

ZHONGXIN FRUIT AND JUICE LIMITED
AND ITS SUBSIDIARIES
(Company Registration Number: 200208395H)

Unaudited Condensed Interim Financial Statements
For the Six Months ended 31 December 2023

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ZHONGXIN FRUIT AND JUICE LIMITED

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

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		Increase / (Decrease) %
		6 months ended		
		31 Dec 2023	31 Dec 2022	
		RMB'000	RMB'000	
Revenue	4	58,442	52,753	10.8%
Cost of sales		(47,704)	(40,111)	18.9%
Gross profit		10,738	12,642	(15.1%)
<u>Other income:</u>				
Other operating income		1,185	2,235	(47.0%)
<u>Operating expenses:</u>				
Distribution expenses		(3,753)	(3,628)	3.4%
Administrative expenses		(3,212)	(5,856)	(45.2%)
Finance costs		(1,185)	(1,526)	(22.3%)
Share of loss from equity accounted joint venture		(163)	(1,478)	(89.0%)
Profit before income tax	6	3,610	2,389	51.1%
Income tax	7	(720)	(725)	(0.7%)
Profit for the period		2,890	1,664	73.7%
Other comprehensive income for the period, net of tax		-	-	-
Total comprehensive income for the period attributable to owners of the Company		2,890	1,664	73.7%
Earnings per share for earnings attributable to owners of the Company (RMB cents):				
- Basic	9	0.27	0.16	
- Diluted	9	0.27	0.16	

ZHONGXIN FRUIT AND JUICE LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200208395H)**B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**

	Note	Group		Company	
		As at		As at	
		31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-Current Assets					
Investment in joint venture		12,171	12,334	6,347	6,347
Investment in subsidiaries		-	-	19,473	19,473
Property, plant and equipment	11	40,161	41,872	1	1
Right of use assets		6,226	6,319	-	-
		<u>58,558</u>	<u>60,525</u>	<u>25,821</u>	<u>25,821</u>
Current Assets					
Cash and cash equivalents		2,802	14,403	2,347	409
Notes receivables	12	24,800	24,800	-	-
Trade receivables	13	28,513	91,934	-	-
Other receivables	14	517	929	-	-
Receivable from subsidiaries		-	-	20,440	20,440
Receivable from related parties		-	20	-	-
Prepayments		1,429	1,178	-	-
Inventories		125,969	39,094	-	-
		<u>184,030</u>	<u>172,358</u>	<u>22,787</u>	<u>20,849</u>
Total Assets		242,588	232,883	48,608	46,670
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	15	252,093	252,093	252,093	252,093
Contributed surplus		22,000	22,000	-	-
Statutory and other reserves		10,637	10,637	-	-
Accumulated losses		(147,074)	(149,964)	(203,505)	(206,685)
Equity attributable to owners of the Company		137,656	134,766	48,588	45,408
Non-Current Liability					
Deferred capital grant		203	206	-	-
Current Liabilities					
Trade and other payables	16	3,668	6,563	20	1,262
Contract liabilities	4(d)	1,403	3,544	-	-
Payable to immediate holding company		54,841	53,419	-	-
Borrowings	17	44,297	34,385	-	-
Provision for taxation		520	-	-	-
		<u>104,729</u>	<u>97,911</u>	<u>20</u>	<u>1,262</u>
Total Liabilities		104,932	98,117	20	1,262
Total Equity and Liabilities		242,588	232,883	48,608	46,670

ZHONGXIN FRUIT AND JUICE LIMITED(Incorporated in Singapore)
(Co. Reg. No. 200208395H)**C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

	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
Group					
Current Year:					
Balance as at 1 July 2023	252,093	22,000	10,637	(149,964)	134,766
Profit for the period, representing total comprehensive income for the financial period	-	-	-	2,890	2,890
Balance as at 31 December 2023	252,093	22,000	10,637	(147,074)	137,656
Previous Year:					
Balance as at 1 July 2022	252,093	22,000	8,263	(153,557)	128,799
Profit for the period, representing total comprehensive income for the financial period	-	-	-	1,664	1,664
Transfer to statutory and other reserves representing transaction with equity holders as owners of the Group	-	-	2,300	(2,300)	-
Balance as at 31 December 2022	252,093	22,000	10,563	(154,193)	130,463
Company					
Current Year:					
Balance as at 1 July 2023	252,093	-	-	(206,685)	45,408
Profit for the period, representing total comprehensive income for the financial period	-	-	-	3,180	3,180
Balance as at 31 December 2023	252,093	-	-	(203,505)	48,588
Previous Year:					
Balance as at 1 July 2022	252,093	-	-	(204,660)	47,433
Loss for the period, representing total comprehensive loss for the financial period	-	-	-	(315)	(315)
Balance as at 31 December 2022	252,093	-	-	(204,975)	47,118

