



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

HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2022 (“HY2022”)

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

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

	2Q			HALF YEAR (HY)		
	Apr- Jun 2022	Apr- Jun 2021	Change	Jan – Jun 2022	Jan – Jun 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue	434,841	336,364	29.3	738,956	537,514	37.5
Cost of sales	(284,351)	(248,575)	14.4	(500,777)	(456,959)	9.6
Gross profit/(loss)	150,490	87,789	71.4	238,179	80,555	195.7
Other operating income	3,268	6,881	(52.5)	5,085	7,495	(32.2)
Distribution and selling expenses	(33,815)	(28,507)	18.6	(55,385)	(130,419)	(57.5)
Administrative expenses	(34,328)	(41,902)	(18.1)	(62,349)	(79,691)	(21.8)
Other operating expenses	(628)	(3,468)	(81.9)	(640)	(3,655)	(82.5)
Finance costs	(45,140)	(23,892)	88.9	(90,137)	(47,728)	88.9
Profit/(loss) before income tax	39,846	(3,099)	n.m	34,753	(173,443)	n.m.
Taxation	(21,296)	(6,652)	220.2	(39,794)	7,961	n.m
Net loss for the period	18,550	(9,751)	n.m	(5,041)	(165,482)	(97.0)
Other comprehensive income	-	-		-	-	
Total comprehensive income for the period	18,550	(9,751)	n.m	(5,041)	(165,482)	(97.0)
Profit for the period attributable to:						
Equity holders of the parent	18,666	(9,747)		(4,894)	(165,355)	
Non-controlling interests	(116)	(4)		(147)	(127)	
	18,550	(9,751)		(5,041)	(165,482)	
Total comprehensive income for the period attributable to:						
Equity holders of the parent	18,666	(9,747)		(4,894)	(165,355)	
Non-controlling interests	(116)	(4)		(147)	(127)	
	18,550	(9,751)		(5,041)	(165,482)	

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

	<u>2Q</u>			<u>HALF YEAR (HY)</u>		
	Apr- Jun 2022	Apr- Jun 2021	Change	Jan – Jun 2022	Jan – Jun 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation and amortisation	(42,270)	(40,526)	4.3	(84,540)	(81,050)	4.3
<u>Other operating income</u>	<u>2Q</u>			<u>HALF YEAR (HY)</u>		
	Apr- Jun 2022	Apr- Jun 2021	Change	Jan – Jun 2022	Jan – Jun 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Government grants	314	75	319.3	475	89	433.7
Interest income -banks	255	168	51.8	409	306	33.7
Exchange gain	2,258	6,197	(63.6)	2,258	6,345	(64.4)
Rental income	441	-	n.m.	1,234	-	n.m.
Others	-	441	n.m.	710	755	(6.0)
Total	<u>3,268</u>	<u>6,881</u>	<u>(52.5)</u>	<u>5,086</u>	<u>7,495</u>	<u>(32.1)</u>

n.m. – Not meaningful

Note:-

The net exchange gains in HY2022 and HY2021 were mainly due to exchange gains/(losses) from operation arising from exchange rate differences mainly between United States Dollar and Renminbi.

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

	Group		Company	
	30 June 22	31 Dec 2021	30 June 22	31 Dec 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	2,197,179	1,751,207	8	9
Subsidiaries	-	-	718,566	691,607
Amount owing by subsidiaries	-	-	6,711	6,397
Deposit paid for non-current assets	-	303,084	-	-
Total non-current assets	2,197,179	2,054,291	725,285	698,013
Current assets				
Inventories	39,158	22,761	-	-
Trade receivables	773,815	826,198	-	-
Other receivables	341,887	333,541	969	969
Cash and cash equivalents	375,024	288,388	40	17
Total current assets	1,529,885	1,470,888	1,009	986
Current liabilities				
Trade payables	167,412	126,304	-	-
Other payables	214,070	163,954	40,754	44,371
Lease liabilities	460	400	-	-
Current tax payable	23,252	37,209	197	198
Bank borrowings	91,850	69,850	-	-
Loan from shareholder (note)	191,901	173,025	191,901	173,025
Straight bonds	291,692	282,764	-	-
Amount owing to subsidiaries	-	-	47,788	45,393
Exchangeable bonds	599,340	530,156	-	-
Total current liabilities	1,579,976	1,382,763	280,639	262,987
Net current assets/(liabilities)	(50,091)	88,126	(279,631)	(262,001)
Non-current liabilities				
Lease liabilities	281	541	-	-
Deferred tax liabilities	269,609	259,638	-	-
Total non-current liabilities	269,890	260,179	-	-
Net assets	1,877,197	1,882,238	445,655	436,012
Equity				
Equity attributable to equity holders of the Parent				
Share capital	791,500	791,500	791,500	791,500
Retained profits/(accumulated losses)	798,327	801,433	(422,323)	(431,966)
Other reserves	275,664	277,452	76,478	76,478
Total shareholder's funds	1,865,490	1,870,385	445,655	436,012
Non-controlling interests	11,707	11,853	-	-
Total equity	1,877,197	1,882,238	445,655	436,012

