately RMB3.1 million due to a higher carrying amount of the investment in Linyi SDIC following the share of profit in FY2025

CURRENT ASSETS

No.	Area	Variance Analysis
1.	Cash and cash equivalents	- Cash and cash equivalents decreased by approximately RMB19.8 million as explained under the statement of cash flows below.
2.	Notes receivables	- Notes receivables increased by RMB60.0 million. The notes receivables represent the promissory notes issued by SDICZL in favour of the Group as consideration for trade purchases and the partial settlement of trade receivables owing by SDICZL to the Group. In turn, the Group has endorsed these promissory notes in favour of financial institutions to obtain working capital financing for the Group.
3.	Trade receivables	- Trade receivables increased by approximately RMB101.3 million mainly attributable to sales made to the immediate holding company during the financial year.
4.	Other receivables	- Other receivables decreased by approximately RMB0.2 million mainly attributable to the decrease in the advance payment of electricity charges to local authority.
5.	Prepayments	- Prepayments decreased by approximately RMB2.0 million due to lesser prepaid expenses required as at the balance sheet date.
6.	Inventories	- Inventories decreased by approximately RMB69.1 million mainly due to drawing on the inventories to support the higher level of sales activities in FY2025.

CURRENT LIABILITIES

No.	Area	Variance Analysis
1.	Trade and other payables	- Trade and other payables decreased by approximately RMB1.8 million mainly driven by a decrease in trade payables attributed to lower outstanding payables owed to trade suppliers as well as lower accrued operating expenses made as at the balance sheet date.
2.	Borrowings	- The borrowings outstanding as at 30 June 2024 had matured and fully settled in the financial year. The borrowings as at 30 June 2025 were in relation to the following: a) Trade financing of RMB69.2 million obtained by Yuncheng Zhongxin, secured by the endorsement of the notes receivables from SDICZL in favour of Yuncheng Zhongxin. The trade financing was obtained from financial institutions to support the Group's working capital requirements. The proceeds were primarily utilised for the purchase of raw materials. b) Short-term bank loans of RMB9.7 million obtained by Yuncheng Zhongxin from financial institutions for working capital purposes.

The analysis of the **Consolidated Statement Of Cash Flows** for FY2025 are as follow:

1. Net cash used in operating activities of RMB56.8 million in FY2025 was mainly due to the positive cash flows before working capital changes and the changes in working capital outflow largely from the increase in notes receivables and receivable from immediate holding company, and offset by the decrease in inventories;
2. Net cash used in investing activities of RMB2.5 million in FY2025 was mainly attributable to additions of PPE; and
3. Net cash generated from financing activities of RMB39.6 million in FY2025 was mainly due to net proceeds of borrowings.

We target to attain sustainable economic growth annually.

STAKEHOLDER ENGAGEMENT

The Zhongxin Group recognises the importance of engaging our stakeholders to encourage open communications and build relationships. Stakeholders include any individual or group who are impacted by or interested in our activities.

Our robust engagement model helps us connect with both internal and external stakeholders. This helps us in developing strong partnerships and thus build success together. We strive to build and maintain strong relationships based on trust and respect with all stakeholders and utilise various platforms where they can voice their opinions and suggestions, as shown in the table below.

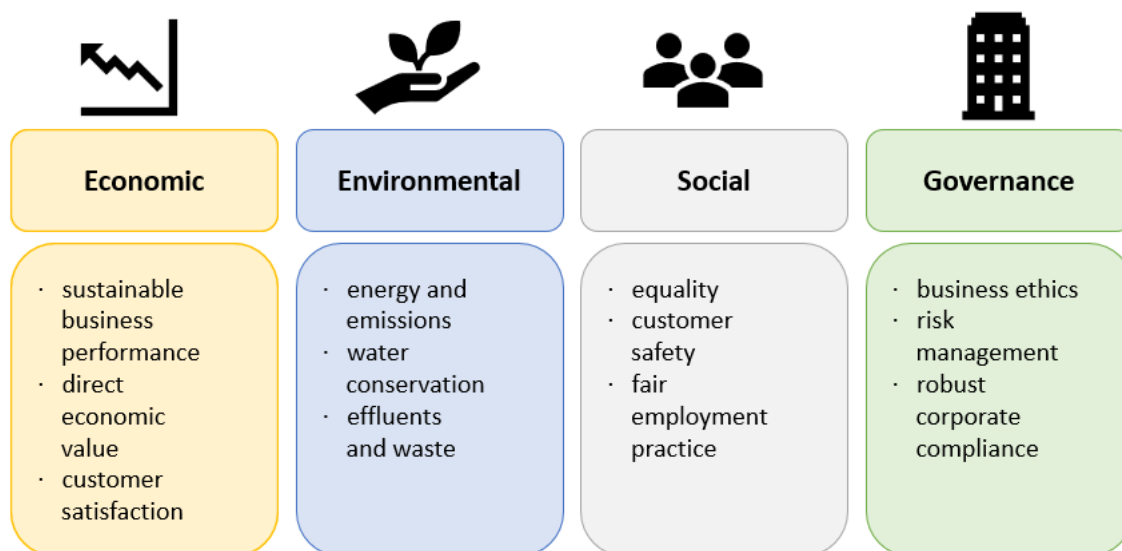
Key Stakeholder Groups		Stakeholders' Expectations/ Concerns	Engagement Platforms
Internal stakeholders	Managers and Employees	● Pleasant and safe working environment ● Competitive remuneration and incentives ● Training and education opportunities ● Career growth	● Regular internal communications through meetings ● Employee feedback ● Corporate activities ● Employee caring sessions
	Supplier and Farmers	● Local communities ● Anti-corruption ● Occupational health and safety ● Competitive pricing	● Direct communications ● Reasonable selling prices ● Strong cooperation
External stakeholders	Investors and Shareholders	● Transparency and corporate governance ● Profitability and sustainability ● Market presence ● Better financial returns ● Industry conditions and prospects	● Sustainability report and annual report ● Announcement and circulars ● Investor presentation ● General Meeting ● Fair corporate governance ● Inflation of financial returns ● Identify risk and opportunities
	Parent Company (SDICZL)	● Regular interests ● Strength on financial performance and business	● Regular meetings and visits ● Sustainable development
	Government Agency and Regulators	● Socioeconomic compliance ● Environmental compliance ● Food safety compliance ● Regulatory compliance	● Discussions ● Compliance with rules and regulations ● Opportunities for business ● Site visits

MATERIALITY ASSESSMENT

We conduct a materiality assessment annually to ensure that our sustainability efforts across each aspect of EESG align with matters that are important to our business and stakeholders. We continue to focus on our previously identified material issues as they were still relevant to Zhongxin Group. Our four steps approach on materiality assessment as follow:



Through the above four steps, we were able to gain an understanding of the sustainability issues that matter most to our key stakeholders. The Group conducted its first materiality assessment in FY2018 and found that they were still relevant to the Group in FY2025. Based on relative importance to sustainable development and to the Zhongxin Group's business success, the following issues have been identified to be material for the purpose of this report.



