

**ZHONGXIN FRUIT AND JUICE LIMITED**(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)**UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2020****PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS****1(a). A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Statement of Comprehensive Income for the six months period ended 31 December 2020. These figures have not been audited.

	Group		Increase / (Decrease) %
	Unaudited HY 31 Dec 2020 RMB'000	Unaudited HY 31 Dec 2019 RMB'000	
<b>Revenue</b>	80,814	140,095	(42%)
Cost of sales	(65,161)	(124,838)	(48%)
<b>Gross profit</b>	<b>15,653</b>	<b>15,257</b>	3%
<u>Other income:</u>			
Other operating income	1,328	1,608	(17%)
<u>Expenses:</u>			
Distribution expenses	(7,566)	(8,140)	(7%)
Administrative expenses	(10,802)	(4,354)	148%
Finance costs	(2,441)	(2,388)	2%
Share of profit from equity accounted joint venture	7	2,261	(100%)
<b>(Loss) / Profit before income tax</b>	<b>(3,821)</b>	<b>4,244</b>	(190%)
Income tax expense	(336)	(150)	124%
<b>(Loss) / Profit for the financial period</b>	<b>(4,157)</b>	<b>4,094</b>	(202%)
Other comprehensive income for the financial period, net of tax	-	-	
<b>Total comprehensive (loss) / income for the financial period attributable to owners of the Company</b>	<b>(4,157)</b>	<b>4,094</b>	(202%)

Operating (loss) / profit is arrived at after charging / (crediting) the following:

	Group	
	Unaudited HY 31 Dec 2020 RMB'000	Unaudited HY 31 Dec 2019 RMB'000
<u>Charges</u>		
Allowance for doubtful debts	870	-
Amortisation of land use rights	93	93
Depreciation of property, plant and equipment	534	537
Foreign exchange loss / (gain)	503	(42)
Impairment of property, plant and equipment	4,192	-
Interest expense	2,441	2,388
Inventories written down	44	-
Loss on disposal of property, plant and equipment	-	86
<u>Credits</u>		
Amortisation of deferred capital grant	(3)	(3)
Interest income	(1,041)	(961)

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

### 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	
	Unaudited	Audited	Unaudited	Audited
	As at		As at	
31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020	
	RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Investment in joint venture	10,298	10,291	6,347	6,347
Investment in subsidiaries	-	-	31,402	31,402
Property, plant and equipment	51,273	54,986	2	4
Right of use assets	6,786	6,879	-	-
	68,357	72,156	37,751	37,753
<b>Current Assets</b>				
Cash and cash equivalents	23,026	7,139	4,769	6,489
Notes receivables	32,000	50,000	-	-
Trade receivables	4,411	-	-	-
Other receivables	5,971	3,654	-	-
Receivable from subsidiaries	-	-	20,567	20,647
Receivable from immediate holding company	18,225	52,695	-	-
Prepayments	-	2,317	-	-
Inventories	90,818	20,644	-	-
	174,451	136,449	25,336	27,136
<b>Total Assets</b>	<b>242,808</b>	<b>208,605</b>	<b>63,087</b>	<b>64,889</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	252,093	252,093	252,093	252,093
Contributed surplus	22,000	22,000	-	-
Statutory and other reserves	6,606	6,606	-	-
Accumulated losses	(199,579)	(195,422)	(189,271)	(188,470)
<b>Equity attributable to owners of the Company</b>	<b>81,120</b>	<b>85,277</b>	<b>62,822</b>	<b>63,623</b>
<b>Non-Current Liability</b>				
Deferred capital grant	216	218	-	-
<b>Current Liabilities</b>				
Trade and other payables	6,050	6,549	265	1,266
Payable to immediate holding company	113,840	66,933	-	-
Deferred capital grant	6	6	-	-
Borrowings	41,240	49,622	-	-
Provision for taxation	336	-	-	-
	161,472	123,110	265	1,266
<b>Total Liabilities</b>	<b>161,688</b>	<b>123,328</b>	<b>265</b>	<b>1,266</b>
<b>Total Equity and Liabilities</b>	<b>242,808</b>	<b>208,605</b>	<b>63,087</b>	<b>64,889</b>

