



SUNTAR ECO-CITY LIMITED

Condensed Interim Financial Statements for the Six months ended 30<sup>th</sup> June 2021

## Table of Contents

A. Condensed Interim Consolidated Statement of Comprehensive Income .....	3
B. Condensed Interim Statements of Financial Position .....	4
C. Condensed Interim Statements of Changes in Equity .....	5
D. Condensed Interim Consolidated Statement of Cash Flows .....	6
E. Notes To The Condensed Interim Consolidated Financial Statements. ....	7
F. Other information required by listing rule appendix 7.2 .....	13

## A. Condensed Interim Consolidated Statement of Comprehensive Income

### Condensed Interim Consolidated statement of comprehensive income for the Six Months Ended 30 June 2021 (“1H 2021”)

	<b>Group</b> <b>1H 2021</b> <b>RMB'000</b>	<b>Group</b> <b>1H 2020</b> <b>RMB'000</b>	<b>+ / (-)</b> <b>%</b>
<b>Revenue</b>	8,843	12,724	(30.5)
Cost of sales	<u>(8,579)</u>	<u>(12,514)</u>	(31.4)
Gross profit	264	210	25.7.
Other operating income	507	967	(47.6)
Administrative expenses	(1,599)	(1,299)	23.1
Selling and distribution expenses	(145)	(90)	61.1
share of profit of associate	<u>1,091</u>	<u>561</u>	94.5
<b>Profit before income tax</b>	118	349	(66.2)
Income tax	<u>(9)</u>	<u>(122)</u>	(92.6)
 <b>Profit for the period representing total comprehensive income for the period and attributable to owners of the company</b>	 <u><u>109</u></u>	 <u><u>227</u></u>	 (52.0)
 <b>Earnings per ordinary share (cent)</b>			
- Basic	0.17	0.36	(n.m)
- Diluted	0.17	0.36	(n.m)

n.m.= not meaningful

## B. Condensed Interim Statements of Financial Position

	Group 30/06/2021 RMB'000	Group 31/12/2020 RMB'000	Company 30/06/2021 RMB'000	Company 31/12/2020 RMB'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	41,898	49,022	187	233
Structured deposits	19,600	0	-	-
Trade receivables	4,996	120	-	-
Other receivables and prepayments	1,606	14,615	83	32
Completed properties held for sale	11,566	11,649	-	-
Inventories	135	50	-	-
<b>Total current assets</b>	<b>79,801</b>	<b>75,456</b>	<b>270</b>	<b>265</b>
<b>Non-current assets</b>				
Right-of-use asset	13,882	14,018	-	-
Property, plant and equipment	149	167	-	-
Subsidiaries	-	-	131,406	131,406
Associates	23,005	21,914	-	-
<b>Total non-current assets</b>	<b>37,036</b>	<b>36,099</b>	<b>131,406</b>	<b>131,406</b>
<b>Total assets</b>	<b>116,837</b>	<b>111,555</b>	<b>131,676</b>	<b>131,671</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	7,882	3,293	-	-
Other payables and accruals	17,723	16,854	14,461	13,567
Income tax payable	1,669	1,954	-	-
<b>Total current liabilities</b>	<b>27,274</b>	<b>22,101</b>	<b>14,461</b>	<b>13,567</b>
<b>Capital and reserves</b>				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	970	970	-	-
Accumulated losses	(74,120)	(74,229)	(45,498)	(44,609)
<b>Net equity</b>	<b>89,563</b>	<b>89,454</b>	<b>117,215</b>	<b>118,104</b>
<b>Total liabilities and equity</b>	<b>116,837</b>	<b>111,555</b>	<b>131,676</b>	<b>131,671</b>

### C. Condensed Interim Statements of Changes in Equity

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>Group</b>				
Balance as at 1 January 2021	162,713	970	(74,229)	89,454
Profit for the period, representing total comprehensive income for the period	-	-	109	109
Balance as at 30 June 2021	<u>162,713</u>	<u>970</u>	<u>(74,120)</u>	<u>89,563</u>
Balance as at 1 January 2020	162,713	776	(74,158)	89,331
Profit for the period, representing total comprehensive income for the period	-	-	227	227
Balance as at 30 June 2020	<u>162,713</u>	<u>776</u>	<u>(73,931)</u>	<u>89,558</u>
<b>Company</b>				
Balance as at 1 January 2021	162,713	-	(44,609)	118,104
Loss for the period, representing total comprehensive loss for the period	-	-	(889)	(889)
Balance as at 30 June 2021	<u>162,713</u>	<u>0</u>	<u>(45,498)</u>	<u>117,215</u>
Balance as at 1 January 2020	162,713	-	(42,815)	119,898
Loss for the period, representing total comprehensive loss for the period	-	-	(498)	(498)
Balance as at 30 June 2020	<u>162,713</u>	<u>0</u>	<u>(43,313)</u>	<u>119,400</u>