We stay committed to improve the identification and management of material issues annually to ensure their relevance to our stakeholders.

OUR PEOPLE

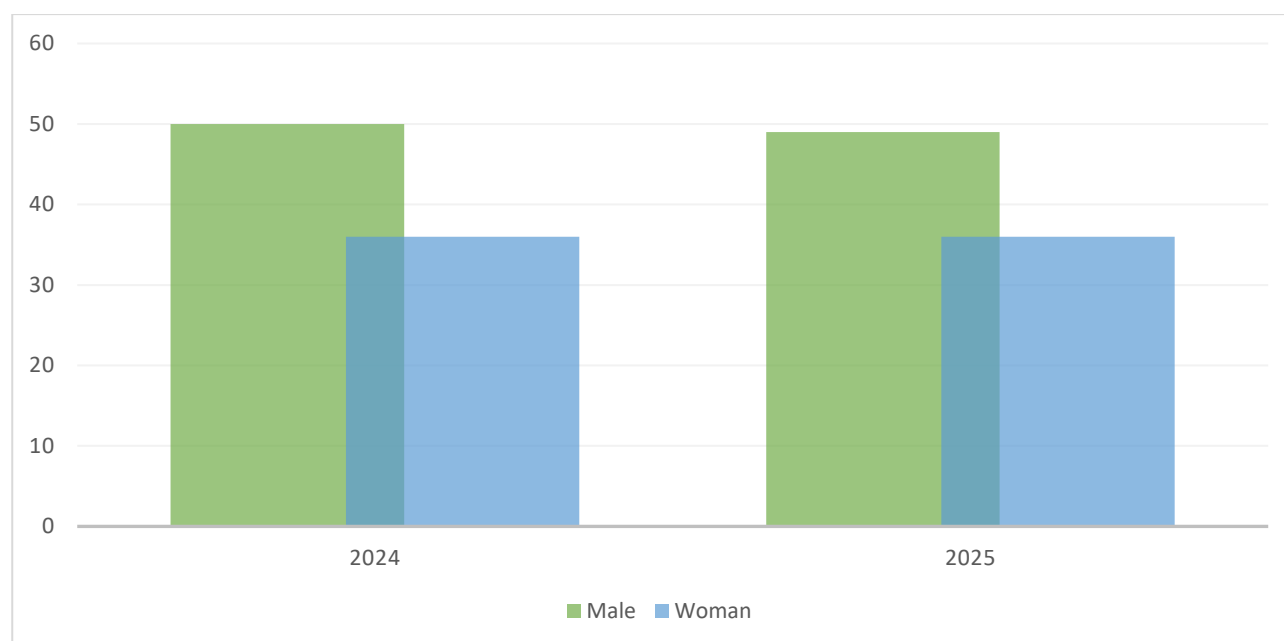
As a business that is focused on bringing joy to customers through our products, we always put attention for people at the core of our purpose. The Zhongxin Group understands that people are critical assets to the Group. We are committed to developing a positive, harmonious and respectable working community.

The Human Resources (“HR”) department sets the Zhongxin Group’s key policies and tracks the implementation of these policies in our organisation in order to effectively implement employment policies across our operations. To set up a holistic and engaging environment where our people are able to deliver their best work, Zhongxin Group is committed to offer equal opportunities, staff welfare and career development for all persons and genders, which means treating people fairly and without bias.

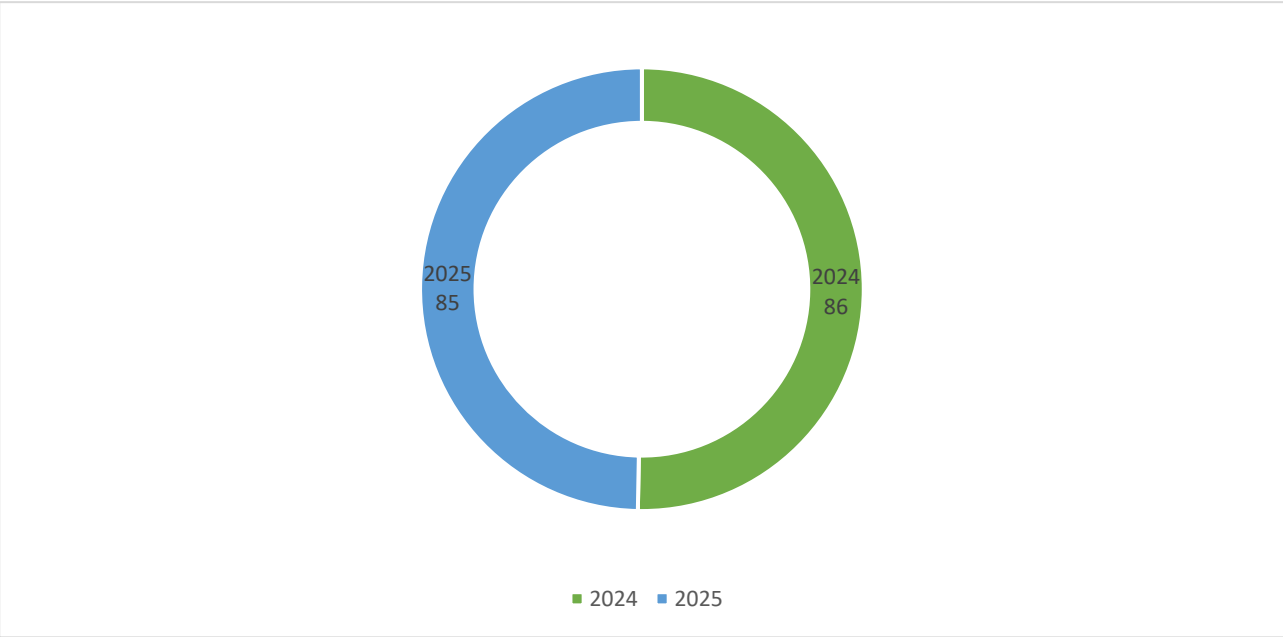
Diversity and Equal Opportunities

A diverse workforce is an asset in today’s ever-changing global marketplace. The Zhongxin Group cultivate an inclusive culture where employees with wide-ranging backgrounds and qualities are highly motivated, engaged and connected. The Zhongxin Group continues to remain committed to upholding to fairness and equitable treatment of all candidates in our recruitment and selection process. When undertaking the recruitment process, the primary objective is to place a candidate in an appropriate role based solely on skill, experience and competencies required to effectively and efficiently fulfil the role. All employment decisions will conform to the principle of equal opportunity by imposing only the valid requirements of the position on the candidate under consideration. There were no records of discrimination based on race, age, gender, religion, ethnicity and nationality in FY2025. We intend to maintain this target for FY2026.