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	6 months ended	
	31 Dec 2023 RMB'000	31 Dec 2022 RMB'000
Operating activities		
Profit before income tax	3,610	2,389
Adjustments for :		
Amortisation of deferred capital grant	(3)	(3)
Amortisation of right of use assets	93	93
Depreciation of property, plant and equipment	494	539
Loss on disposal of property, plant and equipment	79	-
Share of loss from equity accounted joint venture	163	1,478
Interest expense	1,163	1,522
Interest income	(901)	(1,980)
Write-back of allowance for impairment loss	(80)	(30)
Operating cash flows before working capital changes	4,618	4,008
Inventories	(85,328)	(48,438)
Notes receivables	-	(20,000)
Trade and other receivables	492	(242)
Prepayments	(251)	424
Receivable from immediate holding company	63,421	22,107
Trade and other payables	(5,036)	(754)
Cash flows from operations	(22,084)	(42,895)
Interest received	901	1,980
Income tax paid	(200)	-
Net cash used in operating activities	(21,383)	(40,915)
Investing activities		
Purchase of property, plant and equipment	(414)	(868)
Proceeds from disposal of property, plant and equipment	4	-
Net cash used in investing activities	(410)	(868)
Financing activities		
Advances from immediate holding company	1,422	1,798
Repayment from a related party	20	-
Proceeds from borrowings	19,784	49,305
Repayments of borrowings	(9,872)	(9,891)
Interest paid	(1,163)	(1,522)
Net cash generated from financing activities	10,191	39,690
Net decrease in cash and cash equivalents	(11,602)	(2,093)
Cash and cash equivalents at beginning of the financial period	14,403	3,474
Effect of exchange rate changes on the balance of cash and cash equivalents in foreign currency	1	-
Cash and cash equivalents at end of the financial period	2,802	1,381

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E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Zhongxin Fruit and Juice Limited (“the Company”) is a public limited liability company incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange Securities Trading Limited. The immediate holding company is SDIC Zhonglu Fruit Juice Co., Ltd (“SDICZL”) which is incorporated in the People’s Republic of China (“PRC”) and listed on the Shanghai Stock Exchange. The Company’s ultimate holding company is State Development and Investment Corporation (“SDIC”), a state-owned enterprise in PRC.

These condensed interim consolidated financial statements as at and for the six months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, “the Group”).

The principal activity of the Company is that of investment holding. The principal activity of the subsidiaries is production of fruit juice concentrate.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“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 financial year ended 30 June 2023.

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 Chinese Renminbi, which is the Group’s and the Company’s functional currency. All financial information presented in Chinese Renminbi has been rounded to the nearest thousand (RMB’000), unless otherwise indicated.

2.1. New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised SFRS(I) and the related interpretations of SFRS(I) (“INT SFRS(I)”) that are effective for the current financial period. The adoption of the new / revised SFRS(I) and INT SFRS(I) did not result in any substantial changes to the Group’s and the Company’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2. Use of judgements and estimates

In the application of the Group’s accounting policies, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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2. Basis of Preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Critical judgements made in applying the Group's accounting policies

In the preparation of the financial statements, management is of the opinion that there were no critical judgements and significant assumptions made in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

a) Allowance for expected credit losses ("ECLs") of trade receivables

The Group determines the ECL by using the individual (debtor-by-debtor) basis as at the reporting date in view that there was only 1 trade debtor (30 June 2023: 1 trade debtor) and the trade amount due from the immediate holding company constituted 100% (30 June 2023: 100%) of the Group's trade receivables as at that date.

There is estimation used in the measurement of lifetime expected credit losses and forward-looking assumptions. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of trade receivables at the end of the reporting date was RMB 28,513,000 (30 June 2023: RMB 91,934,000).

b) Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitor actions in response to severe market conditions. The depreciation charge is increased where useful lives are less than previously estimated lives, or the carrying amounts written off or written down for technical obsolescence or nonstrategic assets that have been abandoned or sold.

