



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

**THIRD QUARTER AND NINE MONTHS FINANCIAL STATEMENTS**  
**ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

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

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

	<b>3Q</b>			<b>NINE MONTHS (9M)</b>		
	<b>Jun- Sep 2022</b>	<b>Jun- Sep 2021</b>	<b>Change</b>	<b>Jan – Sep 2022</b>	<b>Jan – Sep 2021</b>	<b>Change</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue</b>	422,216	319,198	32.3	<b>1,161,172</b>	856,712	35.3
Cost of sales	(275,155)	(240,456)	14.4	<b>(775,932)</b>	(697,415)	11.3
<b>Gross profit/(loss)</b>	147,061	78,742	86.8	<b>385,240</b>	159,297	141.8
Other operating income	1,948	5,355	(63.6)	<b>7,033</b>	12,850	(45.3)
Distribution and selling expenses	(47,661)	(75,626)	(37.0)	<b>(103,046)</b>	(206,045)	(50.0)
Administrative expenses	(35,995)	(6,977)	415.9	<b>(98,345)</b>	(86,668)	13.5
Other operating expenses	(1,047)	(12,540)	(91.6)	<b>(1,687)</b>	(16,195)	(89.6)
Finance costs	(45,322)	(24,052)	88.4	<b>(135,459)</b>	(71,780)	88.7
<b>Profit/(loss) before income tax</b>	18,983	(35,098)	n.m	<b>53,736</b>	(208,541)	n.m
Taxation	(18,966)	275	n.m	<b>(58,760)</b>	8,236	n.m
Net profit/(loss) for the period	17	(34,823)	n.m	<b>(5,024)</b>	(200,305)	n.m
Other comprehensive income	-	-		-	-	
<b>Total comprehensive income for the period</b>	17	(34,823)		<b>(5,024)</b>	(200,305)	
<b>Profit for the period attributable to:</b>						
Equity holders of the parent	(5)	(34,810)		<b>(4,900)</b>	(200,165)	
Non-controlling interests	22	(13)		<b>(124)</b>	(140)	
	17	(34,823)		<b>(5,024)</b>	(200,305)	
<b>Total comprehensive income for the period attributable to:</b>						
Equity holders of the parent	(5)	(34,810)		<b>(4,900)</b>	(200,165)	
Non-controlling interests	22	(13)		<b>(124)</b>	(140)	
	17	(34,823)		<b>(5,024)</b>	(200,305)	

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

	<u>3Q</u>			<u>NINE MONTHS (9M)</u>		
	Jun- Sep 2022	Jun- Sep 2021	Change	Jan – Sep 2022	Jan – Sep 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Depreciation and amortisation	(49,888)	(41,045)	21.5	(134,428)	(122,095)	10.1

<u>Other operating income</u>	<u>3Q</u>			<u>NINE MONTHS (9M)</u>		
	Jun- Sep 2022	Jun- Sep 2021	Change	Jan – Sep 2022	Jan – Sep 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Government grants	4	43	(90.7)	479	132	262.9
Interest income -banks	177	203	(12.8)	586	509	15.1
Exchange gain	1,150	4,585	(68.0)	3,725	10,930	(65.9)
Rental income	617	-	n.m.	1,850	-	n.m.
Others	-	524	(160.5)	393	1,279	(69.3)
Total	1,948	5,355	(63.6)	7,033	12,850	(45.3)

n.m. – Not meaningful

Note:-

The net exchange gains in 9M2022 and 9M2021 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**