The gender and age distribution of our entire workforce for this reporting year as follow:



Company's Name	Number of Employees			
	Gender			
	Male		Female	
	2024	2025	2024	2025
Yuncheng Zhongxin	45	45	29	29
Xuzhou Zhongxin	5	4	7	7
The Company	-	-	-	-
Total	50	49	36	36



Age Range	Number of Employees			
	2024		2025	
	Number	Rate	Number	Rate
18 – 30	4	5%	3	4%
31 – 40	25	29%	22	26%
41 – 50	40	46%	36	42%
Over 50	17	20%	24	28%
Total	86	100%	85	100%

Target for FY2025	Performance in FY2025	Target for FY2026
- The ratio of female employees over total employees should not fall below 40%. - The ratio of employees with age 50 and above over total employees should not fall below 15%. - Zero record of discrimination based on race, age, gender, religion, ethnicity and nationality.	We have achieved all targets set for FY2025.	- We target to maintain the ratio of female employees to not fall below 40% of the total employees. - We target to maintain the ratio of employees with age 50 and above to not fall below 15% of the total employees. - Zero record of discrimination based on race, age, gender, religion, ethnicity and nationality.

GOVERNANCE STRUCTURE

Corporate and Sustainability Governance

We believe that good corporate governance is the cornerstone of our business. Our governance structure complies with applicable laws and regulations throughout our operations. Our business is conducted with professional and transparent management, supported by committees, governance forums, and a clear definition of processes and procedures, which enables the Zhongxin Group to effectively manage our risks and opportunities, protect our reputation as a business, deliver sustainable value for our stakeholders and responsible strategic planning. We identify, prioritise, validate and review key risks (including climate-related risks) and the associated key controls within the Group.

We set out governance levels to assure a balance between our stakeholders' guidelines and business management.

The Board of Director has a number of committees to assist in discharging its duties and responsibilities. These include an Audit committee ("AC"), Nominating committee ("NC") and Remuneration committee ("RC") with its own terms of reference and operating procedures, which are monitored and reviewed periodically.

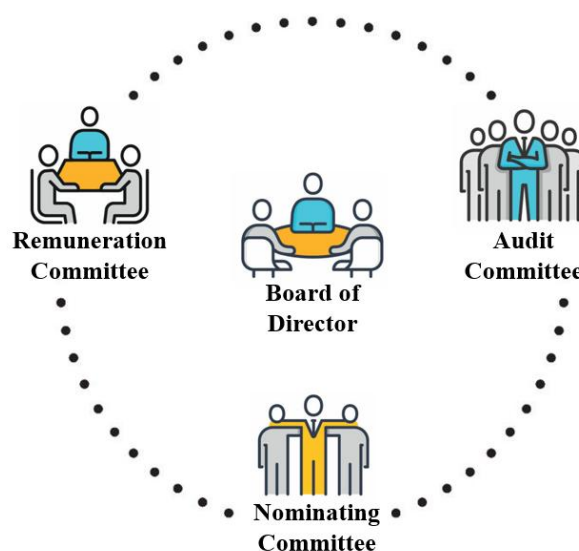
The Board incorporates sustainability considerations, which include climate-related and other ESG-related risks, issues and opportunities, as part of the Group's strategic formulation. The Board also provides ongoing guidance to the senior management team of the Zhongxin Group on effective implementation and monitoring of the relevant sustainability-related programmes. Senior management ensures that the ESG factors are monitored on an ongoing basis and properly managed, and provides regular updates to the Board, which includes urgent sustainability-related issues of critical concern.

The Zhongxin Group has set up a Sustainability Task Force, comprising the Operation Department and Technical Department, which is responsible for the implementation of various sustainability-related measures and initiatives.

The Group's Sustainability Reporting Committee ("SRC") comprised of two committees, namely the Steering Committee and Working Committee who are responsible for the transparency and accountability of our ESG performance.

The Steering Committee fosters the sustainable development of the Zhongxin Group in a holistic approach according to sustainability policy. The purpose of setting out Steering Committee is as follows:

- To further integrate sustainability into our strategy and business;
- To assist the Board of Directors in fulfilling the Board of Directors' oversight responsibilities with respect to the Zhongxin Group's sustainability efforts;
- To review our sustainability progress and priorities; and
- To ensure accountability at all levels of the Zhongxin Group.



The Working Committee focuses on EESG directed business practices. EESG criteria add value to business and society through sustainable solutions and the core mission of the committee is to share positive examples of EESG minded best practices, as well as new initiatives stemming from EESG criteria.

Both of these committees comprise of representatives from all business units. Roles and responsibilities have been assigned to each component of our sustainability governance structure to further enhance the integration of sustainability into our operations.

Conflict of Interest Policy

The Group has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that such transactions are reviewed and approved by senior executives, AC and/or the Board, as the case may be, based on the transaction amount and that the transactions have been conducted on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, in accordance with the prescribed procedures. When a potential conflict of interest arises, the Director concerned will not participate in discussions and will abstain from voting on such transactions.

Whistleblowing and Fraud

The Group has in place a whistleblowing policy to highlight any wrongdoing and inappropriate behavior among its employees, as well as maintain high ethical standards of accountability, reliability and honesty for its stakeholders at all times.

The whistleblowing policy instituted by the Zhongxin Group aims to:

- Provide a trusted avenue for employees, vendors, customers and other stakeholders to report any violations, misconduct, wrongdoing or concerns or suspected violations, misconduct, wrongdoings or concerns, particularly in relation to fraud, controls or ethics, relating to the Company, the Group and its employees without fear of reprisals when whistleblowing in good faith; and
- Ensure that robust arrangements are in place to facilitate independent investigation of the reported concern and for the appropriate follow-up actions to be taken.

Please refer to the Company's Annual Report for more information on the Company's whistle-blowing policy.

For FY2025, we met our target with no reported cases of misconduct, fraud or any other form of wrongdoing or concerns, or suspected violations, misconduct, fraud or any other form of wrongdoing or concerns.