**ZHONGXIN FRUIT AND JUICE LIMITED**

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

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

	Group		Group	
	Unaudited		Audited	
	As at 31 Dec 2020		As at 30 June 2020	
	Secured	Unsecured	Secured	Unsecured
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Repayable in one year or less, or on demand</u>				
- Trade financing	31,519	-	49,622	-
- Short-term bank loan	-	9,721	-	-
<u>Repayable after one year</u>				
- Bank borrowings	-	-	-	-
Total	31,519	9,721	49,622	-

**Details of any collateral**

The trade financing of approximately RMB31.5 million outstanding as at 31 December 2020 were secured by the endorsement of notes receivables. The Group has obtained working capital financing by endorsing the notes receivables issued by its immediate holding company, SDIC Zhonglu Fruit and Juice Co., Limited ("SDICZL") to the Group, in favour of financial institutions. Refer Note 8 for details on the notes receivables.

The short-term bank loan of approximately RMB9.7 million outstanding as at 31 December 2020 was unsecured and was obtained for working capital purpose.

The trade financing outstanding as at 30 June 2020 had matured and fully settled in the financial period.

**ZHONGXIN FRUIT AND JUICE LIMITED**

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

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

	Group	
	Unaudited HY 31 Dec 2020 RMB'000	Unaudited HY 31 Dec 2019 RMB'000
<b>Operating activities</b>		
(Loss) / Profit before income tax	(3,821)	4,244
Adjustments for :		
Allowance for doubtful debts	870	-
Amortisation of deferred capital grant	(3)	(3)
Amortisation of land use rights	93	93
Depreciation of property, plant and equipment	534	537
Impairment of property, plant and equipment	4,192	-
Inventories written down	44	-
Loss on disposal of property, plant and equipment	-	86
Share of profit from equity accounted joint venture	(7)	(2,261)
Interest expense	2,441	2,388
Interest income	(1,041)	(961)
Operating cash flows before working capital changes	3,302	4,123
Inventories	(68,040)	(32,032)
Notes receivables	18,000	(50,000)
Trade and other receivables	(7,598)	(946)
Receivable from immediate holding company	34,470	31,737
Prepayments	2,317	522
Trade and other payables	(498)	8,136
<b>Net cash used in operating activities</b>	<b>(18,047)</b>	<b>(38,460)</b>
<b>Investing activities</b>		
Interest received	1,041	961
Proceeds from disposal of property, plant and equipment	-	480
Purchase of property, plant and equipment	(3,191)	(929)
<b>Net cash (used in) / generated from investing activities</b>	<b>(2,150)</b>	<b>512</b>
<b>Financing activities</b>		
Net advances from / (repayment to) immediate holding company	46,907	(3,165)
Interest paid	(2,441)	(2,388)
Net (repayment) / drawdown of borrowings	(8,382)	48,740
<b>Net cash generated from financing activities</b>	<b>36,084</b>	<b>43,187</b>
Net change in cash and cash equivalents	15,887	5,239
Cash and cash equivalents at beginning of the financial period	7,139	2,229
<b>Cash and cash equivalents at end of the financial period</b>	<b>23,026</b>	<b>7,468</b>

**ZHONGXIN FRUIT AND JUICE LIMITED**(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

- 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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Equity attributable to owners of the Company				
	Share Capital RMB'000	Contributed Surplus RMB'000	Statutory and Other Reserves RMB'000	Accumulated Losses RMB'000	Total RMB'000
<b>Group</b>					
<b>Current Year:</b>					
Balance as at 1 July 2020	252,093	22,000	6,606	(195,422)	85,277
Loss for the period, representing total comprehensive loss for the financial period	-	-	-	(4,157)	(4,157)
Transfer to statutory and other reserves representing transaction with equity holders as owners of the Group	-	-	-	-	-
Balance as at 31 December 2020	252,093	22,000	6,606	(199,579)	81,120
<b>Previous Year:</b>					
Balance as at 1 July 2019	252,093	22,000	5,949	(198,112)	81,930
Profit for the period, representing total comprehensive income for the financial period	-	-	-	4,094	4,094
Transfer to statutory and other reserves representing transaction with equity holders as owners of the Group	-	-	657	(657)	-
Balance as at 31 December 2019	252,093	22,000	6,606	(194,675)	86,024
<b>Company</b>					
<b>Current Year:</b>					
Balance as at 1 July 2020	252,093	-	-	(188,470)	63,623
Loss for the period, representing total comprehensive loss for the financial period	-	-	-	(801)	(801)
Balance as at 31 December 2020	252,093	-	-	(189,271)	62,822
<b>Previous Year:</b>					
Balance as at 1 July 2019	252,093	-	-	(186,024)	66,069
Loss for the period, representing total comprehensive loss for the financial period	-	-	-	(596)	(596)
Balance as at 31 December 2019	252,093	-	-	(186,620)	65,473