	<b>Group</b>		<b>Company</b>	
	<b>30 Sep 22</b>	<b>31 Dec 2021</b>	<b>30 Sep 22</b>	<b>31 Dec 2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	2,147,381	1,751,207	7	9
Subsidiaries	-	-	763,876	691,607
Amount owing by subsidiaries	-	-	7,100	6,397
Deposit paid for non-current assets	-	303,084	-	-
<b>Total non-current assets</b>	<b>2,147,381</b>	<b>2,054,291</b>	<b>770,983</b>	<b>698,013</b>
<b>Current assets</b>				
Inventories	24,248	22,761	-	-
Trade receivables	846,634	826,198	-	-
Other receivables	557,721	333,541	980	969
Cash and cash equivalents	368,437	288,388	19	17
<b>Total current assets</b>	<b>1,797,039</b>	<b>1,470,888</b>	<b>999</b>	<b>986</b>
<b>Current liabilities</b>				
Trade payables	359,682	126,304	-	-
Other payables	210,582	163,954	37,907	44,371
Lease liabilities	460	400	-	-
Current tax payable	22,533	37,209	196	198
Bank borrowings	71,348	69,850	-	-
Loan from shareholder (note)	209,137	173,025	209,137	173,025
Straight bonds	296,157	282,764	-	-
Amount owing to subsidiaries	-	-	50,496	45,393
Exchangeable bonds	633,931	530,156	-	-
<b>Total current liabilities</b>	<b>1,803,829</b>	<b>1,382,763</b>	<b>297,736</b>	<b>262,987</b>
<b>Net current assets/(liabilities)</b>	<b>(6,790)</b>	<b>88,126</b>	<b>(296,737)</b>	<b>(262,001)</b>
<b>Non-current liabilities</b>				
Lease liabilities	181	541	-	-
Deferred tax liabilities	273,785	259,638	-	-
<b>Total non-current liabilities</b>	<b>273,967</b>	<b>260,179</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>	<b>1,866,625</b>	<b>1,882,238</b>	<b>474,246</b>	<b>436,012</b>
<b>Equity</b>				
Equity attributable to equity holders of the Parent				
Share capital	791,500	791,500	791,500	791,500
Retained profits/(accumulated losses)	798,322	801,433	(393,732)	(431,966)
Other reserves	275,664	277,452	76,478	76,478
<b>Total shareholder's funds</b>	<b>1,865,485</b>	<b>1,870,385</b>	<b>474,246</b>	<b>436,012</b>
Non-controlling interests	1,140	11,853	-	-
<b>Total equity</b>	<b>1,866,625</b>	<b>1,882,238</b>	<b>474,246</b>	<b>436,012</b>

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

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

	30 Sep 2022	31 Dec 2021
	RMB'000	RMB'000
Amount repayable in one year or less or on demand		
Secured	<b>280,945</b>	243,275
Unsecured	<b>930,088</b>	812,920
	<b>1,211,033</b>	1,056,195
Amount repayable after one year		
Secured	<b>181</b>	541
Unsecured	-	-
	<b>1,211,214</b>	1,056,736

**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**

	<b>3Q</b>		<b>NINE MONTH (9M)</b>	
	<b>Jun- Sep 2022</b>	<b>Jun- Sep 2021</b>	<b>Jan – Sep 2022</b>	<b>Jan – Sep 2021</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities:</b>				
Profit/(loss) before income tax	18,983	(35,098)	53,736	(208,541)
Adjustments for:				
Depreciation and amortisation	49,888	41,045	134,428	122,095
Interest expenses	45,282	24,020	135,303	71,680
Interest income	(177)	(35)	(586)	(203)
Write back of trade receivables	-	(15,904)	-	(15,904)
Loss on disposal of subsidiaries	336	2,433	336	2,433
Exchange losses/(gains)	1,526	(7,655)	9,428	1,011
Operating cashflows before working capital changes:	115,837	8,806	332,645	(27,429)
Increase in inventories	14,911	5,874	(1,487)	(34,202)
(Increase)/decrease in operating receivables	(289,062)	497,757	(245,846)	694,316
Increase/(decrease) in operating payables	188,781	(5,190)	280,907	(10,287)
Cash generated from operations	30,466	507,247	366,218	622,398
Income tax paid	(15,509)	-	(59,288)	-
Net cash generated from/(used in) operating activities	14,958	507,247	306,930	622,398
<b>Cash flows from investing activities:</b>				
Acquisition of property, plant and equipment	320	(369,876)	(226,287)	(369,957)
Deposit paid for non-current assets	-	(134,431)	-	(245,059)
Interest received	177	35	586	203
Net cash (used in)/generated from investing activities	497	(504,272)	(225,701)	(614,813)
<b>Cash flows from financing activities:</b>				
Bank loans obtained	5,150	35,000	38,150	70,000
Repayment of finance lease liabilities	(100)	(87)	(300)	(261)
Bank loans repaid	(26,000)	(30,350)	(36,000)	(40,550)
Interest paid	(1,092)	(23)	(3,030)	(69)
Net cash (used in)/generated from financing activities	(22,042)	4,540	(1,180)	29,120
Net increase/(decrease) in cash and cash equivalents	(6,588)	7,515	80,049	36,705
Cash and cash equivalents at beginning of period	375,025	337,547	288,388	308,357
Cash and cash equivalents at end of period	368,437	345,062	368,437	345,062