Supply Chain Management

The Zhongxin Group's suppliers are extensively sourced and stringently evaluated to ensure that they meet the relevant specific procurement policies and guidelines. The Zhongxin Group aims to source from consistent, reliable and cost-effective suppliers to minimise potential disruptions in its supply chain. The Zhongxin Group also ensures that no Directors and Executive Officers are materially involved in or dependent on any industrial, commercial or financial contract with any supplier.

EFFLUENTS MANAGEMENT

Over the past few decades, the global demand for fruit production has increased due to the growing population and changing demographics to consume healthy foods and drinks. In this regard, acres gifted for fruit production have been steadily increasing throughout the world. At the same time, effluents management become a hot topic amongst this industry.

In order to have a systematic process for managing effluent and cost control, the Zhongxin Group has been implementing some measures on wastewater management as follow:

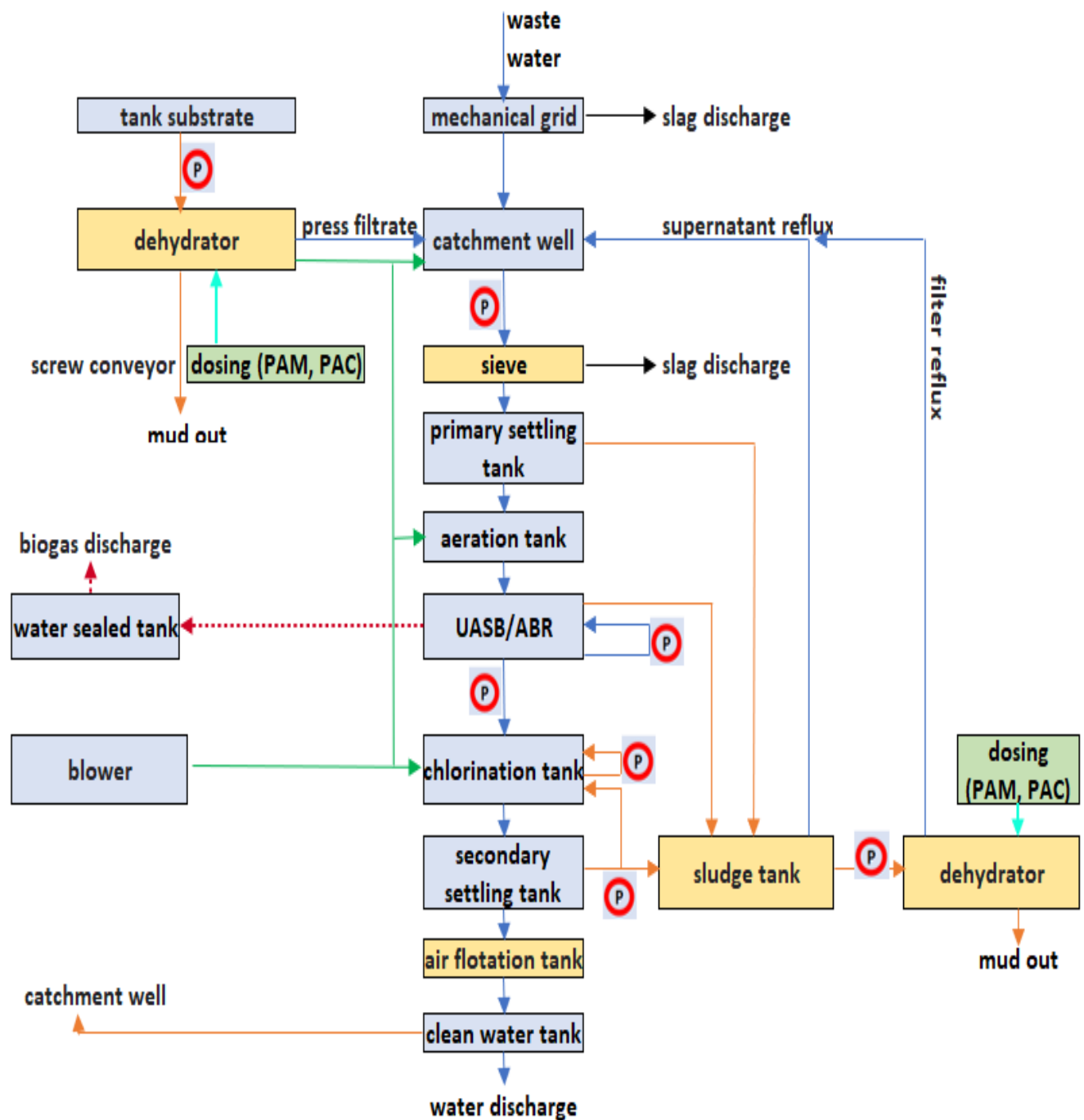
- monitor the maintenance of sewage equipment and cultivation of sludge are functioning well before the pressing season;
- supervise and inspect the operation of equipment and the addition of auxiliary materials during the pressing season;
- promote sewage heating transformation; and
- promote the accurate sewage addition system.

We understand that managing and reducing waste and effluents generated are important towards our daily operations. To prosper and maintain a better quality of life, the Zhongxin Group has set out few plans to control wastewater as follow:

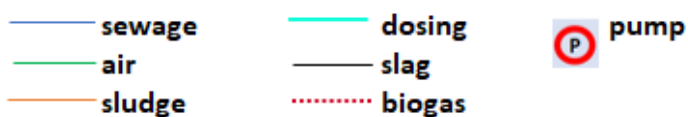
- maintain daily processing capacity at 2,000 cubic meters or above;
- control the processing fee for a ton of fruit juice at RMB55 or lower;
- control the cost of water per ton at RMB4.5 or lower; and
- ensure all pollutants are discharged accordingly.

