



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

**THIRD QUARTER AND NINE-MONTH FINANCIAL STATEMENTS  
ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

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

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

	<b>3Q</b>			<b>NINE MONTHS (9M)</b>		
	<b>Jul-Sep 2021</b>	<b>Jul-Sep 2020</b>	<b>Change</b>	<b>Jan-Sep 2021</b>	<b>Jan-Sep 2020</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue</b>	319,198	168,472	89.5	856,712	660,185	29.8
Cost of sales	(240,456)	(636,716)	(62.2)	(697,415)	(1,138,867)	(38.8)
<b>Gross profit/(loss)</b>	78,742	(468,244)	n.m.	159,297	(478,682)	(133.3)
Other operating income	5,355	18,975	(71.8)	12,850	64,203	(80.0)
Distribution and selling expenses	(75,626)	(82,531)	(8.4)	(206,045)	(338,020)	(39.0)
Administrative expenses	(6,977)	(27,619)	(74.7)	(86,668)	(101,237)	(14.4)
Other operating expenses	(12,540)	(187)	n.m.	(16,195)	(10,106)	60.3
Finance costs	(24,052)	(35,161)	(31.6)	(71,780)	(85,791)	(16.3)
<b>Loss before income tax</b>	(35,098)	(594,767)	(94.1)	(208,541)	(949,633)	(78.0)
Taxation	275	55,677	(99.5)	8,236	93,268	(91.2)
Net loss for the period	(34,823)	(539,090)	(93.5)	(200,305)	(856,365)	(76.6)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	(34,823)	(539,090)	(93.5)	(200,305)	(856,365)	(76.6)
<b>Profit for the period attributable to:</b>						
Equity holders of the parent	(34,810)	(539,049)		(200,165)	(856,214)	
Non-controlling interests	(13)	(41)		(140)	(151)	
	(34,823)	(539,090)		(200,305)	(856,365)	
<b>Total comprehensive income for the period attributable to:</b>						
Equity holders of the parent	(34,810)	(539,049)		(200,165)	(856,214)	
Non-controlling interests	(13)	(41)		(140)	(151)	
	(34,823)	(539,089)		(200,305)	(856,365)	

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

	<b>3Q</b>			<b>NINE MONTHS (9M)</b>		
	<b>Jul-Sep 2020</b>	<b>Jul-Sep 2019</b>	<b>Change</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Depreciation and amortisation	(41,045)	(46,636)	(12.0)	(122,095)	(125,504)	(2.7)

Other operating income

	<b>3Q</b>			<b>NINE MONTHS (9M)</b>		
	<b>Jul-Sep 2021</b>	<b>Jul-Sep 2020</b>	<b>Change</b>	<b>Jan-Sep 2021</b>	<b>Jan-Sep 2020</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
Government grants	43	352	(87.8)	132	612	(78.4)
Interest income - banks	203	320	(36.6)	509	863	(41.0)
Exchange gains	4,585	16,616	(72.4)	10,930	16,616	(34.2)
Fair value changes on bonds	-	-	-	-	41,850	(100.0)
Others	524	1,687	(68.9)	1,279	4,262	(70.0)
<b>Total</b>	<b>5,355</b>	<b>18,975</b>	<b>(71.8)</b>	<b>12,850</b>	<b>64,203</b>	<b>(80.0)</b>

n.m. – Not meaningful

Note:-

The net exchange gains/(losses) in 9M2021 and 9M2020 were mainly attributable to exchange gains/(losses) from operation arising from exchange rate differences mainly between United States Dollar and Renminbi.