Management estimates the useful lives of property, plant and equipment to be within 3 to 40 years. The carrying amount of the Group's property, plant and equipment at the reporting date is RMB40,161,000 (30 June 2023: RMB41,872,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised.

c) Allowances for inventory obsolescence

Management carries out an inventory review at the end of each reporting period to determine any need for allowance for inventory obsolescence. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. In the event of significant changes to the current market conditions, possible changes in these estimates could result in revisions to the carrying amount of the inventories. The carrying amount of the inventories at the end of the reporting period is RMB125,969,000 (30 June 2023: RMB39,094,000).

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2. Basis of Preparation (cont'd)

2.2. Use of judgements and estimates (cont'd)

Critical accounting estimates and assumptions (cont'd)

d) Income taxes

The Group has exposure to income taxes in PRC jurisdictions. Significant judgement and estimation process is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the determination of ultimate tax is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax computation in the financial year in which such determination is made.

The carrying amount of income tax liabilities at the end of the reporting period was RMB520,000 (30 June 2023: Nil).

e) Impairment of idle property, plant and equipment ("PPE")

PPE are assessed for impairment whenever there is objective evidence that the assets may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of the assets is assessed as the higher of fair value less costs of disposal and value in use.

The Group's PPE included certain production machinery of Xuzhou Zhongxin Fruit & Juice Company Limited ("Xuzhou Zhongxin") which were idle as Xuzhou Zhongxin had suspended its production of concentrated apple juice since prior years. As at the end of reporting period, the carrying amount of these idle production machinery amounted to RMB2,730,000 (30 June 2023: RMB2,960,000).

The fair value of the idle production machinery was determined using the Replacement Cost Approach, which is based on an estimate of the market value for the existing use of the production machinery, plus the current cost of replacement less deduction for physical deterioration and all relevant forms of obsolescence and optimisation.

As at the end of reporting period, no allowance for impairment loss of Xuzhou Zhongxin's idle production machinery was recognised as the recoverable amounts, based on fair value less costs of disposal, were determined to be higher than the respective carrying amounts at the reporting date.

f) Impairment of investment in joint venture

Investment in joint venture is reviewed for impairment whenever there is any indication that the investment may be impaired. If any such indication exists, an impairment assessment will be performed accordingly. The recoverable amount of the investment is assessed as the higher of its fair value less costs of disposal and its value in use.

The carrying amount of the investment in joint venture at the end of the reporting period is RMB6,347,000 (30 June 2023: RMB6,347,000)

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3. Seasonal Operations

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

4. Segment and Revenue Information

Revenue represents the value of the goods sold to customers, net of sales discount and returns. It includes sales of fruit juice concentrate to immediate holding company and related parties as disclosed in Note 6.2.

a) Business segment

There is no breakdown by business segments as the Group's operations and sales in the current and previous financial year were predominantly related to fruit juice concentrate.

b) Geographical information

There is no breakdown by geographical markets of revenue and non-current assets information as the Group's operations and customers were predominantly based in the PRC.

c) Disaggregation of revenue from contracts with customers

	Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	RMB'000	RMB'000
Revenue		
<i>Fruit juice production:</i>		
Concentrated apple juice	46,473	37,485
Concentrated pear juice	2,646	7,262
Apple essence	77	-
Fructose	8,361	7,707
Fruit pomace	885	299
	58,442	52,753
Timing of transfer of goods or service:		
At a point in time	58,442	52,753

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4. Segment and Revenue Information (cont'd)d) Contract balances

	Group	
	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
<u>Contract liabilities - current:</u>		
Advance receipts from a customer	1,403	3,544

Significant changes in contract liabilities balances during the financial period are disclosed as follows:

	Group	
	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
<u>Contract liabilities</u>		
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	(2,141)	-
Increase due to cash received, excluding amounts recognised as revenue during the financial period	-	3,544

ZHONGXIN FRUIT AND JUICE LIMITED(Incorporated in Singapore)
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Set out below is an overview of the financial assets and financial liabilities of the Group and of the Company as at 31 December 2023 and 30 June 2023:

	Group		Company	
	As at 31 December 2023	As at 30 June 2023	As at 31 December 2023	As at 30 June 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables				
Cash and cash equivalents	2,802	14,403	2,347	409
Notes receivables	24,800	24,800	-	-
Trade receivables	28,513	91,934	-	-
Other receivables	517	929	-	-
Receivable from subsidiaries	-	-	20,440	20,440
Receivable from related parties	-	20	-	-
Financial liabilities at amortised cost				
Trade and other payables	3,668	6,563	20	1,262
Contract liabilities	1,403	3,544	-	-
Payable to immediate holding company	54,841	53,419	-	-
Borrowings	44,297	34,385	-	-

