



SUNTAR ECO-CITY LIMITED

Condensed interim consolidated financial statements
For the six months and full year ended 31 December 2022

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A. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	2 nd half year ended 31-Dec 2022 RMB'000	2 nd half year ended 31-Dec 2021 RMB'000		Full year ended 31-Dec 2022 RMB'000	Full year ended 31-Dec 2021 RMB'000	
			+ / (-) %			+ / (-) %
Revenue	11,830	1,930	n.m.	15,791	10,773	46.6
Cost of sales	(11,259)	(1,764)	n.m.	(15,021)	(10,343)	45.2
Gross profit	571	166	n.m.	770	430	79.1
Other operating income	42	1,072	(96.1)	143	1,579	(90.9)
Administrative expenses	(1,359)	(1,587)	(14.4)	(2,699)	(3,186)	(15.3)
Selling and distribution expenses	(253)	(138)	83.3	(412)	(283)	45.6
Impairment Loss on trade receivables	-	(525)	n.m.	-	(525)	n.m.
Other operating expenses	(914)	(11)	n.m.	(914)	(11)	n.m.
Share of profit of associate	1,948	996	95.6	3,303	2,087	58.3
Profit before taxation	35	(27)	n.m.	191	91	n.m.
Tax expense	106	(17)	n.m.	130	(26)	n.m.
Net profit (Loss)	141	(44)	n.m.	321	65	n.m.
Profit (Loss) attributable to:						
Owners of the company	64	(25)	n.m.	247	84	n.m.
Non-controlling interests	77	(19)	n.m.	74	(19)	n.m.
	141	(44)	n.m.	321	65	n.m.
Earnings per ordinary share (cent)						
- Basic	0.10	(0.04)		0.39	0.13	
- Diluted	0.10	(0.04)		0.39	0.13	

n.m.= not meaningful

B. Condensed Interim Statements of Financial Position

	Group 31/12/2022 RMB'000	Group 31/12/2021 RMB'000	Company 31/12/2022 RMB'000	Company 31/12/2021 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	10,330	8,954	350	187
Trade receivables	544	1,022	-	-
Other receivables	48,921	54,714	100	65
Completed properties for sale	10,789	11,664	-	-
Inventories	179	139	-	-
Total current assets	70,763	76,493	450	252
Non-current assets				
Right-of-use asset	13,474	13,746	-	-
Property, plant and equipment	119	135	-	-
Subsidiaries	-	-	131,406	131,406
Associate	31,305	24,001	-	-
Deferred tax asset	229	-	-	-
Total non-current assets	45,127	37,882	131,406	131,406
Total assets	115,890	114,375	131,856	131,658
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	4,093	4,768	-	-
Other payables	20,559	18,505	17,274	15,281
Income tax payable	1,409	1,594	-	-
Total current liabilities	26,061	24,867	17,274	15,281
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	1,070	1,052	-	-
Accumulated losses	(73,998)	(74,227)	(48,131)	(46,336)
Equity attributable to owners of the Company	89,785	89,538	114,582	116,377
Non-controlling interest	44	(30)	-	-
Total equity	89,829	89,508	114,582	116,377
Total liabilities and equity	115,890	114,375	131,856	131,658

C. Condensed Interim Statements of Changes in Equity

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	controlling interest RMB'000	Total equity RMB'000
Group						
Balance as at 1 January 2022	162,713	1,052	(74,227)	89,538	(30)	89,508
Profit for the year, representing total comprehensive income for the year	-	-	247	247	74	321
Transfer to statutory reserves	-	18	(18)	-	-	-
Balance as at 31 December 2022	162,713	1,070	(73,998)	89,785	44	89,829
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 income 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

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Company				
Balance as at 1 January 2022	162,713	-	(46,336)	116,377
Loss for the year, representing total comprehensive loss for the year	-	-	(1,795)	(1,795)
Balance as at 31 December 2022	162,713	-	(48,131)	114,582
Balance as at 1 January 2021	162,713	-	(44,609)	118,104
Loss for the year, representing total comprehensive loss for the year	-	-	(1,727)	(1,727)
Balance as at 31 December 2021	162,713	-	(46,336)	116,377

D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	FY2022 RMB'000	FY 2021 RMB'000
Operating activities:		
Profit before taxation	191	91
Adjustments for:		
Depreciation of property, plant and equipment	16	32
Interest income	(46)	(1,318)
Depreciation of right-of-use asset	272	272
Impairment loss on trade receivables	-	525
Impairment loss on goodwill on acquisition of subsidiary	-	11
Impairment loss on completed properties for sale	914	-
Government grant	(7)	(12)
Share of profit of associate	(3,303)	(2,087)
Operating loss before working capital changes	(1,963)	(2,486)
Change in trade receivables	478	(1,347)
Change in inventories	(40)	(37)
Change in other receivable	513	174
Change in completed properties for sale	(39)	(15)
Change in trade payables	(675)	1,300
Change in other payables and accruals	245	(77)
Cash used in operations	(1,481)	(2,488)
Government grant received	7	12
Interest received	46	2,318
Income tax paid	(284)	(386)
Net cash used in operating activities	(1,712)	(544)
Investing activities:		
Acquisition of subsidiary, net of cash acquired	-	43
Purchase of property, plant and equipment	-	-
Repayment from (Advance to) an associate	5,280	(53,280)
Investment in associate	(4,000)	-
Loan to third party	-	12,000
Net cash generated from (used in) investing activities	1,280	(41,237)
Financing activities		
Receipt of advances from a director, representing net cash generated from financing activity	1,829	1,702
Net increase (decrease) in cash and cash equivalents	1,397	(40,079)
Cash and cash equivalents at beginning of financial year	8,954	49,022
Effect of exchange rate changes on the balance of cash held in foreign currencies	(21)	11
Cash and cash equivalents at end of financial year	10,330	8,954

