



SUNTAR ECO-CITY LIMITED

Condensed interim consolidated financial statements  
For the six months and full year ended 31 December 2021

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## A. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	2 <sup>nd</sup> half year	2 <sup>nd</sup> half year		Full year	Full year	
	ended	ended		ended	ended	
	31-Dec	31-Dec		31-Dec	31-Dec	
	2021	2020	+ / (-)	2021	2020	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
<b>Revenue</b>	1,930	9,480	(79.6)	10,773	22,204	(51.5)
Cost of sales	(1,764)	(9,143)	(80.7)	(10,343)	(21,657)	(52.2)
<b>Gross profit</b>	166	337	(50.7)	430	547	(21.4)
Other operating income	1,072	2,069	(48.2)	1,579	3,036	(48.0)
Administrative expenses	(1,587)	(2,095)	(24.2)	(3,186)	(3,394)	(6.1)
Selling and distribution expenses	(138)	(124)	11.3	(283)	(214)	32.2
Other operating expenses	(536)	-	n.m.	(536)	-	n.m.
Share of profit of associate	996	93	n.m.	2,087	654	n.m.
<b>(Loss) profit before income tax</b>	(27)	280	n.m.	91	629	(85.5)
Income tax expense	(17)	(384)	(95.6)	(26)	(506)	(94.9)
<b>Net (Loss) profit</b>	(44)	(104)	(57.7)	65	123	(47.2)
<b>Profit attributable to:</b>						
Owners of the company	(25)	(104)	(76.0)	84	123	(31.7)
Non-controlling interests	(19)	-	n.m.	(19)	-	n.m.
	(44)	(104)	(57.7)	65	123	(47.2)
<b>Earnings per ordinary share (cent)</b>						
- Basic	(0.04)	(0.17)		0.13	0.20	
- Diluted	(0.04)	(0.17)		0.13	0.20	

n.m.= not meaningful

## B. Condensed Interim Statements of Financial Position

	Group 31/12/2021 RMB'000	Group 31/12/2020 RMB'000	Company 31/12/2021 RMB'000	Company 31/12/2020 RMB'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	8,954	49,022	187	233
Trade receivables	1,022	120	-	-
Other receivables	54,714	14,615	65	32
Completed properties for sale	11,664	11,649	-	-
Inventories	139	50	-	-
<b>Total current assets</b>	<b>76,493</b>	<b>75,456</b>	<b>252</b>	<b>265</b>
<b>Non-current assets</b>				
Right-of-use asset	13,746	14,018	-	-
Property, plant and equipment	135	167	-	-
Subsidiaries	-	-	131,406	131,406
Associate	24,001	21,914	-	-
<b>Total non-current assets</b>	<b>37,882</b>	<b>36,099</b>	<b>131,406</b>	<b>131,406</b>
<b>Total assets</b>	<b>114,375</b>	<b>111,555</b>	<b>131,658</b>	<b>131,671</b>
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Trade payables	4,768	3,293	-	-
Other payables	18,505	16,854	15,222	13,567
Income tax payable	1,594	1,954	-	-
<b>Total current liabilities</b>	<b>24,867</b>	<b>22,101</b>	<b>15,222</b>	<b>13,567</b>
<b>Capital, reserves and non-controlling interests</b>				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	1,052	970	-	-
Accumulated losses	(74,227)	(74,229)	(46,277)	(44,609)
<b>Equity attributable to equity holders of the Company</b>	<b>89,538</b>	<b>89,454</b>	<b>116,436</b>	<b>118,104</b>
<b>Non-controlling interest</b>	<b>(30)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>89,508</b>	<b>89,454</b>	<b>116,436</b>	<b>118,104</b>
<b>Total liabilities and equity</b>	<b>114,375</b>	<b>111,555</b>	<b>131,658</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 RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
<b>Group</b>						
Balance as at 1 January 2021	162,713	970	(74,229)	89,454	-	89,454
Acquisition of a subsidiary	-	-	-	-	(11)	(11)
Profit for the year, representing total comprehensive profit for the year	-	-	84	84	(19)	65
Transfer to statutory reserves	-	82	(82)	-	-	-
Balance as at 31 December 2021	162,713	1,052	(74,227)	89,538	(30)	89,508
Balance as at 1 January 2020	162,713	776	(74,158)	89,331	-	89,331
Profit for the year, representing total comprehensive income for the year	-	-	123	123	-	123
Transfer to statutory reserves	-	194	(194)	-	-	-
Balance as at 31 December 2020	162,713	970	(74,229)	89,454	-	89,454