6. Profit Before Income Tax**6.1. Significant Items**

	Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	RMB'000	RMB'000
Income		
Amortisation of deferred capital grant	(3)	(3)
Interest income	(901)	(1,980)
Write-back of allowance for impairment loss	(80)	(30)
Expenses		
Amortisation of right of use assets	93	93
Foreign exchange loss / (gain)	18	(61)
Loss on disposal of property, plant and equipment	79	-
Depreciation of property, plant and equipment	494	539
Interest expense	1,163	1,522

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6. Profit Before Income Tax (cont'd)

6.2. Related Party Transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the Group entered into the following significant transactions with related parties that took place at terms agreed between the parties during the financial period:

	Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	RMB'000	RMB'000
<u>The Group</u>		
Sales to SDICZL and its group of companies	54,406	51,933
Purchases from SDICZL and its group of companies	172	501
Interest paid with respect to loans and advances provided by SDICZL	822	1,079
Interest received from SDICZL with respect to the interest charged on the outstanding trade receivable due from SDICZL	885	1,976
<u>Joint venture of the Group</u>		
Sales to SDICZL and its group of companies*	21,615	16,640
Payment to a related party for lease of certain storage facility*	13	29
Interest paid with respect to loans and advances provided by SDICZL*	463	219

* Based on the effective equity interest of the Group in the joint venture of 50%.

7. Taxation

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

	Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	RMB'000	RMB'000
Current income tax		
- for the financial period	720	725

8. Dividends

There is no dividend declared for the 6 months ended 31 December 2023.

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9. Earnings per Share

Earnings per ordinary shares of the Group for the period based on profit after income tax :	Group	
	6 months ended	
	31 Dec 2023	31 Dec 2022
	RMB'000	RMB'000
(a) Based on the weighted average number of ordinary shares in issue (basic) (RMB cents)	0.27	0.16
(b) On a fully diluted basis (RMB cents)	0.27	0.16
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 2023 and 31 December 2022.

10. Net Asset Value

	Group		Company	
	As at	As at	As at	As at
	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
Net assets value per ordinary share based on total number of issued shares excluding treasury shares (RMB cents)	13.04	12.77	4.60	4.30

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 ordinary shares as at 31 December 2023 and 30 June 2023.

11. Property, Plant and Equipment

During the six months ended 31 December 2023, the Group acquired assets amounting to approximately RMB414,000 (31 December 2022: RMB 868,000).

During the six months ended 31 December 2023, the Group disposed off assets amounting to the net book value of approximately RMB83,000 (31 December 2022: Nil).

12. Notes Receivables

	Group	
	As at	As at
	31 December 2023	30 June 2023
	RMB'000	RMB'000
Current:		
Notes receivables	24,800	24,800

The notes receivables bear interest of 3.50% per annum (30 June 2023: 3.50%) and mature in October 2024 (30 June 2023: mature in January 2024).

The notes receivables as at 31 December 2023 and 30 June 2023 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.

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13. Trade Receivables

	Group	
	As at 31 December 2023 RMB'000	As at 30 June 2023 RMB'000
Trade receivables		
- immediate holding company	28,513	91,934

Trade receivables from immediate holding company are unsecured, interest bearing at 3.65% per annum (30 June 2023: 4.35%) and generally on 60 days terms. Trade receivables from third parties are unsecured, non-interest bearing and were generally on 30 to 60 days terms.

The Group determines the ECL of trade receivables by using the individual (debtor-by-debtor) basis at the reporting date in view that there was only 1 trade debtor and the trade amounts due from the immediate holding company constituted 100% (30 June 2023: 100%) of the Group's trade receivables as at that date.

The Group's credit risk exposure in relation to trade receivables and amount due from immediate holding company (trade) from contracts with customers at the reporting date are set out in the provision matrix as presented below.

	← Past due (days) →				Total RMB'000
	Current RMB'000	1 - 90 days RMB'000	91 to 270 days RMB'000	> 270 days RMB'000	
<u>31 December 2023</u>					
Expected credit loss rate	*	*	*	*	
Trade receivables	-	-	-	-	-
Trade amounts due from immediate holding company	28,513	-	-	-	28,513
	28,513	-	-	-	28,513
Loss allowance - lifetime ECL	-	-	-	-	28,513
<u>30 June 2023</u>					
Expected credit loss rate	*	*	*	*	
Trade receivables	-	-	-	-	-
Trade amounts due from immediate holding company	16,955	39,135	35,844	-	91,934
	16,955	39,135	35,844	-	91,934
Loss allowance - lifetime ECL	-	-	-	-	91,934

* ECL rate considered insignificant.