### 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	38,150	-	-	-	-
Repayment of banks borrowings	(36,000)	(300)	-	-	-
Interest paid	(2,984)	(46)	-	-	-
<u>Non-cash changes</u>					
Accrued interest	3,233	46	14,856	13,393	103,775
Exchange translation	(901)	-	21,256	-	-
At 30 Sep 2022	<b>71,348</b>	<b>641</b>	<b>209,137</b>	<b>296,157</b>	<b>633,931</b>

**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
<b>Group</b>								
Balance at 1 January 2021	791,500	821,433	76,479	(31,414)	248,389	1,906,387	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)	-	-	-
<b>Balance at 31 December 2021</b>	<b>791,500</b>	<b>801,433</b>	<b>76,479</b>	<b>(31,414)</b>	<b>232,387</b>	<b>1,870,385</b>	<b>11,853</b>	<b>1,882,238</b>
Loss for the period and representing total comprehensive income for the period	-	(4,900)	-	-	-	(4,900)	(123)	(5,023)
Transfer to statutory reserve	-	1,788	-	-	(1,788)	-	-	-
Disposal of a non-wholly owned subsidiary	-	-	-	-	-	-	(10,590)	(10,590)
<b>Balance at 30 Sep 2022</b>	<b>791,500</b>	<b>798,322</b>	<b>76,479</b>	<b>(31,414)</b>	<b>230,599</b>	<b>1,865,485</b>	<b>1,140</b>	<b>1,866,625</b>

	Share capital	Accumulated losses	Share Option reserve	Total Equity
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Company</b>				
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)
<b>Balance at 31 December 2021</b>	<b>791,500</b>	<b>(431,965)</b>	<b>76,478</b>	<b>436,013</b>
Profit for the period representing total comprehensive income for the period	-	38,233	-	38,233
<b>Balance at 30 Sep 2022</b>	<b>791,500</b>	<b>(393,732)</b>	<b>76,478</b>	<b>474,246</b>

**(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 <sup>(1)</sup> /0.18 <sup>(2)</sup>	24 May 2028

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

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

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

Number of options outstanding under ESOS scheme as at 30 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 Sep 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 September 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.**

On 26 July 2022, the Group disposed its 51% equity interest in a subsidiary, Hao Tian Yuan (Shenzhen) Co., Ltd. with a loss of RMB 336,000 recognised in profit or loss.

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

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



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

Not applicable

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

The accounting policies and methods of computation have been consistently applied by the Group and 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>3Q</u>		<u>NINE MONTHS (9M)</u>	
	Apr- Sep 2022	Apr-Sep 2021	Jan – Sep 2022	Jan – Sep 2021
Losses attributable to ordinary shareholders of the Company (RMB'000)	(5)	(34,810)	(4,900)	(200,165)
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	(0.00)	(3.03)	(0.43)	(17.41)
Diluted earnings/(losses) per share	(0.00)	(3.03)	(0.43)	(17.41)

**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)	<u>Group</u>		<u>Company</u>	
	30 Sep 22	31 Dec 2021	30 Sep 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)	162.4	163.8	41.3	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 RMB304.5 million or 35.5% from RMB856.7 million in 9M2021 to RMB1,161.2 million in 9M2022. The increase was mainly attributable to the increase of RMB212.1 million in sale of beverage domestically and the increase of RMB85.7 million in sales of canned products domestically from 9M2021 to 9M2022 due to the further recovery from COVID-19 pandemic.