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>Company</b>				
Balance as at 1 January 2021	162,713	-	(44,609)	118,104
Loss for the year, representing total comprehensive loss for the year	-	-	(1,668)	(1,668)
Balance as at 31 December 2021	162,713	-	(46,277)	116,436
Balance as at 1 January 2020	162,713	-	(42,815)	119,898
Loss for the year, representing total comprehensive loss for the year	-	-	(1,794)	(1,794)
Balance as at 31 December 2020	162,713	-	(44,609)	118,104

## D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	FY2021 RMB'000	FY 2020 RMB'000
<b>Operating activities:</b>		
Profit before income tax	91	629
Adjustments for:		
Depreciation of property, plant and equipment	32	36
Interest income	(1,318)	(2,763)
Depreciation of right-of-use asset	272	272
Impairment loss on trade receivables	525	-
Impairment loss on goodwill on acquisition of subsidiary	11	
share of profit of associate	(2,087)	(654)
<b>Operating loss before working capital changes</b>	<b>(2,474)</b>	<b>(2,480)</b>
Change in trade receivables	(1,427)	5,022
Change in inventories	(89)	43
Change in other receivable	181	(109)
Change in completed properties for sale	(15)	83
Change in trade payables	1,475	(3,545)
Change in other payables and accruals	(51)	(6,754)
<b>Cash used in operations</b>	<b>(2,400)</b>	<b>(7,740)</b>
Interest received	2,318	1,763
Income tax paid	(386)	(424)
<b>Net cash used in operating activities</b>	<b>(468)</b>	<b>(6,401)</b>
<b>Investing activities:</b>		
Purchase of property, plant and equipment	-	(139)
Disposal of subsidiary net of cash disposed of	-	(500)
Investment in associate	-	(14,882)
Advance to associate	(53,280)	-
Loan to third party	12,000	(12,000)
<b>Net cash used in investing activities</b>	<b>(41,280)</b>	<b>(27,521)</b>
<b>Financing activities</b>		
Receipt of advances from a director, representing net cash generated from financing activity	1,702	1,986
Net decrease in cash and cash equivalents	(40,046)	(31,936)
Cash and cash equivalents at beginning of financial year	49,022	80,946
Effect of exchange rate changes on the balance of cash held in foreign currencies	(22)	12
<b>Cash and cash equivalents at end of financial year</b>	<b>8,954</b>	<b>49,022</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 and full year ended 31 December 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 and full year ended 31 December 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

##### Segment revenues and results

	<u>Health &amp; Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	6 months	6 months	6 months	6 months	6 months	6 months	6 months	6 months
	ended	ended	ended	ended	ended	ended	ended	ended
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue:</b>								
External customers	1,930	9,480	-	-	-	-	1,930	9,480
<b>Segment result:</b>								
Segment result	(636)	1,037	513	423	(900)	(1,273)	(1,023)	187
Share of profit in associate							996	93
Tax expense							(17)	(384)
<b>Loss for the period</b>							(44)	(104)
	<u>Health &amp; Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	Full year	Full year	Full year	Full year	Full year	Full year	Full year	Full year
	ended	ended	ended	ended	ended	ended	ended	ended
	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec	31-Dec
	2021	2020	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue:</b>								
External customers	10,679	22,109	94	95	-	-	10,773	22,204
<b>Segment result:</b>								
Segment result	(569)	1,114	432	760	(1,859)	(1,899)	(1,996)	(25)
Share of profit in associate							2,087	654
Tax expense							(26)	(506)
<b>Profit for the year</b>							65	123