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

	Group		Company	
	30 Sep 21	31 Dec 20	30 Sep 21	31 Dec 20
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	1,799,484	1,393,400	9	12
Land use rights	-	-	-	-
Subsidiaries	-	-	258,784	258,784
Amount owing by subsidiaries	-	-	442,457	515,531
Deferred tax assets	-	-	-	-
Deposit paid for non-current assets	331,654	245,814	-	-
<b>Total non-current assets</b>	<b>2,131,138</b>	<b>1,639,214</b>	<b>701,250</b>	<b>774,327</b>
<b>Current assets</b>				
Inventories	39,888	5,683	-	-
Trade receivables	569,303	1,040,530	-	-
Other receivables	318,091	526,712	971	404
Current tax receivables	7,482	-	-	-
Cash and cash equivalents	345,062	308,357	40	82
<b>Total current assets</b>	<b>1,279,826</b>	<b>1,881,282</b>	<b>1,011</b>	<b>486</b>
<b>Current liabilities</b>				
Trade payables	122,756	74,381	-	-
Other payables	107,021	155,697	44,150	83,844
Obligation under finance leases	400	347	-	-
Current tax payable	-	-	198	229
Bank borrowings	244,551	210,719	-	-
Loan from a shareholder (note)	179,245	157,750	179,245	157,750
Straight bonds	278,300	264,908	-	-
Amount owing to subsidiaries	-	-	46,154	46,300
Exchangeable bonds	519,038	485,682	-	-
<b>Total current liabilities</b>	<b>1,451,311</b>	<b>1,349,484</b>	<b>269,747</b>	<b>288,123</b>
<b>Net current (liabilities)/assets</b>	<b>(171,485)</b>	<b>531,798</b>	<b>(268,736)</b>	<b>(287,637)</b>
<b>Non-current liabilities</b>				
Obligation under finance leases	627	941	-	-
Deferred tax liabilities	240,900	251,640	-	39,232
<b>Total non-current liabilities</b>	<b>241,527</b>	<b>252,581</b>	<b>-</b>	<b>39,232</b>
<b>Net assets</b>	<b>1,718,126</b>	<b>1,918,431</b>	<b>432,514</b>	<b>447,458</b>
<b>Equity</b>				
Equity attributable to equity holders of the Parent				
Share capital	791,500	791,500	791,500	791,500
Retained profits/(accumulated losses)	637,274	821,437	(435,464)	(420,520)
Other reserves	277,452	293,454	76,478	76,478
<b>Total shareholder's funds</b>	<b>1,706,226</b>	<b>1,906,391</b>	<b>432,514</b>	<b>447,458</b>
Non-controlling interests	11,900	12,040	-	-
<b>Total equity</b>	<b>1,718,126</b>	<b>1,918,431</b>	<b>432,514</b>	<b>447,458</b>

**Note:** Refer to convertible loan from Soleado Holdings Pte. Ltd. ("Soleado")

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

	<b>30 Sep 2021</b>	<b>31 Dec 2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
Amount repayable in one year or less or on demand		
Secured	423,796	368,469
Unsecured	797,338	750,591
	<u>1,221,134</u>	<u>1,119,060</u>
Amount repayable after one year		
Secured	627	941
Unsecured	-	-
	<u>627</u>	<u>941</u>
	<u>1,221,761</u>	<u>1,120,001</u>

Details of collaterals:-

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

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

	<u>3Q</u>		<u>NINE MONTH (9M)</u>	
	Jul-Sep 2021 RMB'000	Jul-Sep 2020 RMB'000	Jan – Sep 2021 RMB'000	Jan – Sep 2020 RMB'000
<b>Cash flows from operating activities:</b>				
Loss before income tax	(35,098)	(594,767)	(208,541)	(949,633)
Adjustments for:				
Depreciation of property, plant and equipment	41,045	46,636	122,095	125,504
Interest expenses	24,020	34,999	71,680	85,446
Interest income	(35)	(320)	(203)	(863)
Changes in fair value of bonds	-	-	-	(41,850)
Exchange (gains)/losses	(7,655)	(20,464)	1,011	(37,315)
Write back of trade receivables	(15,904)	-	(15,904)	-
Loss on disposal of fixed assets	-	-	-	9,129
Loss on disposal of subsidiaries	2,433	-	2,433	-
Operating cash flows before working capital changes	8,806	(533,916)	(27,429)	(809,582)
Decrease/(increase) in inventories	5,874	1,261	(34,202)	(48,124)
Decrease in operating receivables	497,757	289,867	694,316	569,611
(Decrease)/increase in operating payables	(5,190)	201,890	(10,287)	300,488
Cash generated from/(used in) operations	507,247	(40,898)	622,398	12,393
Income tax paid	-	-	-	(45,144)
Net cash generated from/(used in) operating activities	507,247	(40,898)	622,398	(32,751)
<b>Cash flows from investing activities:</b>				
Acquisition of property, plant and equipment	(369,876)	-	(369,957)	(17,718)
Deposit paid for non-current assets	(134,431)	-	(245,059)	-
Interest received	35	320	203	863
Net cash (used in)/generated from investing activities	(504,272)	320	(614,813)	(16,885)
<b>Cash flows from financing activities:</b>				
Proceeds from share issue	-	16,500	-	16,500
Bank loans drawdown	35,000	-	70,000	43,000
Repayment of finance lease liabilities	(87)	(75)	(261)	(227)
Bank loans repaid	(30,350)	(18,000)	(40,550)	(61,000)
Interest paid	(23)	-	(69)	-
Net cash generated from/(used in) financing activities	4,540	(1,575)	29,120	(1,727)
Net increase/(decrease) in cash and cash equivalents	7,515	(42,153)	36,705	(51,333)
Cash and cash equivalents at beginning of period	337,547	591,009	308,357	600,189
Cash and cash equivalents at end of period	345,062	548,856	345,062	548,856