## D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	1H 2021 RMB'000	1H 2020 RMB'000
<b>Operating activities:</b>		
Profit before income tax	118	349
Adjustments for:		
Depreciation of property, plant and equipment	18	15
Depreciation of right-of-use assets	136	136
Interest income	(466)	(840)
share of profit of associate	(1,091)	(561)
Unrealised exchange loss (gain)	4	3
<b>Operating loss before working capital changes</b>	<b>(1,281)</b>	<b>(898)</b>
Trade receivables	(4,876)	(974)
Other receivables and prepayments	1,009	(17)
Inventories	(85)	42
Completed properties held for sale	83	82
Trade payables	4,589	2,467
Other payables	(2)	(7,331)
<b>Cash used in operations</b>	<b>(563)</b>	<b>(6,629)</b>
Interest received	466	840
Income tax paid	(294)	(515)
<b>Net cash used in operating activities</b>	<b>(391)</b>	<b>(6,304)</b>
<b>Investing activities:</b>		
Increase in structured deposits	(19,600)	(37,450)
Purchase of property, plant and equipment	-	(139)
Investment in associate	-	(14,882)
Repayment of loan from third party	12,000	-
<b>Net cash used in investing activities</b>	<b>(7,600)</b>	<b>(52,471)</b>
<b>Financing activities</b>		
Receipt of advances from a director, representing net cash generated from financing activity	871	1,258
Net decrease in cash and cash equivalents	(7,120)	(57,517)
Cash and cash equivalents at beginning of financial period	49,022	80,946
Effect of exchange rate changes on the balance of cash held in foreign currencies	(4)	(3)
<b>Cash and cash equivalents at end of financial period</b>	<b>41,898</b>	<b>23,426</b>

## **E. Notes To The Condensed Interim Consolidated Financial Statements.**

### **1. Corporate Information**

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

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group is:

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

### **2. Basis of Preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

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

#### **2.1 New and amended standards adopted by the Group**

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

#### **2.2 Use of Judgements And Estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

### 3. Seasonal Operations

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

### 4. Segment Information

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

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

1. Health & Nutrition
2. Property Development

#### 4.1 Reportable segments

	Health & Nutrition	Property Development	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>1 January 2021 to 30 June 2021</b>				
<b>Segment revenue:</b>				
External customers	8,749	94	-	8,843
<b>Segment results:</b>				
Segment result	67	(81)	(959)	(973)
Share of profit in associate				1,091
Tax Expense				(9)
<b>Profit for the period</b>				<b>109</b>
<b>Assets</b>				
Segment assets	32,671	83,709	457	116,837
<b>Liabilities</b>				
Segment liabilities	5,068	7,174	15,032	27,274
<b>Other Segment Information:</b>				
Capital Expenditure	-	-	-	-
Depreciation of property, plant and equipment	10	8	-	18
Depreciation of right-of-use assets	-	136	-	136



#### 4.1 Reportable segments (Cont'd)

	Health & Nutrition	Property Development	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>1 January 2020 to 30 June 2020</b>				
<b>Segment revenue:</b>				
External customers	12,631	93	-	12,724
<b>Segment results:</b>				
Segment result	77	337	(626)	(212)
Share of profit in associate				561
Tax Expense				(122)
<b>Profit for the period</b>				<b>227</b>
<b>Assets</b>				
Segment assets	29,552	85,893	934	116,379
<b>Liabilities</b>				
Segment liabilities	6,028	7,395	13,398	26,821
<b>Other Segment Information:</b>				
Capital Expenditure	-	139	-	139
Depreciation of property, plant and equipment	11	1	3	15
Depreciation of right-of-use assets	-	136	-	136

## 4.2 Disaggregation of Revenue

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

<b>The Group</b>	2021 RMB'000	2020 RMB'000
Timing of revenue recognition		
<u>At a point of time:</u>		
Sale of completed properties	94	93
Sale of health and nutrition products	8,749	12,631
<b>Total</b>	8,843	12,724

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	<b>The Group</b>		<b>The Company</b>	
	30 June 2021 RMB'000	31 December 2020 RMB'000	30 June 2021 RMB'000	31 December 2020 RMB'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss (FVTPL)	19,600	-	-	-
<b>Financial assets at amortised cost:</b>				
Cash and cash equivalents	41,898	49,022	187	233
Trade receivables	4,996	120	-	-
Other receivables	782	13,788	83	32
	<b>67,276</b>	<b>62,930</b>	<b>270</b>	<b>265</b>
<b>Financial liabilities</b>				
Trade payables	7,882	3,293	-	-
Other payables	15,196	14,327	14,461	13,567
	<b>23,078</b>	<b>17,620</b>	<b>14,461</b>	<b>13,567</b>