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	Group		Company	
	As at 31 December 2023	As at 30 June 2023	As at 31 December 2023	As at 30 June 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables:				
- Non-related parties ^(a)	2,119	1,861	-	-
Less: Allowance for impairment loss	(1,602)	(1,682)	-	-
Net other receivables	517	179	-	-
Deposits	-	750	-	-
	<u>517</u>	<u>929</u>	<u>-</u>	<u>-</u>

(a) Included in other receivables is an amount of RMB1,480,000 (30 June 2023: RMB1,560,000) that relates to Xuzhou Zhongxin's remaining balance of compensation for the dismantlement of land in 2015. The said amount has been fully impaired as it has been long outstanding.

The Group's other receivables that were impaired as at 31 December 2023 and 30 June 2023 and the movements of the allowance accounts used to record the impairment were as follows:

	Group	
	As at 31 December 2023	As at 30 June 2023
	RMB'000	RMB'000
Movement in allowance for impairment loss:		
At 1 July	1,682	1,712
Writeback during the year	(80)	(30)
At 30 June	<u>1,602</u>	<u>1,682</u>

The net other receivables at the end of the reporting period were mainly represented as follow:

	Note	Group		Company	
		As at 31 December 2023	As at 30 June 2023	As at 31 December 2023	As at 30 June 2023
		RMB'000	RMB'000	RMB'000	RMB'000
Deposits	(a)	-	750	-	-
Advance payment for electricity charges	(b)	455	71	-	-
Others	(c)	62	108	-	-
		<u>517</u>	<u>929</u>	<u>-</u>	<u>-</u>

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14. Other Receivables (cont'd)

Notes:

- (a) This relates to the security deposit paid by Yuncheng Zhongxin Fruit and Juice Company Limited ("Yuncheng Zhongxin") in financial year ended 30 June 2018 to its natural gas supplier. The security deposit can be utilised to offset the cost of Yuncheng Zhongxin's natural gas usage in fourth year onwards i.e. in the financial year ended 30 June 2022 onwards. Yuncheng Zhongxin has fully utilised the deposits as at 31 December 2023.
- (b) This relates to the advance payment of the electricity charges to the local authority.
- (c) Others mainly comprise of advance payments for insurance, training costs and contribution to national pension scheme / defined contribution plan.

Other receivables at the end of the reporting period were interest-free, unsecured and not past due.

The Board has assessed and is satisfied with the recoverability of the other receivables.

15. Share Capital

	Group and Company			
	As at 31 December 2023		As at 30 June 2023	
	No of shares	RMB'000	No of shares	RMB'000
Issued and fully paid:				
<u>Ordinary shares</u>				
At beginning and end of financial period/year	1,055,459,201	252,093	1,055,459,201	252,093

All issued shares are fully paid. The Company has one class of ordinary shares, which carry one vote per share without restriction. The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. The ordinary shares have no par value.

There was no change in the Company's issued share capital of 1,055,459,201 ordinary shares amounting to RMB252,093,405 from 30 June 2023 to 31 December 2023.

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

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

As at 31 December 2023, 30 June 2023 and 31 December 2022, there were no outstanding options, convertibles, treasury shares or subsidiary holdings in the Company.

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	Note	Group		Company	
		As at	As at	As at	As at
		31 December 2023	30 June 2023	31 December 2023	30 June 2023
		RMB'000	RMB'000	RMB'000	RMB'000
Trade payables:					
- Third parties	(a)	1,408	2,295	-	-
Accrued operating expenses	(b)	766	1,456	1	863
Accrued salaries, bonus and directors' remunerations		1,019	2,419	19	399
VAT payable		475	393	-	-
		<u>3,668</u>	<u>6,563</u>	<u>20</u>	<u>1,262</u>

Trade payables to third parties are unsecured, non-interest bearing and are generally on 30 to 60 days terms.