- 1(d)(ii). Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, 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 and subsidiary holdings 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 immediately preceding financial year.**

There was no change in the Company's issued share capital (excluding treasury shares) of 1,055,459,201 ordinary shares amounting to RMB252,093,405 from 30 June 2020 to 31 December 2020.

As at 31 December 2020 and 31 December 2019, there were no outstanding options, convertibles, treasury shares or subsidiary holdings in the Company.

**ZHONGXIN FRUIT AND JUICE LIMITED**

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

- 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.**

<b>The total number of issued shares excluding treasury shares</b>	<b>As at 31 Dec 2020</b>	<b>As at 30 June 2020</b>
Total number of issued shares	1,055,459,201	1,055,459,201
Less : Treasury shares	-	-
Total number of issued shares (excluding treasury shares)	<u>1,055,459,201</u>	<u>1,055,459,201</u>

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

**(a) Updates on the efforts taken to resolve each outstanding audit issue.**

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

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.**

Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation which are consistent with those used in the most recent audited consolidated financial statements for the financial year ended 30 June 2020.

**ZHONGXIN FRUIT AND JUICE LIMITED**

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

**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 adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)s”) and the related Interpretations to SFRS(I)s (“SFRS(I)INT”) that are effective for the current financial year. The adoption of the new / revised SFRS(I)s and SFRS(I)INT did not result in any substantial change to the Group’s and the Company’s accounting policies and has no significant impact on the financial statements for the current financial reporting period.

**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.**

<b>(Loss) / Earnings per ordinary shares of the Group for the period based on (loss) / profit after income tax :</b>	<b>Unaudited HY 31 Dec 2020</b>	<b>Unaudited HY 31 Dec 2019</b>
(a) Based on the weighted average number of ordinary shares in issue (basic) (RMB cents)	(0.39)	0.39
(b) On a fully diluted basis (RMB cents)	(0.39)	0.39
Weighted average number of ordinary shares in issue	1,055,459,201	1,055,459,201

The basic and fully diluted earnings per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2020 and 31 December 2019.

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

	<b>Unaudited As at 31 Dec 2020</b>	<b>Audited As at 30 June 2020</b>
<b><u>Group</u></b>		
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	7.69	8.08
<b><u>Company</u></b>		
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	5.95	6.03

The net asset value per ordinary share for the Group and Company is calculated based on the issued share capital of 1,055,459,201 as at 31 December 2020 and 30 June 2020.

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It 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) seasonal 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 for the performance of the Group for the six months ended 31 December 2020 ("HY2021") as compared to the six months ended 31 December 2019 ("HY2020").**

### **Consolidated Statement of Comprehensive Income**

#### Revenue

During HY2021 and HY2020, the Group recorded the following:

	Group	
	HY2021	HY2020
Procurement (Metric tonnes, "MT"):		
- Apples	99,416	102,416
- Pears	-	3,805
- Processed apple juice	7,827	10,732
- Raw garlic	876	-
Total	<u>108,119</u>	<u>116,953</u>
Production (MT):		
- Apple juice	15,097	17,249
- Pear juice	-	111
- Fructose	521	927
- Processed garlic	932	-
Total	<u>16,550</u>	<u>18,287</u>
Sales volume (MT):		
- Apple juice	10,586	22,738
- Fructose	259	111
- Processed garlic	1,015	-
Total	<u>11,860</u>	<u>22,849</u>
Average selling price (RMB per MT):		
- Fruit juice	6,748	6,092
- Fructose	8,842	8,502
- Processed garlic	6,069	-

#### Production

The COVID-19 pandemic situation in Peoples' Republic of China ("PRC") is generally under control in the second half calendar year of 2020 and did not materially affect the procurement and production operations of the fruit juice concentrate business of the Group in HY2021.

