



SUNTAR ECO-CITY LIMITED

Condensed interim consolidated financial statements  
For the six months and full year ended 31 December 2023

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## A. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	2 <sup>nd</sup> half year ended 31-Dec 2023 RMB'000	2 <sup>nd</sup> half year ended 31-Dec 2022 RMB'000	+ / (-) %	Full year ended 31-Dec 2023 RMB'000	Full year ended 31-Dec 2022 RMB'000	+ / (-) %
<b>Revenue</b>	22,013	11,830	86.1	35,418	15,791	124.3
Cost of sales	(21,293)	(11,259)	89.1	(34,277)	(15,021)	128.2
<b>Gross profit</b>	720	571	26.1	1,141	770	48.2
Other operating income	349	42	731.0	623	143	335.7
Administrative expenses	(2,196)	(1,359)	61.6	(3,514)	(2,699)	30.2
Selling and distribution expenses	(224)	(253)	(11.5)	(429)	(412)	4.1
Bad debt written off	-	-	n.m.	(78)	-	n.m.
Other operating expenses	(252)	(914)	(72.4)	(252)	(914)	(72.4)
Share of profit of associate	1,480	2,166	(31.7)	3,302	3,521	(6.2)
<b>Profit before taxation</b>	(123)	253	n.m.	793	409	93.9
Tax expense	(105)	106	n.m.	(129)	130	n.m.
<b>Net (Loss) Profit</b>	(228)	359	n.m.	664	539	23.2
<b>(Loss)Profit attributable to:</b>						
Owners of the company	(290)	282	n.m.	586	465	26.0
Non-controlling interests	62	77	(19.5)	78	74	5.4
	(228)	359	n.m.	664	539	23.2
<b>Earnings per ordinary share (cent)</b>						
- Basic	(0.46)	0.45	n.m.	0.93	0.74	26.0
- Diluted	(0.46)	0.45	n.m.	0.93	0.74	26.0

n.m.= not meaningful

## B. Condensed Interim Statements of Financial Position

	Group 31/12/2023 RMB'000	Group 31/12/2022 RMB'000	Company 31/12/2023 RMB'000	Company 31/12/2022 RMB'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	38,653	10,330	440	350
Trade receivables	1,588	544	-	-
Other receivables	20,147	48,921	133	100
Completed properties for sale	9,513	10,790	-	-
Inventories	322	179	-	-
<b>Total current assets</b>	<b>70,223</b>	<b>70,764</b>	<b>573</b>	<b>450</b>
<b>Non-current assets</b>				
Right-of-use asset	13,202	13,474	-	-
Property, plant and equipment	367	119	-	-
Subsidiaries	-	-	131,406	131,406
Associate	34,824	31,522	-	-
Deferred tax asset	86	229	-	-
<b>Total non-current assets</b>	<b>48,479</b>	<b>45,344</b>	<b>131,406</b>	<b>131,406</b>
<b>Total assets</b>	<b>118,702</b>	<b>116,108</b>	<b>131,979</b>	<b>131,856</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade payables	6,448	6,620	-	-
Other payables	20,258	18,032	19,319	17,274
Income tax payable	1,285	1,409	-	-
<b>Total current liabilities</b>	<b>27,991</b>	<b>26,061</b>	<b>19,319</b>	<b>17,274</b>
<b>Capital and reserves</b>				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	1,102	1,070	-	-
Accumulated losses	(73,226)	(73,780)	(50,053)	(48,131)
<b>Equity attributable to owners of the Company</b>	<b>90,589</b>	<b>90,003</b>	<b>112,660</b>	<b>114,582</b>
<b>Non-controlling interest</b>	<b>122</b>	<b>44</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>90,711</b>	<b>90,047</b>	<b>112,660</b>	<b>114,582</b>
<b>Total liabilities and equity</b>	<b>118,702</b>	<b>116,108</b>	<b>131,979</b>	<b>131,856</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 2023	162,713	1,070	(73,780)	90,003	44	90,047
Profit for the year, representing total comprehensive income for the year	-	-	586	586	78	664
Transfer to statutory reserves	-	32	(32)	-	-	-
Balance as at 31 December 2023	162,713	1,102	(73,226)	90,589	122	90,711
Balance as at 1 January 2022	162,713	1,052	(74,227)	89,538	(30)	89,508
Acquisition of a subsidiary	-	-	-	-	-	-
Profit for the year, representing total comprehensive income for the year	-	-	465	465	74	539
Transfer to statutory reserves	-	18	(18)	-	-	-
Balance as at 31 December 2022	162,713	1,070	(73,780)	90,003	44	90,047