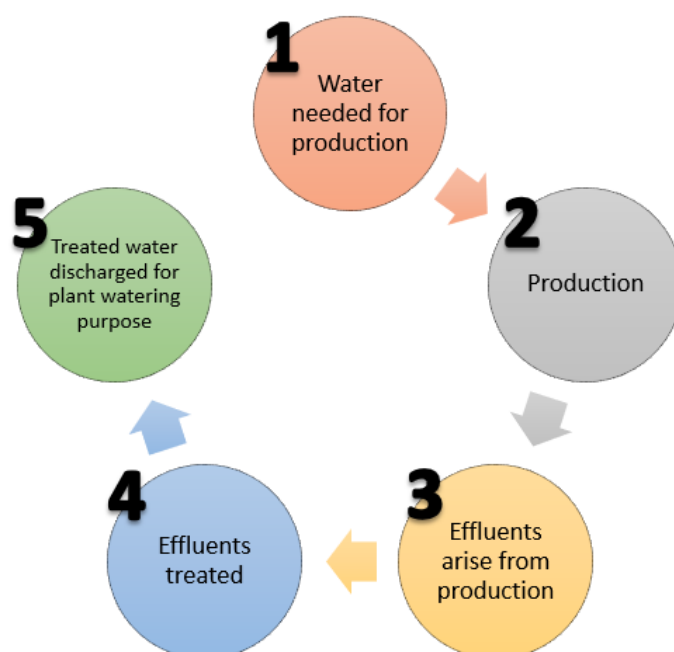
The Zhongxin Group is committed to operate the business in an environmentally friendly manner. Production of concentrate apple juices require a significant amount of water. After going through the production process, this water becomes effluents which need to be discharged in a proper manner.

The Treatment Process of Effluents Management



Outline:





The total volume of water used for production, effluents arising from production and effluents treated yearly for FY2024 and FY2025 as table below:

	Water needed for Production		Effluents arising from Production		Effluents Treated	
2024	101,078	cubic meters	188,237	cubic meters	188,237	cubic meters
2025	74,120	cubic meters	103,633	cubic meters	103,633	cubic meters

The effluents collected were approximately 103,633 cubic meters during the FY2025 production season.

We are aware of our responsibility towards the environment and addressing climate-related risks given that climate change continues to be one of the most pressing global issues. Zhongxin Group uses natural gas in all operational plants and declare natural gas usage according to production and plan. As per records, natural gas is more costly in terms of per unit of energy which generates lesser carbon emission as compared to other sources of energy such as coal.

The Group's water management procedures remained consistent in FY2025. Water management continues to be an ongoing sustainability focus, with effort directed towards optimising water usage and reduce waste generation where possible.

In FY2025, water consumption patterns were influenced by production activities, with overall water consumption decreasing in line with the lower production levels during the year. The Group remains committed to improve resource efficiency and will continue to strengthen its water management practices over time.

The Group is proud to report that we achieved zero incidents of non-compliance with all applicable environmental laws and regulations across our global operations in FY2025.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Zhongxin Group has identified climate-related risks and opportunities by analysing the impact of climate change on agricultural practices and how comparable businesses manage similar climate-related risks and opportunities. In FY2025, we further strengthened through regular updates and review to ensure ongoing monitoring and effective responses to emerging this process.

By evaluating climate-related risks such as extreme weather events, water scarcity and shifts in growing seasons, the Zhongxin Group continues to refine its operational strategies to safeguard and mitigate adverse impacts on apple cultivation and maintain sustainable productions. Furthermore, the identification of climate-related opportunities, such as the adoption of innovative and sustainable agricultural practices, would enhance the Zhongxin Group's business resilience and market competitiveness.

The Zhongxin Group undertook a climate scenario analysis to identify and assess climate-related risks and opportunities for all our operations using the Representative Concentration Pathway ("RCP") adopted by the Intergovernmental Panel on Climate Change ("IPCC") as follows:

Scenario	Description
IPCC RCP 2.6/1.5°C	This scenario is in line with Paris Agreement to limit global warming to below 2°C by 2100 as a result of efficiency enhancement and behaviour changes as key mitigation strategy
IPCC RCP 8.5/4°C	The 'business-as-usual' scenario assumes that Greenhouse Gas ("GHG") emissions continue to rise with significant increases in global temperatures, as no concerted efforts are made to reduce GHG emissions.

The Group's identification of the climate-related risks and opportunities remains consistent with the prior year and is structured across short-term (next 5 years), medium-term (next 5-10 years) and long term (beyond 10 years) timeframes, as described in the table below.

Scenario Description	Qualitative Impacts	Impact on Group's Operations	Possible Actions
Physical Risks (i.e. climate-related risks that can result in physical damage)			
IPCC RCP 2.6/1.5°C	Extreme weather events (short-term) - Increased frequency and intensity of storms, floods, or droughts in the orchard regions. - Potential damage to apple crops, infrastructure and disruption to operations.	- Short-term disruptions in production leading to potential supply chain delays and revenue losses. - Higher costs for repair, recovery, and production adjustments post-event.	- Implement resilient agricultural practices, invest in weather-resistant infrastructure, and establish emergency response plans to mitigate and manage the impacts of extreme weather events.
IPCC RCP 2.6/1.5°C	Gradual changes in weather patterns (medium term) - Unpredictable temperature fluctuations affecting apple growth and development	- Long-term reduction in crop yields and quality may lower profitability.	- Explore apple varieties resilient to temperature variations, invest in climate-controlled technologies, and adjust planting schedules based on climate forecasts.
IPCC RCP 8.5/4°C	- Altered flowering and harvesting seasons, potentially impacting crop quality and yields.	- Additional investments in new crop varieties and technologies, impacting capital expenditures.	

Scenario Description		Qualitative Impacts	Impact on Group's Operations	Possible Actions
Transition Risks (i.e. climate-related risks as businesses transition to a low-carbon economy)				
IPCC RCP 2.6/1.5°C	Regulatory changes (medium to long-term)	- Introduction of new environmental regulations or carbon pricing affecting agricultural practices.	- Increased operating costs due to compliance investments.	- Stay informed on evolving regulations, engage with regulatory authorities, and proactively adopt sustainable farming practices to align with potential future requirements.
IPCC RCP 8.5/4°C		- Increased compliance costs and potential restrictions on traditional farming methods. - Changes in climate-related reporting rules and processes as mandated by the SGX.	- Potential operational shifts to adapt to stricter regulations, affecting current production methods.	
	Market demand shifts (medium to long-term)	- Changing consumer preferences towards sustainably sourced or climate-friendly products. - Potential decline in demand for apple that is not sustainably cultivated.	- Potential loss of market share if sustainability standards aren't met. - Opportunity to capture new consumer segments, enhancing brand reputation and revenue growth.	- Develop better demand projection models. - Emphasize sustainable farming practices in communications, and explore green certifications to meet evolving consumer expectations.
	Energy transition (short to medium-term)	- Shifts in energy availability or pricing affecting the cost of orchard operations. - Increased energy costs impacting overall operational expenses.	- Rising operational expenses may reduce profit margins. - Long-term cost savings and energy security from investments in energy-efficient technologies and renewable energy.	- Explore energy-efficient technologies and renewable energy sources to manage energy-related risks.