The fruit juice industry is cyclical in nature as raw materials such as apples are in season during the first half of the Group's financial year. To ensure the freshness of the ingredients, generally, the Group procures and produces the fruit juice during the first half of the financial year for its full year's supply. Similar in the past, Yuncheng Zhongxin Fruit and Juice Company Limited ("Yuncheng Zhongxin") carried on the production of fruit juice concentrate business in the financial period despite the challenging operating environment and dwindling global market demand for juices at the outset of the COVID-19 pandemic. This is to ensure that it has sufficient inventories on hand to capture sales opportunities and to cater to market demand as and when necessary when the fruit juice market rebounded.



## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

Xuzhou Zhongxin Fruit and Juice Company Limited (“Xuzhou Zhongxin”) has outsourced the manufacturing of its concentrated apple juice to contract manufacturers since financial year 2020 and is able to remain competitive in the fruit juice market through this initiative. Similarly, Xuzhou Zhongxin continued the outsourced contract manufacturing arrangement in HY2021 due to the seasonality nature of the fruit juice industry market so as to build up its fruit juice concentrate inventories in order to be able to respond to any customer demand timely in the near future.

Xuzhou Zhongxin has ventured into fresh garlic processing business since June 2020. This is part of the Group’s expansion plan to develop new products offerings.

### Revenue

The HY2021 continues to be a challenging financial period for the Group. The economic slowdown mainly as a result of prolonged impact of the COVID-19 outbreak has been weighing on the Group’s financial performance. Against such backdrop, revenue had decreased by approximately RMB59.3 million or 42% mainly due to the significant drop in customer demand for concentrated fruit juices as reflected by its lower sales volume at the outset of the COVID-19 outbreak, partially offset by the slightly higher average selling price of the concentrated fruit juices in HY2021. The average selling price of concentrated fruit juices increased by approximately 11% in HY2021 as compared to HY2020 as the volatility in market price attributed to the escalated pressure from the Sino-US trade friction that occurred in the previous financial year had eased in the current financial year, resulted in a slight rebound of the average concentrated fruit juice selling price in HY2021.

Xuzhou Zhongxin commenced the sales of processed garlic in HY2021, which constituted approximately 8% of the Group’s sales in HY2021.

### Gross profit

Gross profit remained relatively constant at approximately RMB15.3 million in HY2020 and RMB15.7 million in HY2021. The gross profit from the sales of processed garlic constituted less than 2% of the Group’s gross profit in HY2021.

Gross profit margin improved from 11% in HY2020 to 19% in HY2021 mainly due to the lower average procurement cost of raw materials and higher operating efficiency resulted from the implementation of cost control measures, as well as the slight improvement in average selling price as explained above.

### Other income

The decrease in other income was mainly due to the absence of RMB0.6 million government grant received by Yuncheng Zhongxin in HY2020 relating to the subsidies for costs of dismantling the coal-fire boilers in its production plants pursuant to the exercise of switching from coal-fire boilers to the use of natural gas in its operational plants. There was no such income in HY2021.

### Expenses

The increase in operating expenses was mainly due to higher administrative expenses recorded in HY2021 largely attributed to the following:

- RMB4.2 million impairment of property, plant and equipment recognised by Yuncheng Zhongxin and Xuzhou Zhongxin in HY2021 relating to idle plant and machineries;
- Allowance for doubtful debts of approximately RMB0.8 million relating to amount receivable from the relevant authority of Fengxian county for the compensation receivable pursuant to the compulsory land and structure acquisition occurred in prior years; and

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

- Increase in repair and maintenance costs by approximately RMB0.6 million as the Group carried out enhancement and upkeep activities on its production facilities and infrastructure.

### Share of profit from equity-accounted joint venture

In HY2021, the Group shared the profit from its equity-accounted joint venture, Linyi SDIC Zhonglu Fruit Juice Co., Ltd (“Linyi SDIC”) of approximately RMB7,000 as compared to RMB2.3 million in HY2020 mainly due to lower revenue and gross profit recorded in Linyi SDIC attributed to decreased sales volume.

### Income Tax Expense

Income tax expense was related to Yuncheng Zhongxin with respect to the income tax for interest income received.

### (Loss)/Profit for the financial period

Due to the reasons explained above, the Group recorded loss after taxation of RMB4.2 million in HY2021 as compared to profit after taxation of RMB4.1 million in HY2020.