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 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are:

- (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 2022 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 2021.

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 2021.

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 & Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	6 months ended 31-Dec 2022	6 months ended 31-Dec 2021	6 months ended 31-Dec 2022	6 months ended 31-Dec 2021	6 months ended 31-Dec 2022	6 months ended 31-Dec 2021	6 months ended 31-Dec 2022	6 months ended 31-Dec 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:								
External customers	11,830	1,930	-	-	-	-	11,830	1,930
Segment result:								
Segment result	211	(636)	(1,191)	513	(933)	(900)	(1,913)	(1,023)
Share of profit in associate							1,948	996
Tax expense							106	(17)
Loss for the period							141	(44)

	<u>Health & Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	Full year ended 31-Dec 2022	Full year ended 31-Dec 2021	Full year ended 31-Dec 2022	Full year ended 31-Dec 2021	Full year ended 31-Dec 2022	Full year ended 31-Dec 2021	Full year ended 31-Dec 2022	Full year ended 31-Dec 2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:								
External customers	15,791	10,679	-	94	-	-	15,791	10,773
Segment result:								
Segment result	144	(569)	(1,438)	432	(1,818)	(1,859)	(3,112)	(1,996)
Share of profit in associate							3,303	2,087
Tax expense							130	(26)
Profit for the year							321	65

4.1 Reportable segments (Cont'd)

Segment assets, liabilities and other segment information

	<u>Health & Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets:								
Segment assets	28,463	29,775	86,974	84,315	453	285	115,890	114,375
Liabilities:								
Segment liabilities	997	1,673	10,528	7,372	14,536	15,822	26,061	24,867

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.

	Group			
	6 months ended 31 December 2022 RMB'000	6 months ended 31 December 2021 RMB'000	Full year ended 31 December 2022 RMB'000	Full year ended 31 December 2021 RMB'000

Timing of revenue recognition

At a point of time:

Sale of completed properties	-	-	-	94
Sale of health and nutrition products	11,830	1,930	15,791	10,679
Total	11,830	1,930	15,791	10,773

4.3 A breakdown of sales

		Group		Increase / (decrease)
		31/12/2021	31/12/2021	
		RMB'000	RMB'000	%
(a)	Sales reported for first half year	3,961	8,843	(55)
(b)	Profit after tax before minority interest reported for first half year	180	109	68
(c)	Sales reported for second half year	11,830	1,930	n.m
(d)	Profit (Loss) after tax before minority interest reported for second half year	141	(44)	n.m

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 2022 and 31 December 2021

	The Group		The Company	
	31/12/2022 RMB'000	31/12/2021 RMB'000	31/12/2022 RMB'000	31/12/2021 RMB'000
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	10,330	8,954	350	187
Trade receivables	544	1,022	-	-
Other receivables	48,921	54,714	100	65
	59,795	64,690	450	252
Financial liabilities				
Trade payables	4,093	4,768	-	-
Other payables	20,559	18,505	17,274	15,281
	24,652	23,273	17,274	15,281

6. Profit before taxation

6.1 Significant items

	Group			Group		
	2 nd half year ended 31-Dec 2022 RMB'000	2 nd half year ended 31-Dec 2021 RMB'000	+ / (-) %	Full year ended 31-Dec 2022 RMB'000	Full year ended 31-Dec 2021 RMB'000	+ / (-) %
Other Income						
Interest income	22	852	(97.4)	46	1,318	(96.5)
Net foreign exchange gain	(38)	20	n.m.	(38)	45	n.m.
Other operating expenses						
Staff costs	(191)	(81)	n.m.	(466)	(607)	(23.2)
Depreciation of right-of-use asset	(136)	(136)	n.m.	(272)	(272)	n.m.
Depreciation of property, plant and equipment	(8)	(14)	(42.9)	(16)	(32)	(50.0)
Impairment loss on trade receivables	-	(525)	n.m.	-	(525)	n.m.
Goodwill on acquisition of subsidiary written off	-	(11)	n.m.	-	(11)	n.m.
Impairment on completed properties for sale	(914)	-	n.m.	(914)	-	n.m.

n.m. = not meaningful

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 nd half year ended 31-Dec 2022 RMB'000	2 nd half year ended 31-Dec 2021 RMB'000	+ / (-) %	Full year ended 31-Dec 2022 RMB'000	Full year ended 31-Dec 2021 RMB'000	+ / (-) %
Current tax expense	106	(17)	n.m	130	(26)	n.m