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

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

	30 June 2022	31 Dec 2021
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	283,751	243,275
Unsecured	891,032	812,920
	<u>1,174,783</u>	<u>1,056,195</u>
Amount repayable after one year		
Secured	281	541
Unsecured	-	-
	<u>1,175,064</u>	<u>1,056,736</u>

Details of collaterals:-

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

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

	2Q		HALF YEAR (HY)	
	Apr- Jun 2022	Apr- Jun 2021	Jan – Jun 2022	Jan – Jun 2021
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities:				
Profit/(loss) before income tax	39,846	(3,099)	34,753	(173,443)
Adjustments for:				
Depreciation and amortisation	42,270	40,526	84,540	81,050
Interest expenses	45,334	23,884	90,023	47,660
Interest income	(255)	(30)	(409)	(168)
Exchange losses/(gains)	8,828	7,280	7,900	8,668
Operating cashflows before working capital changes:	136,024	68,561	216,807	(36,235)
Increase in inventories	4,209	(24,298)	(16,397)	(40,076)
(Increase)/decrease in operating receivables	(99,848)	(8,860)	43,215	196,559
Increase/(decrease) in operating payables	157,057	39,058	92,126	(5,097)
Cash generated from operations	197,439	74,461	335,751	115,151
Income tax paid	(43,779)	-	(43,779)	-
Net cash generated from operating activities	153,664	74,461	291,971	115,151
Cash flows from investing activities:				
Acquisition of property, plant and equipment	(226,607)	(48)	(226,607)	(81)
Deposit paid for non-current assets	-	(96,228)	-	(110,628)
Interest received	255	30	409	168
Net cash (used in)/generated from investing activities	(226,352)	(96,246)	(226,198)	(110,541)
Cash flows from financing activities:				
Bank loans obtained	33,000	35,000	33,000	35,000
Repayment of finance lease liabilities	(100)	(87)	(200)	(174)
Bank loans repaid	(10,000)	(8,350)	(10,000)	(10,200)
Interest paid	(1,067)	(23)	(1,938)	(46)
Net cash generated from financing activities	21,833	26,540	20,862	24,580
Net increase/(decrease) in cash and cash equivalents	(50,860)	4,755	86,636	29,190
Cash and cash equivalents at beginning of period	425,884	332,792	288,388	308,357
Cash and cash equivalents at end of period	375,024	337,547	375,024	337,547

Reconciliation of liabilities arising from financing activities

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

	Bank borrowings RMB'000	Lease liabilities RMB'000	Loan from a related party RMB'000	Straight Bonds RMB'000	Exchangeable bonds RMB'000
At 1 January 2022	69,850	941	173,025	282,764	530,156
<u>Cash flow</u>					
Drawdown of bank borrowings	33,000	-	-	-	-
Repayment of banks borrowings	(10,000)	(200)	-	-	-
Interest paid	(1,907)	(31)	-	-	-
<u>Non-cash changes</u>					
Accrued interest	2,162	31	9,718	8,929	69,183
Exchange translation	(1,255)	-	9,157	-	-
At 30 June 2022	91,850	741	191,900	291,693	599,339

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

	Share capital	Retained Profits	Share Option reserve	Merger reserve	Statutory common reserve	Attributable to equity holders of the Company	Non-controlling interest	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Balance at 1 January 2021	791,500	821,437	76,479	(31,414)	248,389	1,906,391	12,040	1,819,431
Loss for the year and representing total comprehensive income for the year	-	(36,006)	-	-	-	(36,006)	(187)	(36,193)
Transfer to statutory reserve	-	16,002	-	-	(16,002)	-	-	-
Balance at 31 December 2021	791,500	801,433	76,479	(31,414)	232,387	1,870,385	11,853	1,882,238
Loss for the period and representing total comprehensive income for the period	-	(4,894)	-	-	-	(4,894)	(146)	(5,041)
Transfer to statutory reserve	-	1,788	-	-	(1,788)	-	-	-
Balance at 30 June 2022	791,500	798,327	76,479	(31,414)	230,599	1,865,490	11,707	1,877,197