## 6. Profit before taxation

### Significant items

	<b>Group</b> <b>1H 2021</b> <b>RMB'000</b>	<b>Group</b> <b>1H 2020</b> <b>RMB'000</b>	<b>+ / (-)</b> <b>%</b>
<b>Other Income</b>			
Interest income	466	840	(44.5)
Exchange gain	25	36	n.m.
<b>Other operating expenses</b>			
Staff costs	(526)	(528)	(0.4)
Depreciation of property, plant and equipment	(18)	(15)	20.0
Depreciation of right-of-use assets	(136)	(136)	-

## 7. Taxation

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

	<b>Group</b> <b>1H 2021</b> <b>RMB'000</b>	<b>Group</b> <b>1H 2020</b> <b>RMB'000</b>	<b>+ / (-)</b> <b>%</b>
Current tax expense	(9)	(122)	(92.6)

## 8. Dividends

No interim dividends for the first half ended 30 June 2021 (30 June 2020: \$Nil) is recommended. No dividends have been declared or recommended in line with the previous financial year practice that proposed dividends are declared on a full financial year basis.

## 9. Net Asset Value

	<b>Group</b> <b>30/06/2021</b> <b>RMB Cents</b>	<b>Group</b> <b>31/12/2020</b> <b>RMB Cents</b>	<b>Company</b> <b>30/06/2021</b> <b>RMB Cents</b>	<b>Company</b> <b>31/12/2020</b> <b>RMB Cents</b>
Net asset value per ordinary share based on total number of issued shares	142.71	142.53	186.77	188.18

## 10. Loan and Borrowings

### Amount repayable in one year or less, or on demand

As at 30/06/2021		As at 31/12/2020	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	13,063	Nil	12,192

### Amount repayable after one year

As at 30/06/2021		As at 31/12/2020	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

## 11. Share Capital

	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
Total number of issued shares	62,759,999	62,759,999

There are no treasury shares as at 31 December 2020 and 30 June 2021.

## 12. Subsequent Events

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

## F. Other information required by listing rule appendix 7.2

### 1. Review

The condensed consolidated statement of financial position of Suntar Eco-city Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

### 2. Review of performance of the Group

#### Income Statement

The Group's revenue has decreased by RMB 3.88 million to RMB 8.84 million for the six months ended 30 June 2021 ('1H 2021') compared to the corresponding period in 2020. It was mainly contributed by the Health and Nutrition segment with a revenue of RMB 8.75 million and RMB 0.09 million from the Property Development segment from the sales of 1 parking lot in 1H 2021.

Despite the Group's revenue has dropped, the Group's gross profit has a slight increase of RMB 0.05 million to RMB 0.2 million with an increase in gross profit margin 3% as compared to 1H 2020 of 2%.

Other operating income has decreased to RMB 0.51 million as compared to RMB 0.97 million in 1H 2020. This is mainly due to a reduction in interest income. General and Administrative expenses have increased by 23% to RMB 1.60 million. It is mainly attributed to the resuming of marketing activities as China gradually recovered from the pandemic.

The Group has recorded share of profit of associates of RMB 1.1 million from Hebei Huawei Health Industry Co. Ltd ("Huawei") with North China Pharmaceutical Company (NCPC) for 1H 2021.

#### Statement of Financial Position

The Group has recorded a structured deposits of 19.6 million in 1H 2021 as compared to no entry as at 31 December 2020.

Trade receivables has increased from RMB 0.12 million by RMB 4.88 million to RMB 5 million as at 30 June 2021. This is greatly contributed by the Health & Nutrition segment. Other receivables and prepayment have decreased from RMB 14.6 million to RMB 1.6 million. This significant decrease is mainly due to a repayment of loan from third party.

Trade payables has increased from RMB 3.29 million by RMB 4.59 million to RMB 7.88 million. The primary increase in payables is attributable to the Health and Nutrition segment.

#### Statement of Cash Flows

The overall net cash decrease in cash and cash equivalents is RMB 7.1 million for 6 months period ended 30 June 2021. It was mainly attributable to net cash outflow of RMB 19.6 million increased in structure deposits and an increase in trade receivables as compared to 1H 2020.

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

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

**4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Following the Group's successful investment into Huawei in 2020, a subsidiary of North China Pharmaceutical, the Group's share of Huawei's profits have been consolidated to the Group through equity method accounting starting May 2020 as share of profit from associates. We expect this contribution to increase for 2021 when we consolidate the Group's full year share of Huawei's profit.

In addition, the Company had gained access to a wide range of health and nutrition products through the Huawei investment. We expect modest growth from this sales and trading business in China for FY2021.

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

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

**5. Dividend Information**

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

**6. Interested person transactions**

<b>Name of interested Person</b>	<b>Nature of Relationship</b>	<b>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)</b>	<b>Aggregate Value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</b>
Lan Weiguang	Non-independent Non-Executive Chairman	\$180,000 (Equivalent to RMB 871,000)	NIL

Company has no shareholders' mandate for interested person transactions.

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

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

**8. Confirmation of the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Lan Weiguang  
Non-Independent Non-Executive Chairman

12 August 2021