8. Dividends

No dividends for the full year ended 31 December 2022 (31 December 2021: \$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 31/12/2022 RMB Cents	Group 31/12/2021 RMB Cents	Company 31/12/2022 RMB Cents	Company 31/12/2021 RMB Cents
Net asset value per ordinary share based on total number of issued shares	143.06	142.67	182.57	185.43

10. Loan and Borrowings

Amount repayable in one year or less, or on demand

As at 31/12/2022		As at 31/12/2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	15,723	Nil	13,894

Amount repayable after one year

As at 31/12/2022		As at 31/12/2021	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

11. Share Capital

	As at 31 December 2022	As at 31 December 2021
Total number of issued shares	62,759,999	62,759,999

There are no treasury shares as at 31 December 2022 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 2022 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 increased by RMB 5.02 million to RMB 15.79 million for the year ended 31 December 2022 compared to the corresponding period in 2021. All revenue was contributed by the Health and Nutrition segment, and there was no income from the Property Development segment.

In addition, the Group's gross profit margin has increased to 5% in 2022 as compared to 4% in 2021.

Other operating income has decreased to RMB 0.14 million as compared to RMB 1.58 million in 2021. This is mainly due to a reduction in interest income from structured deposits, since the total structured deposits amount decreased.

Other operating expense is recognized as RMB 0.91 million, due to an impairment loss on property development for sale.

General and Administrative expenses have decreased by 15.3% to RMB 2.7 million. This is mainly attributed to pandemic control measures in 2022, leading to the stagnation of production and operation in many regions. Correspondingly, related office expenses have been reduced. Selling and distribution expenses have increased by 45.6% to RMB 0.41 million. The increase is attributed to the marketing cost associated with the development of new sales channels and an increase in overall sales volume for the bottled water business.

The share of profit of associate increased 58.3% to RMB 3.3 million. The joint venture, Huawei has maintained strong financial performance. The stable and consistent growth in performance can be attributed to the increase in awareness of health and wellness among the general public, which has been heightened due to the pandemic. Huawei achieved a revenue of RMB 246 million in 2022 which represents a growth of 42.86% compared to the previous year. Huawei's net profit has also increased by 55.47% to RMB 13 million, contributing RMB 4.3 million as share of profit of associate to the Group. However, due to sales expenses during the pre-sale process incurred by our associate in the property development segment, RMB 1 million was offset, resulting in a net share of profit of associate of 3.3 million for 2022.

Statement of Financial Position

Trade receivables have decreased from RMB 1.02 million by RMB 0.48 million to RMB 0.54 million as of 31 December 2022. This is entirely contributed by the Health & Nutrition segment. Other receivables have decreased from RMB 54.71 million by RMB 5.79 million to RMB 48.92 million. It is mainly due to the repayment from associate, Wuping Hailan Real Estate Development Co., Ltd,. The decrease is attributed to the successful launch of the project in 2022, which has generated substantial pre-sales and allowed the company to partially repay outstanding shareholder loans. Investment in associates has increased from RMB 24.00 million to RMB 31.30 million due to the certain growth in operating performance of the joint venture, Huawei.

Completed properties for sale have decreased from RMB 11.66 million to RMB 10.79 million, due to the RMB 0.91 million impairment recognised.

Trade payables have decreased from RMB 4.77 million by RMB 0.68 million to RMB 4.09 million. Other payables have increased from RMB 18.51 million by RMB 2.05 million to RMB 20.56 million, this was attributed to the increase in interest-free loan from directors.

Statement of Cash Flows

The overall net cash increase in cash and cash equivalents is RMB 1.40 million for the year ended 31 December 2022. It was mainly attributable to the RMB 5.28 million in loan repayments from Wuping Hailan Real Estate Development Co., Ltd. and the receipt of interest-free advances from a Director of RMB 1.83 million, offset by RMB 4 million investment in an associate.

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 steady expansion of business activity from Fujian Liangye has contributed to the Group's revenue for FY2022. The Group expects continued growth for both revenue and profit as we further integrate Fujian Liangye into the Group's bottled water product strategy and streamline operations. The Group also continues to search for suitable partners to help launch the brand in other regions, and expects such future partnerships to accelerate growth for the bottle water segment.

Additionally, the Group's indirect associate company, Wuping Hailan Real Estate Development Co., Ltd. exercised an option to purchase the Property located at North Yihao Gongguan, Wuping County, Longyan City, Fujian Province, China (the "Property") in 2021, and launched the Lanjun Jiangnan property development project in 2022. The Jiangnan project achieved strong pre-sales numbers. We expect favorable homebuyer response to Lanjun Jiangnan and improving sentiment within China's real estate market to continue to drive demand for Jiangnan's residential units as we move towards final project completion in 2024.

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.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Lan Weiguang	59	Brother of Lan Chunguang, Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	55	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Chief Executive Officer, 2010	Nil
Lan Yihong	36	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

28 Feb 2023