Notes:

(a) The aging of the Group's trade payables at the end of the reporting period was as follows:

	Group	
	As at	As at
	31 December 2023	30 June 2023
	RMB'000	RMB'000
Less than 30 days	1,395	2,295
Within 31 to 60 days	2	-
Within 61 to 90 days	-	-
Within 91 to 120 days	-	-
More than 121 days	11	-
Total	<u>1,408</u>	<u>2,295</u>

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16. Trade and Other Payables (cont'd)Notes (cont'd):

(b) The accrued operating expenses at the end of the reporting period were mainly represented as follow:

	Note	Group		Company	
		As at	As at	As at	As at
		31 December 2023	30 June 2023	31 December 2023	30 June 2023
		RMB'000	RMB'000	RMB'000	RMB'000
Accruals:					
- Internal and external audit services		-	597	-	597
- Outsourced financial reporting services		-	150	-	150
Others	(i)	766	709	1	116
		<u>766</u>	<u>1,456</u>	<u>1</u>	<u>863</u>

(i) Others mainly comprise of custom fee and freight payable, amount payable to other non-trade suppliers, insurance payable, other accrued expenses and miscellaneous payables.

Other payables at the end of the reporting period were interest-free, unsecured and not past due.

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17. Borrowings

	Group			
	As at 31 Dec 2023		As at 30 June 2023	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
<u>Repayable in one year or less, or on demand</u>				
- Trade financing	-	24,564	-	24,672
- Short-term bank loans	-	19,733	-	9,713
<u>Repayable after one year</u>				
- Bank borrowings	-	-	-	-
Total	-	44,297	-	34,385

Details of any collateral

The trade financing bore a fixed interest of 3.50% (30 June 2023: 3.50%) per annum, repayable within 12 months and was 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, SDICZL to the Group in favour of financial institutions.

Trade financing amounted to RMB9.9 million outstanding as at 30 June 2023 had matured and fully settled in the financial period.

The short-term bank loans were unsecured and bear interest at 2.80% (30 June 2023: 2.80%) per annum that are obtained for working capital purpose. The borrowing tenure is 1 year from June 2023 (30 June 2023: from June 2023).

18. Subsequent Events

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

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F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

1. Review

The condensed consolidated statements of financial position of Zhongxin Fruit and Juice Limited and its subsidiaries as at 31 December 2023 and the related condensed consolidated statement of profit or loss and comprehensive income, condensed consolidated statements 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.

1A. 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.

2. Review of performance of the Group

Review for the performance of the Group for the six months financial period ended 31 December 2023 ("HY2024") as compared to the six months financial period ended 31 December 2022 ("HY2023").

Consolidated Statement of Comprehensive Income

During HY2024 and HY2023, the Group had recorded the following:

	Group	
	HY2024	HY2023
Procurement (Metric tonnes, "MT"):		
- Apples	77,547	46,109
- Pears	14,185	17,879
- Processed apple juice	-	40
Total	91,732	64,028
Production (MT):		
- Apple juice	9,956	6,624
- Pear juice	930	1,252
- Fructose	2,201	1,167
- Essence	103	98
Total	13,190	9,141
Sales volume (MT):		
- Apple juice	4,089	4,625
- Pear juice	273	695
- Fructose	651	856
- Essence	6	-
Total	5,019	6,176
Average selling price (RMB per MT):		
- Fruit juice	11,323	8,412
- Fructose	12,842	9,006
- Essence	13,248	-

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2. Review of performance of the Group (cont'd)

Production

The disruption in raw materials supply due to heatwave that occurred in the previous financial year had eased in the current financial period. The harvest of apples and pears have gradually returned to normalcy.

Leveraging on the ample supply in the market attributed to better harvesting in the current season, the subsidiary of the Company, Yuncheng Zhongxin procured higher volume of apples and increase its production volume in HY2024.

The fruit juice industry is cyclical in nature as raw materials such as apples and pears 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 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. This is to ensure that it has sufficient inventories on hand to capture sales opportunities and to cater to market demand when the fruit juice market rebounded and stabilised.

Xuzhou Zhongxin Fruit & Juice Company Limited ("Xuzhou Zhongxin") has continued the suspension of its fruit juice production due to operational constraint. Xuzhou Zhongxin has also suspended its garlic processing activities since the end of financial year ended 30 June 2021 due to the low demand for garlic in the main importing countries mainly attributable to rising shipping costs and trade and shipping disruptions. After considering the costs and benefits, including the anticipated volume of business, manpower and other resources that need to be put in place to resume production, the Management decided that it may not be commercially viable for Xuzhou Zhongxin to resume its fruit juice production and garlic processing activities and has taken the decision to continue the suspension of Xuzhou Zhongxin's fruit juice concentrate production and garlic processing.