## 4.1 Reportable segments (Cont'd)

### Segment assets, liabilities and other segment information

	<u>Health &amp; Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets:</b>								
Segment assets	29,775	37,456	84,315	73,713	285	386	114,375	111,555
<b>Liabilities:</b>								
Segment liabilities	1,673	296	7,372	7,670	15,822	14,135	24,867	22,101

## 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>Group</b>			
	6 months ended 31-Dec 2021 RMB'000	6 months ended 31-Dec 2020 RMB'000	Full year ended 31-Dec 2021 RMB'000	Full year ended 31-Dec 2020 RMB'000
Timing of revenue recognition				
<u>At a point of time:</u>				
Sale of completed properties	-	-	94	95
Sale of health and nutrition products	1,930	9,480	10,679	22,109
<b>Total</b>	<b>1,930</b>	<b>9,480</b>	<b>10,773</b>	<b>22,204</b>

## 4.3 A breakdown of sales

	<b>Group</b>		
	31/12/2021 RMB'000	31/12/2020 RMB'000	Increase / (decrease) %
(a) Sales reported for first half year	8,843	12,724	(31)
(b) Profit after tax before minority interest reported for first half year	109	227	(52)
(c) Sales reported for second half year	1,930	9,480	(80)
(d) Loss after tax before minority interest reported for second half year	(44)	(104)	(58)

## 5. Financial assets and financial liabilities

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

	The Group		The Company	
	31/12/2021 RMB'000	31/12/2020 RMB'000	31/12/2021 RMB'000	31/12/2020 RMB'000
<b>Financial assets</b>				
<b>Financial assets at amortised cost:</b>				
Cash and cash equivalents	8,954	49,022	187	233
Trade receivables	1,022	120	-	-
Other receivables	53,877	13,788	65	32
	<b>63,853</b>	<b>62,930</b>	<b>252</b>	<b>265</b>
<b>Financial liabilities</b>				
Trade payables	4,768	3,293	-	-
Other payables	15,978	14,327	15,222	13,567
	<b>20,746</b>	<b>17,620</b>	<b>15,222</b>	<b>13,567</b>

## 6. Profit before taxation

### 6.1 Significant items

	Group			Group		
	2 <sup>nd</sup> half year ended 31-Dec 2021 RMB'000	2 <sup>nd</sup> half year ended 31-Dec 2020 RMB'000	+ / (-) %	Full year ended 31-Dec 2021 RMB'000	Full year ended 31-Dec 2020 RMB'000	+ / (-) %
<b>Other Income</b>						
Interest income	852	1,923	(55.7)	1,318	2,763	(52.3)
Net foreign exchange gain	20	11	81.8	45	47	(4.3)
<b>Other operating expenses</b>						
Staff costs	(81)	(201)	(59.7)	(607)	(729)	(16.7)
Depreciation of right-of-use asset	(136)	(136)	(33.3)	(272)	(272)	(11.1)
Depreciation of property, plant and equipment	(14)	(21)	81.8	(32)	(36)	(4.3)
Trade receivables written off	(525)	-	n.m.	(525)	-	n.m.

## 6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

## 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:

	Group			Group		
	2 <sup>nd</sup> half year ended	2 <sup>nd</sup> half year ended		Full year ended	Full year ended	
	31-Dec	31-Dec		31-Dec	31-Dec	
	2021	2020	+ / (-)	2021	2020	+ / (-)
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Current tax expense	(17)	(384)	(96)	(26)	(506)	(95)

## 8. Dividends

No dividends for the full year ended 31 December 2021 (31 December 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

	Group 31/12/2021 RMB Cents	Group 31/12/2020 RMB Cents	Company 31/12/2021 RMB Cents	Company 31/12/2020 RMB Cents
Net asset value per ordinary share based on total number of issued shares	142.67	142.53	185.53	188.18