## **Statements of Financial Position**

The comparative for both the assets and liabilities are based on the Group’s financial statements as at 31 December 2020 and 30 June 2020.

**Non-current assets** decreased by approximately RMB3.8 million from RM72.2 million as at 30 June 2020 to RMB68.4 million as at 31 December 2020 mainly attributable to the decrease in property, plant and equipment (“PPE”) of approximately RMB3.7 million. This was due to an impairment amounting to RMB4.2 million and depreciation charges of RMB2.7 million, partially offset by addition of PPE amounted to RMB3.2 million.

The impairment of PPE in HY2021 was in relation to idle plant and machineries. The addition of PPE in HY2021 was mainly incurred by Xuzhou Zhongxin for the acquisition of new machineries and equipment required for the garlic processing activities.

Included in the depreciation charges in HY2021 was an amount of RMB2.2 million (HY2020: RMB2.2 million) that was absorbed into inventories costing while the remaining amount of RMB0.5 million (HY2020: RMB0.5 million) was charged to distribution and administrative expenses.

**Current assets** increased by approximately RMB38.0 million from RMB136.5 million as at 30 June 2020 to RMB174.5 million as at 31 December 2020 mainly due to the following:

### Cash and cash equivalents

Cash and cash equivalents increased by approximately RMB15.9 million as explained under the statement of cash flows below.

### Notes receivable

The Group recorded notes receivable of RMB32.0 million as at 31 December 2020. This represented the promissory notes issued by SDICZL in favour of the Group that are due to mature in the next 6 months. The promissory notes were received by 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.

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

### Trade receivables

Trade receivables of approximately RMB4.4 million as at 31 December 2020 were in relation to outstanding accounts receivables' balances for garlic sales.

### Other receivables

Other receivables increased by approximately RMB2.3 million mainly attributable to the increase in value added tax receivable.

### Receivable from immediate holding company

Receivable from immediate holding company decreased by approximately RMB34.5 million due to the decrease in trade amount owing by SDICZL through the issuance of the promissory notes for the partial settlement as explained above.

### Prepayments

There were no prepayments recorded as at 31 December 2020 as compared to RMB2.3 million prepayments as at 30 June 2020 as the Group had completed most of its procurement requirements in HY2021 and there was no prepaid expenses required as at the balance sheet date.

### Inventories

Inventories increased by approximately RMB70.2 million as the Group carried higher level of finished goods as at 31 December 2020 as compared to 30 June 2020.

Due to the seasonality nature of the raw materials, the Group has procured the materials and produced the fruit juice during the first half of the financial year for its full year's supply. Therefore, the Group carried higher level of inventories as at 31 December 2020 which were mainly represented by fruit juice concentrate finished goods.

Included in the inventories as at 31 December 2020 were approximately RMB2.0 million of raw and processed garlic further to the commencement of garlic processing activity by Xuzhou Zhongxin since June 2020.

**Current liabilities** increased by approximately RMB38.4 million from RMB123.1 million as at 30 June 2020 to RMB161.5 million as at 31 December 2020. This was mainly due to the following:

### Payable to immediate holding company

Payable to immediate holding company increased by approximately RMB46.9 million mainly due to advances received for the funding of the Group's working capital in the financial period.

### Borrowings

The borrowings of RMB41.2 million as at 31 December 2020 were in relation to the following:

- Trade financing of approximately RMB31.5 million obtained by Yuncheng Zhongxin and Xuzhou Zhongxin, secured by the endorsement of the notes receivables from SDICZL in favour of Yuncheng Zhongxin and Xuzhou 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; and
- Short-term bank loan of approximately RMB9.7 million obtained by Yuncheng Zhongxin from a financial institution for working capital purpose.

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

### **Statement of Cash Flows**

Net cash used in operating activities of RMB18.0 million in HY2021 was mainly due to the positive cash flows before working capital changes, offset by changes in working capital outflow largely from the increase in inventories and offset by the decrease in notes receivables and receivable from immediate holding company.

Net cash used in investing activities of RMB2.2 million in HY2021 was mainly attributable to additions of PPE and offset by the interest received.

Net cash generated from financing activities of RMB36.1 million in HY2021 was mainly due to advances received from its immediate holding company.

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

The Company had on 26 January 2021 issued a profit guidance and the results for the HY2021 is consistent with the guidance issued.