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>Company</b>				
Balance as at 1 January 2023	162,713	-	(48,131)	114,582
Loss for the year, representing total comprehensive loss for the year	-	-	(1,922)	(1,922)
Balance as at 31 December 2023	162,713	-	(50,053)	112,660
Balance as at 1 January 2022	162,713	-	(46,336)	116,377
Loss for the year, representing total comprehensive loss for the year	-	-	(1795)	(1795)
Balance as at 31 December 2022	162,713	-	(48,131)	114,582

## D. Condensed Interim Consolidated Statement of Cash Flows

	Group	
	FY2023 RMB'000	FY2022 RMB'000
<b>Operating activities:</b>		
Profit before taxation	793	409
Adjustments for:		
Depreciation of property, plant and equipment	18	16
Interest income	(400)	(46)
Depreciation of right-of-use asset	272	272
Bad debt written off	78	-
Impairment loss on development property for sale	252	914
Government grant	-	(1)
Share of profit of associate	(3,302)	(3,521)
Operating loss before working capital changes	(2,289)	(1,957)
Change in trade receivables	(1,122)	478
Change in inventories	(143)	(40)
Change in other receivable	532	513
Change in completed properties for sale	1,025	(40)
Change in trade payables	(172)	(675)
Change in other payables and accruals	386	226
<b>Cash used in operations</b>	(1,783)	(1,495)
Government grant received	-	1
Interest received	400	46
Income tax paid	(253)	(314)
<b>Net cash used in operating activities</b>	(1,636)	(1,762)
<b>Investing activities:</b>		
Purchase of property, plant and equipment	(266)	-
Repayment from an associate	28,400	5,400
Investment in associate	-	(4,000)
Advance to an associate	-	(120)
<b>Net cash generated in investing activities</b>	28,134	1,280
<b>Financing activities</b>		
Receipt of advances from a director, representing net cash generated from financing activity	1,840	1,829
<b>Net cash generated in financing activities</b>	1,840	1,829
Net increase in cash and cash equivalents	28,338	1,347
Cash and cash equivalents at beginning of financial year	10,330	8,954
Effect of exchange rate changes on the balance of cash held in foreign currencies	(15)	29
<b>Cash and cash equivalents at end of financial year</b>	38,653	10,330

## **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 2023 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 2023 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 2022.

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 2022.

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 ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended	6 months ended
	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue:</b>								
External customers	20,861	11,830	1,152	-	-	-	22,013	11,830
<b>Segment result:</b>								
Segment result	158	211	(785)	(1,191)	(976)	(933)	(1,603)	(1,913)
Share of profit in associate							1,480	2,166
Tax expense							(105)	106
<b>Loss for the period</b>							<b>(228)</b>	<b>359</b>

	<u>Health &amp; Nutrition</u>		<u>Property development</u>		<u>Unallocated</u>		<u>Total</u>	
	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended	Full year ended
	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022	31-Dec 2023	31-Dec 2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment revenue:</b>								
External customers	34,266	15,791	1,152	-	-	-	35,418	15,791
<b>Segment result:</b>								
Segment result	306	144	(1,689)	(1,438)	(1,126)	(1,818)	(2,509)	(3,112)
Share of profit in associate							3,302	3,521
Tax expense							(129)	130
<b>Profit for the year</b>							<b>664</b>	<b>539</b>



#### 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>	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets:</b>								
Segment assets	35,778	28,681	82,481	86,974	443	453	118,702	116,108
<b>Liabilities:</b>								
Segment liabilities	887	863	7,248	7,253	19,856	17,945	27,991	26,061

#### 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 December 2023 RMB'000	6 months ended 31 December 2022 RMB'000	Full year ended 31 December 2023 RMB'000	Full year ended 31 December 2022 RMB'000

Timing of revenue recognition

At a point of time:

Sale of completed properties	1,152		1,152	
Sale of health and nutrition products	20,861	11,830	34,266	15,791
<b>Total</b>	<b>22,013</b>	<b>11,830</b>	<b>35,418</b>	<b>15,791</b>

### 4.3 A breakdown of sales

	Full year ended 31/12/2023 RMB'000	Group Full year ended 31/12/2022 RMB'000	Increase / (decrease) %
(a) Sales reported for first half year	13,405	3,961	238.4
(b) Profit after tax before minority interest reported for first half year	892	180	395.6
(c) Sales reported for second half year	22,013	11,830	86.1
(d) (Loss) Profit after tax before minority interest reported for second half year	(228)	359	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 2023 and 31 December 2022

	The Group		The Company	
	31/12/2023 RMB'000	31/12/2022 RMB'000	31/12/2023 RMB'000	31/12/2022 RMB'000
<b>Financial assets at amortised cost:</b>				
Cash and cash equivalents	38,653	10,330	440	350
Trade receivables	1,588	544	-	-
Other receivables	20,044	48,064	133	100
	<b>60,285</b>	<b>58,938</b>	<b>573</b>	<b>450</b>
<b>Financial liabilities at amortised cost:</b>				
Trade payables	1,921	2,093	-	-
Other payables	20,258	18,032	19,319	17,274
	<b>22,179</b>	<b>20,125</b>	<b>19,319</b>	<b>17,274</b>

## 6. Profit before taxation

### 6.1 Significant items

	Group			Group		
	2 <sup>nd</sup> half year ended 31-Dec 2023 RMB'000	2 <sup>nd</sup> half year ended 31-Dec 2022 RMB'000	+ / (-) %	Full year ended 31-Dec 2023 RMB'000	Full year ended 31-Dec 2022 RMB'000	+ / (-) %
<b>Other Income</b>						
Interest income	271	22	1,133.9	400	46	770.6
<b>Other operating expenses</b>						
Staff costs	(299)	(191)	56.5	(416)	(482)	(13.7)
Depreciation of right-of-use asset	(136)	(136)	-	(272)	(272)	-
Depreciation of property, plant and equipment	(10)	(8)	25.0	(18)	(16)	12.5
Impairment on property for sale	(252)	(914)	(72.4)	(252)	(914)	(72.4)
n.m. = not meaningful						

### 6.2 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following are transactions with related parties made at terms agreed between the parties:

#### Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

The Group	2023 RMB'000	2022 RMB'000
Directors' fees	294	276

#### Purchase of health and nutrition product

During the financial year ended 31 December 2023, the Group purchased health and nutrition products of RMB30,993,000 (2022 - RMB13,182,000) from an associate.

#### Sale of property

During the financial year ended 31 December 2023, the Group sold property of RMB390,000 (2022 - RMB0) to related parties.

## 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 31-Dec 2023 RMB'000	2 <sup>nd</sup> half year ended 31-Dec 2022 RMB'000	+ / (-) %	Full year ended 31-Dec 2023 RMB'000	Full year ended 31-Dec 2022 RMB'000	+ / (-) %
Current tax expense	(105)	106	n.m	(129)	130	n.m

## 8. Dividends

No dividends for the full year ended 31 December 2023 (31 December 2022: \$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 31/12/2023 RMB Cents	Group 31/12/2022 RMB Cents	Company 31/12/2023 RMB Cents	Company 31/12/2022 RMB Cents
Net asset value per ordinary share based on total number of issued shares	144.34	143.41	179.51	182.57

## 10. Loan and Borrowings

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

As at 31/12/2023		As at 31/12/2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	17,563	Nil	15,723

### Amount repayable after one year

As at 31/12/2023		As at 31/12/2022	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

## 11. Share Capital

	As at 31 December 2023	As at 31 December 2022
Total number of issued shares	<u>62,759,999</u>	<u>62,759,999</u>

There are no treasury shares as at 31 December 2023 and 31 December 2022.

## 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 2023 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 19.63 million to RMB 35.42 million for the year ended 31 December 2023 compared to the corresponding period in 2022. The primary reason is the significant increase in revenue from the Health and Nutrition segment by RMB 18.48 million due to our strengthened channel optimization; as well as an increase in revenue from the Property Development Segment by RMB 1.15 million, resulting from sales from the Lanjun County residential project.