## 10. Loan and Borrowings

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

As at 31/12/2021		As at 31/12/2020	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	13,894	Nil	12,192

**Amount repayable after one year**

As at 31/12/2021		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 31 December 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 31 December 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 31 December 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 full year 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 11.43 million to RMB 10.77 million for the year ended 31 December 2021 ("FY2021") compared to the corresponding period in 2020. The revenue was mainly contributed by the Health and Nutrition segment with a revenue of RMB 10.68 million and RMB 0.09 million from the Property Development segment from the sales of 1 parking lot in FY2021.

Despite the drop in the Group's revenue, the Group's gross profit margin had an increase of 1.53% to 3.99% in FY2021 compared to the 2.46% in the corresponding period.

Other operating income has decreased to RMB 1.58 million as compared to RMB 3.04 million in FY2020. This is mainly due to a reduction in interest income. General and Administrative expenses have decreased from RMB 3.39 million to RMB 3.19 million. The reduction was mainly due to the decrease in expenses such as office expenses and salary expenses.

Other operating expenses has increase to RMB 536 thousand in FY2021 from the RMB 0 in the corresponding period. The contribution to the increase in the other operating expenses is the receivables written off amounting to RMB 535 thousand.

The Group has recorded share of profit of associates of RMB 2.09 million from Hebei Huawei Health Industry Co. Ltd ("Huawei") with North China Pharmaceutical Company (NCPC) for FY2021 compared to RMB 0.65 million in FY2020. The increase in the share of profit of associates was mainly contributed by the increase of profitability of Huawei and the recording of full year share of profit in FY2021 as compared to the 8 month share of profit in FY2020.

The lost attributed to non-controlling interest is RMB 19 thousand in FY2021 compared to RMB 0 in the corresponding period. The lost attributed to non-controlling interest was contributed by Fujian Liangye Mountain Mineral Water Co., Ltd which is at the stage of market exploration.

#### **Statement of Financial Position**

Trade receivables has increased to RMB 1.02 million as at 31 December 2021 from RMB 0.12 million in the corresponding period. This is greatly contributed by the Health & Nutrition segment. Other receivables increased from RMB 14.62 million to RMB 54.71 million. This significant increase is mainly due to a RMB 53.28 million transaction to associate, Wuping Hailan Real Estate Development Co., Ltd, for the payment of land acquisition. Meanwhile, the RMB 12 million loan to third party as at 31 December 2020 has been fully recovered in FY2021.

Trade payables has increased from RMB 3.29 million to RMB 4.77 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 40.05 million for the year ended 31 December 2021. It was mainly attributable to the net cash outflow of RMB 53.28 million to finance the land acquisition requirement by associates and off-set by the RMB 12.00 million collection of loan to third party.

**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.**

The Group's search for a suitable regional market in China to launch its bottled water product has culminated in an acquisition of 51% equity interest in Fujian Liangye Mountain Mineral Water Co., Ltd in FY2021. Fujian Liangye's principal activity are in the manufacturing and selling of bottled water. The Group expects a steady expansion of business activity from Fujian Liangye to contribute to the Group's revenue for FY2022.

Additionally, the Group's indirect associate company, Wuping Hailan Real Estate Development Co., Ltd. ("Wuping Hailan"), had exercised an option to purchase the Property located at North Yihao Gongguan, Wuping County, Longyan City, Fujian Province, China (the "Property"). We expect the development and pre-sales of residential units at the Property to contribute to the Group's financials in the near future.

**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**

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. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below.**

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Lan Weiguang	58	Brother of Lan Chunguang, Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	54	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Chief Executive Officer, 2010	Nil
Lan Yihong	35	Son of Lan Weiguang, Non-Independent Non-Executive Chairman	Executive Director and Finance Director, 2015	Nil

BY ORDER OF THE BOARD

Dr Lan Weiguang  
Non-Independent Non-Executive Chairman

1 March 2022