Revenue

The Group's revenue has increased by 11% from RMB52.8 million in HY2023 to RMB58.4 in HY2024. This was mainly due to higher average selling price of concentrated fruit juices which has increased by approximately 35% in HY2024 as compared to HY2023 due to higher raw material costs.

However, the impact to the Group's revenue arising from an increase in the average selling price was partially offset by lower sales volume. There was a drop in the customers' demand for concentrated fruit juices as reflected in the lower sales volume in HY2024 mainly due to the prolonged impact of the economic slowdown.

Gross profit

The Group recorded lower gross profit margin of 18.4% in HY2024 as compared to 24.0% in HY2023 mainly due to higher procurement and production costs. This resulted in the gross profit decreased from approximately RMB12.6 million in HY2023 to RMB10.7 million in HY2024.

Other income

The Group reported lower amount of other income in HY2024 as compared to HY2023 mainly due to the decrease in interest income by RMB1.1 million in relation to the interest charged by Yuncheng Zhongxin for outstanding accounts receivables from SDICZL. The decrease is attributable to the lower level of outstanding accounts receivables due from SDICZL.

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2. Review of performance of the Group (cont'd)

Expenses

The decrease in administrative expenses was mainly due to the following:

- a) Absence of RMB1.4 million legal fees incurred by Xuzhou Zhongxin in HY2023. This was in relation to the professional fees paid to the appointed legal firm for their assistance in the recovery of a settlement payment that was resolved in year 2022.
- b) Lower repair and maintenance costs by approximately RMB0.5 million as the major enhancement and upkeep activities had been carried out in the previous financial year.

The decrease in finance costs was mainly due to lower interest paid by Xuzhou Zhongxin with respect to the lower level of average loans and advances made by the Group's immediate holding company, SDICZL in HY2024 to Xuzhou Zhongxin to finance its working capital requirements.

Share of loss from equity-accounted joint venture

The Group shared the loss from its equity-accounted joint venture, Linyi SDIC Zhonglu Fruit Juice Co., Ltd ("Linyi SDIC") of approximately RMB0.2 million in HY2024 as compared to approximately RMB1.5 million in HY2023. This was mainly due to the improvement in revenue and gross profit recorded by Linyi SDIC in HY2024 attributed to the higher average selling price of the concentrated fruit juices.

Income Tax Expense

Income tax expense in HY2024 was related to the income tax on non-operating income that was not exempted from tax.

Profit for the financial period

Due to the reasons explained above, the Group recorded profit after taxation of RMB 2.9 million in HY2024 as compared to RMB1.7 million in HY2023.

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2. Review of performance of the Group (cont'd)

Statements of Financial Position

The comparative for both the assets and liabilities are based on the Group's financial statements as at 31 December 2023 and 30 June 2023.

Non-current assets decreased by approximately RMB1.9 million from RMB60.5 million as at 30 June 2023 to RMB58.6 million as at 31 December 2023 mainly due to the following:

Property, plant and equipment ("PPE")

PPE decreased by approximately RMB1.7 million mainly due to depreciation charges of RMB2.0 million offset by a PPE addition of RMB0.4 million.

Included in the depreciation charges in HY2024 was an amount of RMB1.5 million (HY2023: RMB1.8 million) that was absorbed into inventories costing while the remaining amount of RMB 0.5 million (HY2023: RMB0.5 million) was charged to distribution and administrative expenses.

Current assets increased by approximately RMB11.6 million from RMB172.4 million as at 30 June 2023 to RMB184.0 million as at 31 December 2023 mainly due to the following:

Cash and cash equivalents

Cash and cash equivalents decreased by approximately RMB11.6 million as explained under the statement of cash flows below.

Trade receivables

Trade receivables decreased by approximately RMB63.4 million mainly attributable to the repayment of the outstanding trade amount owing by SDICZL.

Other receivables

Other receivables decreased by approximately RMB0.4 million mainly attributable to the decrease in natural gas supply's security deposit of approximately RMB 0.7 million and offset by the increase in the advance payment of electricity charges to local authority of approximately RMB0.4 million, as explained in Page 16.

Prepayments

Prepayments increased by approximately RMB0.2 million mainly due to higher prepaid expenses made to suppliers in view of the higher level of procurement and production activities in the financial period.