Description	Qualitative Impacts	Impact on Group's Operations	Possible Actions
Opportunities			
Sustainable agriculture practices (short to medium-term)	- Enhanced environmental stewardship, improved resource efficiency and potential cost savings.	- Cost savings from reduced water and energy usage. - Strengthened reputation for sustainability, improving market positioning and investor confidence.	- Invest in sustainable agriculture techniques, organic farming methods, and water-efficient irrigation systems to promote sustainability and reduce environmental impacts.
Market demand for sustainable products (short to medium-term)	- Increased market share, improved brand reputation and access to eco-conscious consumer segments.	- Expanded customer base in growing eco-conscious markets, driving revenue growth. - Enhanced competitive advantage through sustainability branding.	- Obtain relevant certifications and communicate the Group's commitment to sustainable farming practices.
Diversify the supply chain (short to medium-term)	- Reduced supply chain risks. Improved business continuity and enhanced stakeholder trust.	- Increased operational resilience reduces production downtime and supply chain disruptions.	- Collaborate with suppliers to ensure climate-resilient practices, assess and address vulnerabilities in the supply chain, and explore partnerships with climate-resilient suppliers.
Innovation in crop varieties (short to medium-term)	- Improved crop yields and minimized risks associated with temperature fluctuations.	- Improved yield stability enhances long-term revenue and profitability. - Potential upfront R&D and innovation costs impacting short-term financial performance.	- Invest in research for climate-resilient apple varieties, collaborate with agricultural research institutions, and continuously monitor advancements in crop science.

The resilience of an organisation's strategy is dependent on its ability to adapt and thrive in the face of changing circumstances and emerging risks. The climate scenario analysis is crucial in providing insights on the potential extent of the climate-related risk exposure to our businesses as well as the potential opportunities.

Through our climate scenario analysis, we concluded that unmitigated climate risks (under warming scenario 2: > 4°C warming) may result in major financial impact by FY2035. Under warming scenario 1: 1.5°C, there may be moderate level of financial impact in the medium and long-term arising from the combined effects of carbon tax increase, shift in consumer preference, rising expectation of stakeholders, increased cost of operating expenses and potential revenue loss. We incorporated these findings and considerations into our strategy and decision-making.

GREENHOUSE GAS EMISSIONS



Resource Usage

We commenced the development and reporting of our Scope 1 and Scope 2 GHG emissions in FY2024 to establish our baseline. In FY2025, we continued to refine our GHG emission reporting and climate-related risks and opportunities in line with TCFD recommendations. We target to commence reporting for the relevant categories of our Scope 3 GHG emissions in FY2026.

GRI 305 Emissions is identified as the metric used to assess climate-related risks and opportunities. The Operational Control Approach is used for consolidation of data based on GHG Protocol. Our Scope 1 and 2 CO₂ emissions are detailed below:

	FY2024 (Actual)	FY2025 (Actual)	FY2026 (Target)
Fuel consumption (Litres)	5,090*	3,484	3,400
Electricity consumption (10,000 kWh)	548.29	375.16	370
	FY2024 (Actual)	FY2025 (Actual)	FY2026 (Target)
Scope 1 GHG Emissions – direct (kgCO₂)	12,459 [#]	8,500 [#]	8,400
Scope 2 GHG Emissions – indirect (kgCO₂)	2,467,301 [^]	1,688,202 [^]	1,680,000

* The FY2024 fuel consumption figure has been restated to reflect actual litres consumed, as the previously reported 41,832 represented the amount spent in dollars.

[#] Gasoline emission factor - 2.31 kgCO₂ per litre, Diesel emission factor - 2.68 kgCO₂ per litre

[^] Electricity emission factor - 0.45kgCO₂ per kWh

Fuel consumption, including gasoline and diesel, plays a crucial role in various stages of apple juice production, from farming to distribution. Diesel is commonly used in tractors, harvesters and other heavy machinery needed for plowing, planting, spraying pesticides, fertilizers and harvesting apples. Once apples are harvested, they are typically transported to the processing plant using diesel-powered trucks. Diesel used to heat water and steam for pasteurization, which is essential for the production of juice to ensure it is safe for consumption. Truck used to transport the packaged apple juice to retailers. In summary, gasoline and diesel are integral to the production of apple juice process at multiple stages, from orchard operations to transportation and processing.

Electricity consumption in apple juice production is spread across several stages, from farming to processing, packaging and storage. This energy is vital for ensuring efficiency, quality and safety in the production of apple juice. The Zhongxin Group continues to implement various practices to reduce energy consumption. Old electronic equipment are replaced with equipment that are energy efficient and environmentally friendly. All staff are reminded to switched off to lighting, air conditioner and other electrical appliances when not in use to reduce energy consumption.

The Zhongxin Group remains committed to transparent and rigorous measurement of our climate-related performance. Our energy consumption is closely monitored across all operations, focusing on continuous improvement in energy efficiency. In FY2025, our Scope 1 and 2 emissions decreased, in line with our ongoing decarbonisation and emission reduction initiatives.

TRAINING AND EDUCATION FOR EMPLOYEE

Our employees are the lifeline of the Zhongxin Group and it is essential to continue our practice in enhancing the value of our employees who contribute to the success of the businesses.

Every employee in the Zhongxin Group is given the opportunity to upgrade and improve their skills and knowledge through formal and on-the-job training programmes. Training programmes are selected according to the role and responsibilities of the employees. The Zhongxin Group will continue to look into ways to enable our employees to grow with the Group.



The training programmes content for FY2025 are as follow:

- 1 Human resources rules and regulations
- 2 Labour Law of the People's Republic of China
- 3 General Secretary Xi Jinping's important remarks on production safety
- 4 "Ansheng Production Law" and other relevant laws and regulations
- 5 General Secretary Xi Jinping's important instructions on ecological and environmental protection and relevant laws and regulations
- 6 Food safety system (FSSC22000, V6) additional requirements
- 7 Food safety system (HACCP system, combined with the company's procedure documents and prerequisite plans)
- 8 Food Safety Law (2021 revised edition) and other relevant laws, regulations and standards
- 9 Allergen basics
- 10 Food Fraud Prevention
- 11 Food protection measures
- 12 Lean production-6S on-site management
- 13 Factory visual management training
- 14 Review and improvement of audit non-conformities in 2024
- 15 Halal knowledge
- 16 Kosher knowledge
- 17 Requirements of the Market Supervision Bureau on improving the "Food Safety Risk Control List"
- 18 Occupational health training
- 19 Double prevention mechanism and hidden danger investigation and management
- 20 Special training on hazardous chemicals
- 21 Special training for limited space
- 22 Industry domestic and foreign environment, internal communication, food safety and quality cultural goals
- 23 Special training on fire safety: Fire drills, evacuation drills
- 24 Production safety responsibility system within each department
- 25 Department internal operating procedures and systems
- 26 Level 3 document training
- 27 Relevant professional training for various departments

We encourage management and employees to continue their career development and job-related education yearly. All employees of the Zhongxin Group receive regular feedback on their performance and development through appraisal. The Group will continue to conduct interactive meetings for employees as a platform for feedback.