Cash and cash equivalents comprise:				
Cash and bank balances	345,062	548,856	345,062	548,856
Fixed deposits	-	-	-	-
	<u>345,062</u>	<u>548,855</u>	<u>345,062</u>	<u>548,855</u>
Less: Fixed deposits pledged	-	-	-	-
	<u>345,062</u>	<u>548,855</u>	<u>345,062</u>	<u>548,855</u>

#### Reconciliation of liabilities arising from financing activities

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

	Bank borrowings RMB'000	Finance leases RMB'000	Convertible loan RMB'000	Straight bonds RMB'000	Exchangeable bonds RMB'000
At 1 January 2021	210,719	1,288	157,750	264,909	485,681
<u>Cash flow</u>					
Drawdown of bank borrowings	70,000	-	-	-	-
Repayment of bank borrowings	(40,550)	-	-	-	-
Repayment of lease liabilities	-	(261)	-	-	-
Interest paid	(9,499)	(69)	-	-	-
<u>Non-cash changes</u>					
Accrued interest	9,499	69	15,364	13,391	33,357
Exchange translation	4,382	-	6,131	-	-
At 30 September 2021	<u>244,551</u>	<u>1,027</u>	<u>179,245</u>	<u>278,300</u>	<u>519,038</u>

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

	Share capital	Retained profits	Share option Reserve	Merger reserve	Statutory common reserve	Attributable to equity holders of the Company	Non-controlling interests	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Group</b>								
Balance at 1 January 2020	791,500	2,346,340	76,479	(31,414)	244,561	3,427,466	12,250	3,439,716
Loss for the year and representing total comprehensive income for the year	-	(1,521,075)	-	-	-	(1,521,075)	(210)	(1,521,285)
Transfer to statutory reserve	-	(3,828)	-	-	3,828	-	-	-
Balance at 31 December 2020	791,500	821,437	76,479	(31,414)	248,389	1,906,391	12,040	1,918,431
Loss for the period and representing total comprehensive income for the period	-	(200,165)	-	-	-	(200,165)	(140)	(200,305)
Transfer to statutory reserve	-	16,002	-	-	(16,002)	-	-	-
<b>Balance at 30 September 2020</b>	<b>791,500</b>	<b>637,274</b>	<b>76,479</b>	<b>(31,414)</b>	<b>232,387</b>	<b>1,706,226</b>	<b>11,900</b>	<b>1,718,126</b>

	Share capital	Accumulated losses	Share option reserves	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Company</b>				
Balance at 1 January 2020	791,500	(375,026)	76,478	492,952
Loss for the year representing total comprehensive income for the year	-	(45,494)	-	(45,494)
Balance at 31 December 2020	791,500	(420,520)	76,478	447,458
Loss for the period representing total comprehensive income for the period	-	(14,944)	-	(14,944)
Balance at 30 September 2021	791,500	(435,464)	76,478	432,514



- (d) (ii) Details of any changes in the company's share capital arising from right issues, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediate preceding financial year.

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

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

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

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

<sup>(2)</sup> Exercise price of option granted to associate of controlling shareholder.

Number of options outstanding under ESOS scheme as at 30 September 2021 was 51,776,822.