Despite the revenue growth, the Group faced a reduction in gross profit margin, decreasing to 3% in 2023 from 5% in 2022. This decrease can be attributed to two main factors. Firstly, a shift in product offerings from finished lutein products in 2022 to raw materials in 2023 resulted in lower margins. Additionally, offering discounts to customers to boost sales volume also contributed to the decline.

Other operating income has increased to RMB 0.62 million as compared to RMB 0.14 million in 2022. This is due to the increase in investment returns resulting from the utilization of proceeds from property sales for cash management.

Other operating expense is recognized as RMB 0.25 million, due to an impairment loss on property development for sale.

General and Administrative expenses have increased by 30.2% to RMB 3.51 million. Selling and distribution expenses have increased by 4.1% to RMB 4.29 million. The increase is attributed to the growth in revenue. As our revenue has increased, there has been a corresponding rise in expenses related to sales, office operations, and channel costs.

The share of profit of associate declined by 6.2% to RMB 3.30 million for 2023. This was despite revenue growth in our joint venture, Hebei Huawei Health Industry Co., Ltd (“Huawei”), which reported a 12.13% revenue increase to RMB 276.43 million, or a RMB 29.91 million increase from the previous year. However, its net profit decreased from RMB 16.55 million to RMB 15.77 million, contributing RMB 4.10 million to the share of profit of associate. The decline in net profit is mainly attributed to higher provisions for asset impairment. Furthermore, Wuping Hailan Real Estate Development Co., Ltd. (“Hailan”)’s reduced losses have mitigated the overall decline, leading to a lesser share of loss of associate of RMB 0.80 million.

As a result of the above, the Group recorded a net profit after tax of RMB 0.66 million for FY2023 as compared to a net profit after tax of RMB 0.54 million for FY2022, which is a 23.2% increase.

### **Statement of Financial Position**

Trade receivables have increased from RMB 0.54 million by RMB 1.05 million to RMB 1.59 million as of 31 December 2023. This notable increase primarily stems from new sales in the property development segment. Other receivables have decreased from RMB 48.92 million by RMB 28.77 million to RMB 20.15 million. It is mainly due to loan repayment from an associate, Hailan. The good performance of the Hailan’s Lanjun Jiangnan property development project continues to facilitate the repayment of shareholder loans. Investment in associates has increased from RMB 31.52 million to RMB 34.82 million due to the operating performance of the joint venture, Huawei.

Completed properties available for sale decreased from 10.79 million to 9.51 million compared to 2022, mainly attributed to the sale of parking spaces and residential units by Wuping Lan County Real Estate Development Co., Ltd (“Wuping Lanjun”).

Trade payables have decreased from RMB 6.62 million by RMB 0.17 million to RMB 6.45 million. Other payables have increased from RMB 18.03 million by RMB 2.23 million to RMB 20.26 million, this was attributed to the increase in interest-free loan from directors.

### **Statement of Cash Flows**

The overall net increase in cash and cash equivalents is RMB 28.34 million for the year ended 31 December 2023. It was mainly attributable to the RMB 28.40 million in loan repayments from Hailan and the receipt of interest-free advances from a Director of RMB 1.84 million.

**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.**

In the Health segment, revenue from health supplements has increased, reflecting the expansion and enhancement of our product line. Additionally, the Group remains committed to furthering its market reach and product diversification. We are actively seeking suitable partners to facilitate the launch of our bottled water brand in other regions, with expectations that such collaborations will drive accelerated growth for this segment.

As for the Property Development segment, Lanjun Jiangnan property development project's successful sale of properties, including residential units, villa units and parking spaces, underscores our commitment to excellence in this area. We expect favorable homebuyer response to Lanjun Jiangnan, driving demand for Jiangnan's residential units as we move towards final project completion in 2024. We are focused on leveraging these successes to further strengthen our position in the property market.

#### 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	60	Brother of Lan Chunguang, Chief Executive Officer	Non-Independent Non-Executive Chairman, 2006	Nil
Lan Chunguang	56	Brother of Lan Weiguang, Non-Independent Non-Executive Chairman	Chief Executive Officer, 2010	Nil
Lan Yihong	37	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 2024