Inventories

Inventories increased by approximately RMB86.9 million due to the increase in production volume and lower level of sales activities in HY2024.

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 2023 which were mainly represented by fruit juice concentrate finished goods.

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2. Review of performance of the Group (cont'd)

Current liabilities increased by approximately RMB6.8 million from RMB97.9 million as at 30 June 2023 to RMB104.7 million as at 31 December 2023. This was mainly due to the following:

Trade and Other Payables

Trade and other payables decreased by approximately RMB2.9 million mainly driven by a decrease in trade payables attributed to lower outstanding payables owed to trade suppliers as well as the lower accrued expenses required as at the balance sheet date.

Contract liabilities

Contract liabilities were in relation to advances received from a customer as deposit for the sale of fruit juice. The decrease in contract liabilities' balances were due to the sales recognised in HY2024 as disclosed in Page 11.

Borrowings

The borrowings of RMB44.3 million as at 31 December 2023 were in relation to the following:

- a) Trade financing of approximately RMB24.6 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; and
- b) Short-term bank loans of approximately RMB19.7 million obtained by Yuncheng Zhongxin from financial institutions for working capital purpose.

Statement of Cash Flows

Net cash used in operating activities of RMB21.4 million in HY2024 was mainly due to the positive cash flows before working capital changes and the changes in working capital outflow largely from the increase in inventories, offset by the decrease in receivable from immediate holding company.

Net cash used in investing activities of RMB0.4 million in HY2024 was mainly due to purchase of PPE.

Net cash generated from financing activities of RMB10.2 million in HY2024 was mainly due to drawdown of borrowings.

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

No specific forecast or prospect statement had been previously disclosed to shareholders.

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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.

The PRC has seen a surge in respiratory illness cases occurred since the last quarter of year 2023. While this has caused the country to experience a new wave of coronavirus and respiratory infections, the situation in PRC is largely manageable. The PRC is expected to live with the COVID-19 virus as endemic. Amid the uncertainty concerning the slowing down of the virus spread as well as the emergence of new Covid variants, the Group aims to stay vigilant in order to be in a position to take prompt action to deal with the situation.

While the Group continued to be profitable in HY2024, sustaining the performance of the business remains challenging in the mid to long term. The market demand fluctuates and the harvesting conditions are unpredictable. The unpredictable harvesting conditions due to impact from the unfavourable weather condition may also cause difficulty in sourcing quality raw materials and impede the Group's ability to maximise the production activity to meet the market demands. Headwinds such as competition, cost pressures brought about by escalating logistic and shipping costs, inflation, rising interest rates as well as the evolving geopolitical and trade conflicts will continue to present volatility in the economy and drive operating costs higher.

The mounting risks of recession together with all the above factors will continue to create uncertainty and will have an impact on the business of the Group. The Group aims to mitigate these risks through cost optimisation and productivity improvements, and strives to continue driving the growth in sales by expanding the product offerings to cater to the evolving consumer tastes and needs. 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.

The business activities of Xuzhou Zhongxin has been suspended due to various business constraints. The Management is actively looking at options to renew the business model of Xuzhou Zhongxin and to maximise its asset realisation value.

On the Environmental, Social and Governance (ESG) front, the Group will continue to actively pursue on these initiatives. This includes looking into increasing its investment in environmental treatment facilities and stepping up efforts on environmental governance in accordance with relevant national environment protection policies. These efforts will not only ensure the Group's continued sustainable development but also will be able to enhance the Group's brand reputation and competitiveness, demonstrating a commitment to social responsibility.

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5. Dividend

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

No dividend was declared for HY2024.

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

Not applicable.

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

Not applicable. No dividend was declared for HY2023.

- (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.

6. **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 HY2024 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.

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7. Interested person transactions

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)
SDICZL and its associates	-	(a) Sales by the Group to SDICZL and its group of companies 54,406
		(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 885
		(c) Interest paid by a subsidiary of the Company with respect to the working capital provided by SDICZL 822
Total	-	56,113

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 25 October 2023.

Save as disclosed above, there are no other disclosable IPTs above S\$100,000 in HY2024.

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8. 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 2023 to be false or misleading in any material aspect.

Liu Yu
Director

Liu Xiaoyan
Director

9. 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.

10. Changes in the composition of the Group

There were no changes in the composition of the Group in HY2024.

BY ORDER OF THE BOARD

Liu Yu
Chairman and Non-Executive Non-Independent Director

2 February 2024

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

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the 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.