**10. 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.**

Amid the global COVID-19 pandemic, the PRC economy is slowly recovering from the effects of the earlier lockdowns. While there have been intermittent resurgence of COVID-19 cases, the pandemic situation in PRC is generally under control. With the various preventive measures taken by the PRC authorities, the Group has been continuing its operations, taking extra precautions for all its employees and to ensure the Group's continued compliance with the government's directives. Barring unforeseeable escalation of the outbreak, the Group does not anticipate the impact of the COVID-19 pandemic to be material to the procurement and production operations of the Group in the coming financial year.

The Group has experienced a slowdown in market demand for its fruit juice concentrate products in HY2021. The Group estimates that the situation is unlikely to turnaround positively in the next 6 to 12 months as the recovery of the COVID-19 pandemic is expected to take longer than expected, although the Group is hopeful that the situation may ease in the next financial year. The Group strives to continue driving the growth in sales by expanding the product offerings to cater to the evolving consumer tastes and needs, and also supporting the end customers' initiatives to develop and broaden geographical market reach and product distribution channels.

China is the major producer of apple juice concentrate and is the main source of apple juice supply in overseas markets such as the US, European Union and Japan. The COVID-19 pandemic has led to unprecedented public health measures being put in place by governments, which have far-reaching impacts and brought about significant pressure on the domestic and global economy. This includes the disruption in global and domestic supply chain, and fear of increasing unemployment rate and recession that reduce consumer spending. The performance of the Group in the near term is depending on factors including the speed of recovery of the economies and consumer spending as well as the outcome of the US and China trade tension.

The Group has expanded into fresh garlic processing business and commenced the sales of processed garlic in HY2021. While the contribution from the garlic sales is relatively low currently, the Group is hopeful that this new business segment can contribute positively to the financial performance of the Group in the near future and also cushioning the impact of the declining sales in the fruit juice concentrate business of the Group.

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

Leveraging on the resources and network of its parent company, SDICZL, the Group aims to strengthen its foothold in the concentrated fruit juice industry and broaden its product varieties to include other value-added products. Besides this, the Group will also develop new use of residues from its fruit juice production to produce by-products like animal feed, extract pectin and dietary fiber. The Group will also seek to extend its business arms into the health food sector in the future.

The Group will continue to actively undertake social responsibilities, including looking into increasing its investment in environmental treatment facilities, stepping up efforts on environmental governance in accordance with relevant national environment protection policies in order to ensure continued sustainable development of the Group, as well as to further enhance the Group's brand reputation and competitiveness.

### 11. If a decision regarding dividend has been made:

**(a) Whether an interim (final) ordinary dividend has been declared (recommended); and**

No dividend was declared for HY2021.

**(b) (i) Amount per share (cents)**

Not applicable.

**(b) (ii) Previous corresponding period (cents)**

Not applicable. No dividend was declared for HY2020.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable.**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

### 12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or is recommended for HY2021 as the Company currently does not have retained profits available for the declaration of a dividend and the Board of Directors deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

**ZHONGXIN FRUIT AND JUICE LIMITED**

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (RMB'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (RMB'000)
<b>SDICZL and its associates</b>	-	(a) Sales by the Group to SDICZL and its group of companies  73,518
		(b) Interest income received by a subsidiary of the Company from SDICZL with respect to the interest charged on the outstanding trade receivable due from SDICZL  1,005
		(c) Interest paid by a subsidiary of the Company with respect to the working capital provided by SDICZL  1,891
<b>Total</b>	-	<b>76,414</b>

SDICZL is a controlling shareholder of the Company.

Transactions (a) to (c) were conducted pursuant to the renewed shareholders' mandate for IPTs approved by shareholders on 30 October 2020.

Save as disclosed above, there are no other IPTs above S\$100,000 in HY2021.

## ZHONGXIN FRUIT AND JUICE LIMITED

(Incorporated in Singapore)  
(Co. Reg. No. 200208395H)

### 14. Negative confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board of Directors, we hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six-months financial period ended 31 December 2020 to be false or misleading in any material aspect.

Quan Yuhong  
Director

Xiaoyao  
Director

### 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7H in accordance with Rule 720(1) of the Catalist Rules

### 16. Changes in the composition of the Group

There were no changes in the composition of the Group in HY2021.

## BY ORDER OF THE BOARD

Quan Yuhong  
Chairman

5 February 2021

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.*