As shown in the above, there were no other outstanding convertible securities treasury shares and subsidiary holdings as at 30 September 2021 and 31 December 2020.

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

	As at 30 Sep 2020	As at 31 Dec 2019
Total number of ordinary shares issued and fully paid	1,149,410,658	1,149,410,658

The Company does not have treasury shares as at 30 September 2021 and 31 December 2020.

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

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

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

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

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

Not applicable

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

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

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

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

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (a) based on the weighted average number of ordinary shares on issue; and (b) on a fully diluted basis (detailing any adjustments made to the earnings).**

Earnings per share (EPS)	<u>3Q</u>		<u>NINE-MONTH (9M)</u>	
	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan – Sep 2020
EPS based on average number of ordinary shares (RMB cents)	(3.03)	(46.9)	(17.4)	(74.5)
EPS on a fully diluted basis (RMB cents)	(3.03)	(46.9)	(17.4)	(74.5)
Weighted average number of ordinary shares ('000)	1,149,411	1,149,411	1,149,411	1,149,411
Weighted average number of ordinary shares – diluted ('000)	1,149,411	1,149,411	1,149,411	1,149,411

Basic losses per share for 3Q2021 and 9M2021 are calculated based on the Group's loss after taxation attributable to ordinary shareholders of RMB34,810,000 and RMB200,165,000 respectively on weighted average number of ordinary shares of 1,149,410,658.

For comparative purpose, the basic losses per share for 3Q2020 and 9M2020 were calculated based on the Group's loss after taxation of RMB539,049,000 and RMB856,214,000 respectively on weighted average number of ordinary shares issued of 1,149,410,658.

The fully diluted losses per share for 3Q2021 and 9M2021 were calculated based on the Group's loss after taxation attributable to ordinary shareholders RMB34,810,000 and RMB200,165,000 respectively on weighted average number of ordinary shares of 1,149,410,658 after adjusting for the outstanding options under ESOS scheme.

For comparative purpose, the fully diluted losses per share for 3Q2020 and 9M2020 were calculated based on the Group's loss after taxation of RMB539,049,000 and RMB856,214,000 respectively on weighted average number of ordinary shares of 1,149,410,658 after adjusting for the outstanding options under ESOS scheme.

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

Net asset value (NAV)	Group		Company	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Number of ordinary shares	1,149,410,658	1,149,410,658	1,149,410,658	1,149,410,658
NAV per ordinary share in the Company (RMB cents)	149.5	166.9	37.6	38.9

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must include a discussion of the following: (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of performance**

**Revenue**

The Group's revenue increased by approximately RMB196.5 million or 29.8% from RMB660.2 million in 9M2020 to RMB856.7 million in 9M2021, mainly due to recovery of post COVID-19 pandemic.

**Breakdown of revenue by segments:**

	3Q			NINE-MONTHS (9M)		
	Jul – Sep 2021	Jul – Sep 2019	Change	Jan – Sep 2021	Jan – Sep 2020	Change
Product segment	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Canned products						
- overseas	29,225	25,082	16.5	63,117	123,263	(48.8)
- domestic	57,036	31,382	81.7	185,017	119,970	54.2
Beverage	232,936	112,009	108.0	608,578	416,952	46.0
<b>Total</b>	<b>319,198</b>	<b>168,472</b>	<b>89.5</b>	<b>856,712</b>	<b>660,185</b>	<b>29.8</b>

### **Gross profit**

Overall gross profit margin (GPM) increased by approximately 91.1%, from -72.5% in 9M2020 to 18.6% in 9M2021, as a result of an improvement across all product segments, particularly beverage segment which registered an increase of 46.0% of revenue from RMB417.0 million in 9M2020 to RMB608.6 million in 9M2021. The increase is in line with the higher demand coupled with recovery of post COVID-19 pandemic accompanied with television advertising with effect since 1Q2021.

### **Other operating income**

The other operating gain in 9M2020 mainly relates to fair value gains in relation to Exchangeable Bonds. The other operating gain in 9M2021 relates net exchange gain on foreign bank borrowings drawdowns/settlements and operation arising from exchange rate differences between United States Dollar and Renminbi.