	Share capital RMB'000	Accumulated losses RMB'000	Share Option reserve RMB'000	Total Equity RMB'000
Company				
Balance at 1 January 2021	791,500	(420,519)	76,478	447,459
Loss for the year representing total comprehensive income for the year	-	(11,446)	-	(11,446)
Balance at 31 December 2021	791,500	(431,965)	76,478	436,013
Profit for the period representing total comprehensive income for the period	-	9,642	-	9,642
Balance at 31 June 2022	791,500	(422,323)	76,478	445,655

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

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

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

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

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

⁽²⁾ Exercise price of option granted to associate of controlling shareholder.

Number of options outstanding under ESOS scheme as at 30 June 2022 was 51,776,822.

As shown in the above, there were no other outstanding convertible securities treasury shares and subsidiary holdings as at 30 June 2022 and 31 December 2021.

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

	As at 30 Jun 2022	As at 31 Dec 2021
Total number of ordinary shares issued and fully paid	1,149,410,658	1,149,410,658

The Company does not have treasury shares as at 30 June 2022 and 31 December 2021.

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

Not applicable

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

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

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

Not applicable

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

The accounting policies and methods of computation have been consistently applied by the Group and by the Company and are consistent with the audited financial statements for the financial year ended 31 December 2021.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2021.

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

Earnings per share (EPS)	<u>2Q</u>		<u>HALF YEAR (HY)</u>	
	Apr- Jun 2022	Apr-Jun 2021	Jan – Jun 2022	Jan – Jun 2021
Profit/ (losses) attributable to ordinary shareholders of the Company (RMB'000)	18,666	(9,747)	(4,894)	(165,355)
Weighted average number of ordinary shares - basic and diluted ('000)	1,149,411	1,149,411	1,149,411	1,149,411
Basic earnings/ (losses) per share	1.6	(0.9)	(0.4)	(14.4)
Diluted earnings/(losses) per share	1.6	(0.9)	(0.4)	(14.4)

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

Net asset value (NAV)	Group		Company	
	30 June 22	31 Dec 2021	30 June 22	31 Dec 2021
Number of ordinary shares	1,149,410,658	1,149,410,658	1,149,410,658	1,149,410,658
NAV per ordinary share in the Company (RMB cents)	163.3	163.8	38.8	37.9

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

Review of performance

Revenue

The Group's revenue increased by approximately RMB201.4 million or 37.5% from RMB537.5 million in HY2021 to RMB738.9 million in HY2022. The increase was mainly attributable to the increase of RMB142.1 million in sale of beverage domestically and the increase of RMB43.1million in sales of canned products domestically from HY2021 to HY2022 due to the further recovery from COVID-19 pandemic. Revenue from sale of canned products in overseas markets also raised by RMB14.6 million from HY2021 to HY2022 mainly due to increase in sales in European markets.

Breakdown of revenue by segments:

	<u>2Q</u>			<u>HALF YEAR (HY)</u>		
	Apr- Jun 2022	Apr- Jun 2021	Change	Jan – Jun 2022	Jan – Jun 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Product segment						
Canned products						
- overseas	19,590	15,185	29.0	48,534	33,892	43.2
- domestic	116,294	76,724	51.6	171,090	127,980	33.7
Beverage	298,290	244,455	22.0	517,696	375,642	37.8
Total	434,840	336,364	29.3	738,956	537,514	37.5

Gross profit

The Group's gross profit increased by approximately RMB157.6 million, from RMB80.6 million in HY2021 to RMB238.2 million in HY2022. The Group's overall gross profit margin (GPM) improved by 17.0 percentage points, from 15.0% in HY2021 to 32% in HFY2022. Improvement of the Group's overall GPM was mainly to higher productivity and product demand as result of further recovery of post COVID-19 pandemic.

Other operating income

The other operating income in HY2022 mainly comprises of government grant, interest income, exchange difference between United States Dollar and Renminbi ect. Slight decrease in other operating income in HY2022 is mainly due to less exchange gain recognised during the period.

Operating expenses

Administrative expenses were evidenced with the decrease of RMB17.3 million or 21.8%, from RMB79.7 million in HY2021 to RMB62.3 million in HY2022. The decrease was mainly attributed to:

- The Group disposed two subsidiaries i.e., Shanxi Yongji Huaxin Food Co., Ltd. and Grandness (Shanxi) Food Co., Ltd in end of the year 2021 as part of Group' restructuring for the purpose of more efficient management of the two operating segments. As a result of the disposal, less administrative expenses incurred in HY2022.
- Settlement of DEG loans at the end of the year 2021. As a result of the settlement, there was less exchange loss incurred in HY2022.