Breakdown of revenue by segments:

	<u>3Q</u>			<u>NINE MONTHS (9M)</u>		
	Apr- Sep 2022	Apr- Sep 2021	Change	Jan – Sep 2022	Jan – Sep 2021	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Product segment						
Canned products						
- overseas	19,555	29,225	(33.1)	68,089	63,117	7.9
- domestic	99,636	57,036	74.7	270,726	185,017	46.3
Beverage	303,025	232,936	30.1	820,721	608,578	34.9
<b>Total</b>	<b>422,216</b>	<b>319,198</b>	<b>32.3</b>	<b>1,161,172</b>	<b>856,712</b>	<b>35.5</b>

### **Gross profit**

The Group's gross profit increased by approximately RMB225.9 million, from RMB159.3 million in 9M2021 to RMB385.2 million in 9M2022. The Group's overall gross profit margin (GPM) improved by 15.0 percentage points, from 19.0% in 9M2021 to 33% in 9M2022. 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 9M2022 mainly comprises of government grant, interest income, exchange difference between United States Dollar and Renminbi ect. The decrease in other operating income in 9M2022 is mainly due to less exchange gain recognised during the period.

### **Operating expenses**

**Administrative expenses** were evidenced with the increase of RMB11.7 million or 13.5%, from RMB86.7 million in 9M2021 to RMB98.3 million in 9M2022. The administrative expenses were higher in 9M2022 mainly due to higher depreciation charged during the period as result of an increase in cost of PPE.

**Distribution and selling expenses** decreased by approximately RMB102.9 million or 50.0%, from RMB206.0 million in 9M2021 to RMB103.0 million in 9M2022. 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 9M2021 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 in 9M2021 as compared to 9M2022.

**Finance costs** increased by approximately RMB63.7 million or 88.7%, from RMB71.8 million in 9M2021 to RMB135.5 million in 9M2022. 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 RMB53.7 million in 9M2022 as compared to a loss before taxation of RMB208.5 million in 9M2021.

### **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 purchase of the Group’s production plant and machinery for its canned food and fruit beverage in Anhui, Hubei and Sichuan in 9M2022, which is partially offset by depreciation charged during the period under review.

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

The Group’s inventories increased by approximately RMB1.5 million from RMB22.8 million as at 31 December 2021 to RMB24.2 million as at 30 September 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 RMB20.4 million from RMB826.2 million as at 31 December 2021 to RMB846.6 million as at 30 September 2022 which was in line with increase in revenue.

Other receivables comprising of VAT receivables, export tax refund, deposits and prepayments increased by approximately RMB224.1 million from RMB333.5 million as at 31 December 2021 to RMB557.7 million as at 30 September 2022.

Cash and cash equivalents stood at RMB368.4 million as at 30 September 2022 (Dec 2021: RMB288.4 million). The increase in cash balance was mainly due to less cash used in purchase of plant and machinery during 9M2022. In 9M2021, the Group made a deposit of RMB303.8 million for purchase of plants and equipment.

Current liabilities increased by RMB421.1 million from RMB1,382.8 million as at 31 December 2021 to RMB1,803.8 million as at 30 September 2022. The increase was mainly attributable to:

- a. an increase in trade payables of RMB233.4 million and other payables of RMB47.5 million due to timing of payment cycle
- b. an increase in bank borrowing of RMB1.5 million due to drawdown of additional bank loan of RMB38.1 million and was partially off set by the repayment of bank loan amounting to RMB 36million during 9M2022
- c. an increase in a loan from a shareholder of RMB36.1 million and bonds of RMB117.2 million due to accrued interest during the period

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

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

The Group generated net cash flows from operating activities of RMB306.9 million in 9M2022 as compared to net cash flows from operating activities of RMB622.4 million in 9M2022. Lower net cash flows from operating activities in 9M2022 despite higher operating profit generated during the period was mainly due to higher trade receivables collection received during 9M2021.

Net cash used in investing activities amounted to RMB225.7 million in 9M2022 as compared to RMB614.8 million in 9M2021. The decrease was mainly due to less payment made for purchase of plant and machinery during the financial period.

Net cash used in financing activities amounted to RMB1.2 million in 9M2022 as compared to net cash generated in financing activities of RMB29.1 million in 9M2022. The decrease was mainly because the Group drawdown more bank borrowings in 9M2021 as compared to 9M2022.

**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 nine-month period ended 30 September 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 financial results for the period ended 30 September 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	-
<b>Total</b>	100	<b>18,275</b>	<b>18,275</b>	

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

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

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