In FY2025, employees received an average of 20 hours of training per person. The training content was focused and practical, with strong participation in interactive sessions that enhanced overall training effectiveness. In FY2026, the Group is committed to maintaining or further enhancing the average training hours per employee and continuing to improve the quality and relevance of its training programmes.

QUALITY AND SAFETY ON CONCENTRATED JUICE

Beverage handling is important because unsafe beverage handling can lead to outbreaks of foodborne illnesses. As a possible threat to public health and safety, beverage handling is closely monitored by government agencies across the world. On the other hand, safe beverage handling practices may actively gain the trust of customers.

Around the world, the majority of laws about safety are under the concepts of HACCP. **HACCP** – *Hazard Analysis and Critical Control Points* is a systemic, risk-based approach to preventing the biological, chemical and physical contamination of beverage in production, packaging and distribution environments. The HACCP concept is designed to counter health hazards by identifying potential beverage safety problems before they happen, rather than inspect beverage products for hazards after the fact. The HACCP concept entails controlling for contaminants at a number of key junctures in the food production process and strict adherence to hygiene practices throughout.

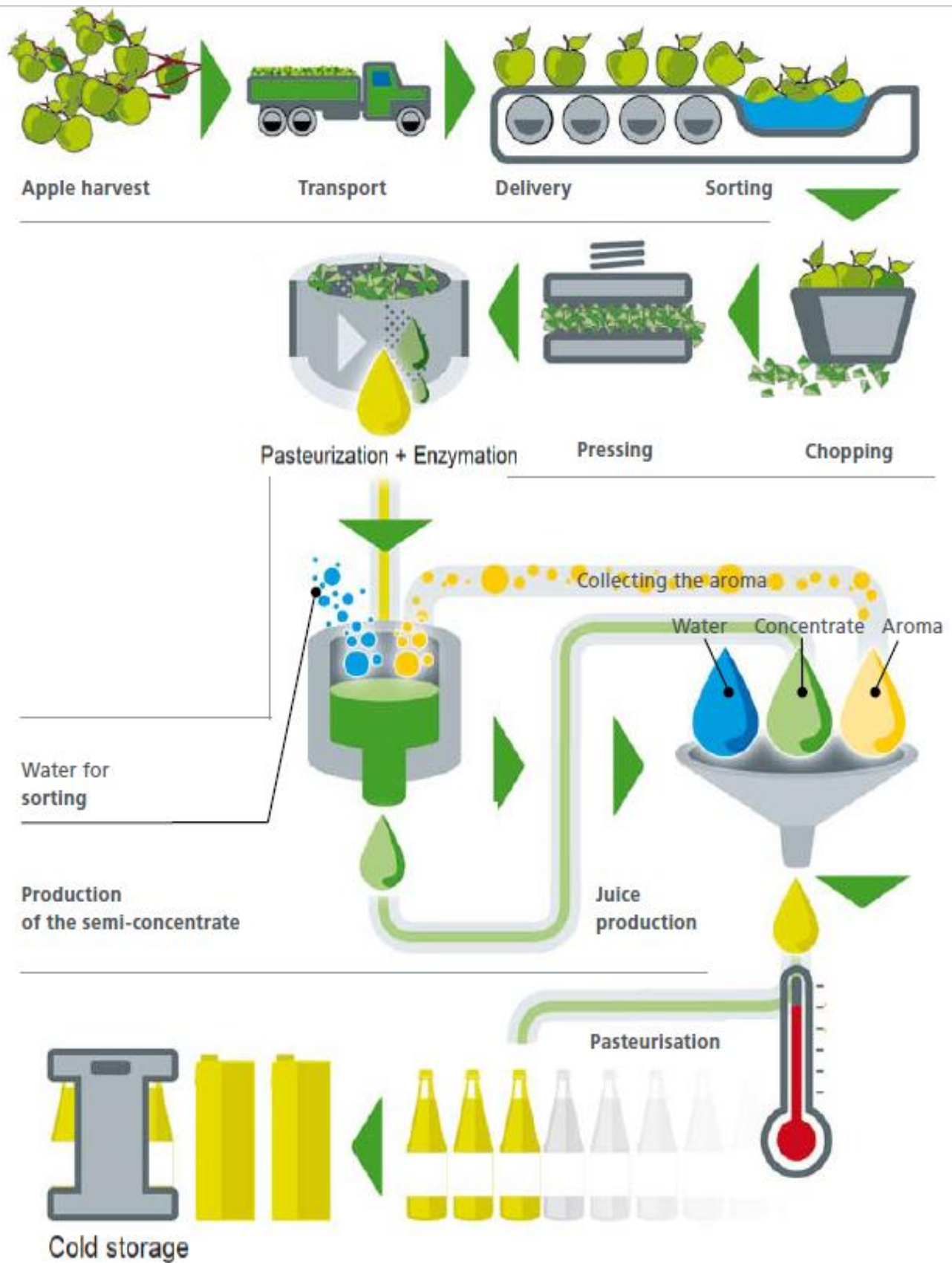
The Zhongxin Group has built the certification programs around FSSC22000 too, which includes an interactive communication strategy between upstream and downstream industry players and a comprehensive system for management. Furthermore, the norm encompasses a model for how to implement a customised HACCP concept depending on the industry, product and facilities. For instance, should a risk of metal contamination be identified, FSSC22000 may recommend the installation of a metal detector with a rejection mechanism to manage the hazard.

While HACCP lays out the principles of a safe beverage supply chain to proactively ensure beverage quality safety in individual beverage production environments, a healthy supply chain also demands action on a collective level with the following beverage safety principles:

1. **Corporate responsibility** – to ensure the quality and safety of beverage product within the bounds of the responsibility. This includes implementing in-house controls according to HACCP. In addition, corporations assume liability for any damages the products may cause.
2. **Traceability** – responsible for documenting where the materials are sourced and where are sent. This documentation helps regulatory bodies quickly identify the source of contamination should a recall become necessary.
3. **Official beverage controls** – responsible for enforcing foods and beverage law requirements through risk-oriented reviews, targeted sample collection and regular inspections.
4. **Transparent risk communication** – to be promptly informed of imminent and potential beverage safety hazards.
5. **Precautionary principle** – to take precautionary measures and will be reviewed on an ongoing basis as scientific data becomes available.
6. **Separation of risk assessment and risk management** – due to possible conflicts of interest, a clear distinction is made between those responsible for scientific risk assessment and those responsible for risk management.