Distribution and selling expenses decreased by approximately RMB75.0 million from RMB130.4 million in HY2021 to RMB55.4 million in HY2022. Higher distribution and selling expenses in 2021 were mainly due to television advertisement costs incurred. In 2021, the Group took the initiative to increase the products' publicity of fruit juice and canned foods via television advertising. Targeted audiences television advertising were aired in the provinces such as Zhengzhou, Anyang, Hangzhou, Jinhua, Taizhou, Changsha and Yangzhou. Most of the television advertising cost was already incurred in 2021 which led to decrease in distribution and selling expense in the current period. The prior year also had higher frequency of delivery regardless of whether the minimum quantity was fulfilled, which also resulted in higher distribution cost as compared to HY2022.

Finance costs increased by approximately RMB42.4 million or 88.9%, from RMB47.7 million in HY2021 to RMB90.1 million in HY2022. The increase is mainly attributed to additional accrued interest on straight bonds and exchangeable bonds as well as the convertible loan from "Soleado" during the period.

Profit before taxation

As a result of the above, the Group recorded a profit before taxation of RMB34.8 million in HY2022 as compared to a loss before taxation of RMB173.4 million in HY2021.

Review of Balance Sheet

Property, plant and equipment ("PPE") consists of office premises, factory and warehouse premises, plant and machinery, land use rights as well as office equipment ect. The increase in PPE is mainly due to the purchase of the Group's production plant and machinery for its canned food and fruit beverage in Anhui, Hubei and Sichuan in HY2022, which is partially offset by depreciation charged during the period under review.

Deposits paid for non-current assets was transferred to PPE as at 30 June 2022 due to completion of purchase of plant and machinery.

The Group's inventories increased by approximately RMB16.9 million from RMB22.8 million as at 31 December 2021 to RMB39.1 million as at 30 June 2022. The increase in inventories during the period under review was mainly attributed to higher inventories stock up for higher expected product demand as recovering from the COVID-19 pandemic.

Trade receivables decreased by approximately RMB52.4 million from RMB826.2 million as at 31 December 2021 to RMB773.8 million as at 30 June 2022 as collection from its customers has improved post COVID-19 pandemic.

Other receivables comprising of VAT receivables, export tax refund, deposits and prepayments increased by approximately RMB8.3 million from RMB341.9 million as at 31 December 2021 to RMB333.6 million as at 30 June 2022.

Cash and cash equivalents stood at RMB375.0 million as at 30 June 2022 (Dec 2021: RMB288.4 million). The increase in cash balance was mainly due to higher operating cashflow generated during the financial period.

Current liabilities increased by RMB197.2 million from RMB1,382.8 million as at 31 December 2021 to RMB1,579.9 million as at 30 June 2022. The increase was mainly attributable to:

- a. an increase in trade payables of RMB41.1 million and other payables of RMB51.0 million due to timing of payment cycle
- b. an increase in bank borrowing of RMB22 million due to drawdown of additional bank loan during the financial period
- c. an increase in the loan from a shareholder of RMB18.9 million and bonds of RMB78.1 million due to accrued interest during the financial period

The increase was partially offset by a decrease in tax payable of RMB13.9 million mainly due to tax payment made during the period.

Review of cash flow statement

Net cash generated from operating activities increased to RMB292.0 million in HY2022 as compared to RMB115.1 million in HY2021. The increase is mainly attributed to higher operating cashflows generated during the period.

Net cash used in investing activities amounted to RMB226.2 million in HY2022 as compared to RMB110.5 million in HY2021, which was due mainly to more payment made for purchase of plant and machinery during the financial period.

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

Not applicable.

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

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

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

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

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

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

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

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

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

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

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

Update on proposed listing of Garden Fresh

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

11. Dividends

Current financial period reported on

Any dividend declared for the current financial period reported on?

None

Date payable

Not applicable

Books closure date

Not applicable

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

No dividend has been declared/recommendeded for the half year ended 30 June 2022 to enable the Group to conserve cash for working capital purposes.

13. Interested Person Transactions (“IPT”)

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

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

To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited half year financial results for the period ended 30 June 2022 to be false or misleading in any material aspect.

15. Use of net proceeds

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

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

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

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

BY ORDER OF THE BOARD
HUANG YUPENG
CHAIRMAN AND CEO
2 July 2025