### **Operating expenses**

**Distribution and selling expenses** decreased by approximately RMB132.0 million or 39.0%, from RMB338.0 million in 9M2020 to RMB206.0 million in 9M2021, despite higher demand evidenced with 29.8% increase in revenue from RMB660.2 million in 9M2020 to RMB856.7 million in 9M2021. The distribution and selling cost in line with the cost effective on products delivery and marketing plan effectively executed with the recovery of post COVID-19 pandemic.

**Administrative expenses** were evidenced with the further decrease of RMB14.6 million or 14.4%, from RMB101.2 million in 9M2020 to RMB86.7 million in 9M2021. The administrative expenses were lower compared to 9M2020 mainly due to the frequency of manufacturing plant shutdown improved slightly due to the recovery from the COVID-19 pandemic.

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

**Finance costs** decreased by approximately RMB14.0 million or 16.3%, from RMB85.8 million in 9M2020 to RMB71.8 million in 9M2021. The decrease in finance costs was mainly due to the strengthening of RMB against USD evidenced with average rate 9M2021: RMB6.47/USD vs 9M2020: RMB7.0/USD and its strengthening effect to its revaluation of foreign loans in despite of additional accrued interest.

### **Loss before taxation**

Loss before taxation decreased by approximately RMB741.1 million, from RMB949.6 million loss before taxation in 9M2020 to a loss before taxation of RMB208.5 million in 9M2021. The decrease was mainly due to a significant increase in revenue coupled with expenses as discussed above.

### **Review of Balance Sheet**

Property, plant and equipment netbook value increased by approximately RMB406.1 million from RMB1,393.4 million in FY2020 to RMB1,799.5 million in 3Q2021. The increase comprises of acquisition of RMB369.9 million assets in Anhui, Hubei and Sichuan factories while the remaining balance relates to transfer of assets upon completion of manufacturing lines in Hubei and Anhui factories.

Deposit paid for non-current assets increased by approximately RMB85.8 million, from RMB245.8 million in FY2020 to RMB331.7 million in 3Q2021 mainly relates to additional investment in Anhui and Hubei manufacturing line.

Inventories increased by approximately RMB34.2 million from RM5.7 million in FY2020 to RMB39.9 million in 3Q2021. Higher inventory was mainly due to ramp up of production activity in anticipation of improvement in demand.

Trade receivables decreased by approximately RMB471.2 million from RM1,040.5 million in FY2020 to RMB569.3 million in 3Q2021 due to prompt collection from the customers post COVID-19 pandemic.

Other receivables decreased by approximately RMB208.6 million from RMB526.7 million in FY2020 to RMB318.1 million in 3Q2021. Other receivables comprised of VAT receivables, export tax refund, deposits and prepayments.

Current liabilities increased by RMB101.8 million from RMB1,349.5 million in FY2020 to RMB1,451.3 million in 3Q2021. The increase was mainly attributable to an increase in bonds balances, amount owing to Soleado, and bank borrowings.

Equity interest decreased by RMB200.3 million from RMB1,918.4 million as at 31 December 2020 to RMB1,718.1 million as at 30 September 2021 in line with the financial losses incurred during the year.

### **Review of cash flow statement**

For 9M2021, net cash inflow from operating activities is RMB622.4 million, as the negative cash flows before working capital changes were set off by the realization of working capital to support operations.

Net cash used in investing activities amounted to RMB614.8 million in 9M2021, which was due mainly to amount paid for acquisition of property, plant and equipment and deposit paid for non-current assets.

In addition, net cash generated from financing activities amounted to RMB29.1 million in 9M2021 mainly due to the increase in net loan drawdown.

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

Not applicable.

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

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

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

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

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

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

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

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

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

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

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

**Update on proposed listing of Garden Fresh**

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

**11. Dividends**

**Current financial period reported on**

Any dividend declared for the current financial period reported on?

None

**Corresponding period of the immediately preceding financial year**

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

None

**Date payable**

Not applicable

**Books closure date**

Not applicable

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

No dividend has been declared/recommendeded for the half year ended 30 September 2021 to enable the Group to conserve cash for working capital purposes.

**13. Interested Person Transactions (“IPT”)**

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

**14. Statement pursuant to SGX Listing Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render unaudited third quarter financial results for the period ending 30 September 2021 to be false or misleading in any material aspect.

**15. Use of net proceeds**

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

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

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

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

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