In FY2025, there were no incidents of non-compliance concerning the health and safety impacts and we aim to maintain this for FY2026. There were also no fines or non-monetary sanctions for non-compliance with regulations. The Zhongxin Group's health and safety policies are regularly reviewed and will be updated where appropriate to meet the requirements of the applicable laws and regulations relating to health and safety. There were no work-related injuries or illness reported in FY2025.

Flow Chart Apple Juice Concentrate



FOCUS AND TARGETS

Focus Area	Targets for FY2026
ECONOMIC	
Economic Performance	Continuously strive for excellence in our performance.
ENVIRONMENTAL	
Environment Compliance	Zero incident of non-compliance and penalties pertaining to environmental-related issues.
Water and Waste Management	Maintain the sustainability and efficiency of the wastewater treatment process. Maintain or reduce water consumption. Minimise the amount of waste generated in operations.
Energy Efficiency	Reduce fuel consumption to 3,400 Litres. Reduce electricity consumption to 3,700,000 kWh.
SOCIAL	
Employment	Maintain the ratio for male and female. Maintain the ratio based on age. Maintain zero record of discrimination based on race, age, gender, religion, ethnicity and nationality.
Training & Education	Maintain or improve training hours for employee.
Occupational Health and Safety	Maintain zero work-related injuries and illness.
Socio-economic Compliance	No incidents of non-compliance with relevant socio-economic laws and regulations.
GOVERNANCE	
Anti-Corruption	Maintain zero incidents of fraud and corruption. Maintain zero incidents of non-compliance with relevant anti-corruption laws and regulations.

In FY2025, all set targets have been successfully met.

GRI CONTENT INDEX

GRI Standard	Disclosure		Section	Page Reference
GRI 1: Foundation 2021				
GRI 2: General Disclosures 2021	2-1	Organisational details	About the Zhongxin Group	SR 4 – 6
	2-2	Entities included in the organisation’s sustainability reporting	About the Zhongxin Group	SR 4 – 6
	2-3	Reporting period, frequency and contact point	About This Report	SR 7 – 8
	2-4	Restatement of information	Greenhouse Gas Emissions	SR 25
	2-5	External assurance	About This Report (This report was subjected to internal review)	SR 7 – 8
	2-6	Activities, value chain and other business relationships	About the Zhongxin Group	SR 4 – 6
	2-7	Employees	Our People	SR 15 – 16
	2-8	Workers who are not employees	None	
	2-9	Governance structure and composition	Governance Structure	AR
	2-10	Nomination and selection of the highest governance body	Governance Structure	AR
	2-11	Chair of the highest governance body	Governance Structure	AR
	2-12	Role of the highest governance body in overseeing the management of impacts	Governance Structure	SR 17 – 18
	2-13	Delegation of responsibility for managing impacts	Governance Structure	SR 17 – 18
	2-14	Role of the highest governance body in sustainability reporting	Governance Structure	SR 17 – 18
	2-15	Conflicts of interest	Governance Structure	SR 17 – 18
	2-16	Communication of critical concerns	Governance Structure	SR 17 – 18
	2-17	Collective knowledge of the highest governance body	Governance Structure	SR 17 – 18
	2-18	Evaluation of the performance of the highest governance body	Governance Structure	SR 17 – 18
	2-19	Remuneration policies	Corporate Governance Report	AR
	2-20	Process to determine remuneration	Corporate Governance Report	AR
	2-21	Annual total compensation ratio	Information is not provided due to confidentiality constraints	
	2-22	Statement on sustainable development strategy	Board Statement	SR 3
	2-23	Policy commitments	Governance Structure	SR 17 – 18
	2-24	Embedding policy commitments	Governance Structure	SR 17 – 18
	2-25	Processes to remediate negative impacts	Governance Structure	SR 17 – 18
	2-26	Mechanisms for seeking advice and raising concerns	About This Report	SR 7 – 8

GRI CONTENT INDEX

GRI Standard	Disclosure		Section	Page Reference
	2-27	Compliance with laws and regulations	Governance Structure	SR 17 – 18
	2-28	Membership associations	None	
	2-29	Approach to stakeholder engagement	Stakeholder Engagement	SR 13
	2-30	Collective bargaining agreements	Stakeholder Engagement	SR 13
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment	SR 14
	3-2	List of material topics	Materiality Assessment	SR 14
	3-3	Management of material topics	Materiality Assessment	SR 14
GRI 302: Energy	302-1	Energy consumption within the organisation	Greenhouse Gas Emissions	SR 25
	302-4	Reduction of energy consumption	Greenhouse Gas Emissions	SR 25
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	Greenhouse Gas Emissions	SR 25
	305-2	Energy indirect (Scope 2) GHG emissions	Greenhouse Gas Emissions	SR 25
GRI 306: Effluents and Waste	306-1	Waste generation and significant waste-related impacts	Effluents Management	SR 19 – 21
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Training and Education for employee	SR 26
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	Quality and Safety on Concentrated Juice	SR 27 – 28
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality and Safety on Concentrated Juice	SR 27 – 28

TCFD INDEX

TCFD Thematic's Areas	Recommended Disclosures	Page Reference and Remarks
1. Governance Disclose the organization's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate related risks and opportunities	The Board oversees the corporate governance structure and sustainability strategy of the Group, including climate-related risks and opportunities. See the Governance Structure section.
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Management implements, monitors and reports on ESG performance, including climate-related risks and opportunities. See the Governance Structure section.
2. Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	See the Climate-Related Risks and Opportunities section.
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
3. Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	a) Describe the organization's processes for identifying and assessing climate-related risks	See the Climate-Related Risks and Opportunities section.
	b) Describe the organization's processes for managing climate-related risks	The Board incorporates sustainability considerations, which include climate-related and other ESG risks, issues and opportunities, as part of the Group's strategic formulation. See the Governance Structure section.
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
4. Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	See the Climate-Related Risks and Opportunities section.
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	See the Greenhouse Gas Emissions section. The Group shall evaluate, quantify and monitor, and aims to commence reporting on the relevant categories in subsequent sustainability reports from FY2026.
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	See the Greenhouse Gas Emissions section.