



SUNTAR ECO-CITY LIMITED

Condensed Interim Financial Statements for the Six months ended 30th June 2024

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A. Condensed Interim Consolidated Statement of Comprehensive Income

Condensed Interim Consolidated statement of comprehensive income for the Six Months Ended 30 June 2024 (“1H 2024”)

	Group 1H 2024 RMB'000	Group 1H 2023 RMB'000	+ / (-) %
Revenue	5,894	13,405	(56.0)
Cost of sales	(5,574)	(12,984)	(57.1)
Gross profit	320	421	(24.0)
Other operating income	308	274	12.4
Administrative expenses	(1,401)	(1,318)	6.0
Bad debt written off	-	(78)	n.m.
Selling and distribution expenses	(191)	(205)	(6.8)
Share of profit of associates	1,986	1,822	9.0
Profit before taxation	1,022	916	11.6
Income tax expense	(90)	(24)	275.0
Profit after taxation, representing total comprehensive income	<u>932</u>	<u>892</u>	4.5
Profit attributable to:			
Owners of the company	922	875	5.4
Non-controlling interests	10	17	(41.2)
	<u>932</u>	<u>892</u>	4.5
Earnings per share (cent)			
- Basic	1.47	1.39	5.4
- Diluted	1.47	1.39	5.4

n.m.= not meaningful

B. Condensed Interim Statements of Financial Position

	Group 30/6/2024 RMB'000	Group 31/12/2023 RMB'000	Company 30/6/2024 RMB'000	Company 31/12/2023 RMB'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	16,108	38,653	480	440
Structured deposits	27,400	-	-	-
Trade receivables	460	1,588	-	-
Other receivables	16,129	20,147	185	133
Completed properties for sale	9,513	9,513	-	-
Inventories	335	322	-	-
Total current assets	69,945	70,223	665	573
Non-current assets				
Right-of-use asset	13,066	13,202	-	-
Property, plant and equipment	415	367	-	-
Subsidiaries	-	-	131,406	131,406
Associate	36,688	34,702	-	-
Deferred tax assets	292	292	-	-
Total non-current assets	50,461	48,563	131,406	131,406
Total assets	120,406	118,786	132,071	131,979
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Trade payables	6,256	6,448	-	-
Other payables	21,181	20,285	20,392	19,319
Income tax payable	1,269	1,285	-	-
Total current liabilities	28,706	28,018	20,392	19,319
Capital and reserves				
Share capital	162,713	162,713	162,713	162,713
Statutory reserves	1,102	1,102	-	-
Accumulated losses	(72,247)	(73,169)	(51,034)	(50,053)
Equity attributable to owners of the Company	91,568	90,646	111,679	112,660
Non-controlling interest	132	122	-	-
Total equity	91,700	90,768	111,679	112,660
Total liabilities and equity	120,406	118,786	132,071	131,979

C. Condensed Interim Statements of Changes in Equity

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the Company RMB'000	Non- controlling interest RMB'000	Total equity RMB'000
Group						
Balance as at 1 January 2024	162,713	1,102	(73,169)	90,646	122	90,768
Profit for the period, representing total comprehensive income for the period	-	-	922	922	10	932
Balance as at 30 June 2024	162,713	1,102	(72,247)	91,568	132	91,700
Balance as at 1 January 2023	162,713	1,070	(73,780)	90,003	44	90,047
Profit for the period, representing total comprehensive income for the period	-	-	875	875	17	892
Balance as at 30 June 2023	162,713	1,070	(72,905)	90,878	61	90,939
		Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000		Total equity RMB'000
Company						
Balance as at 1 January 2024		162,713	-	(50,053)		112,660
Loss for the period, representing total comprehensive loss for the period		-	-	(981)		(981)
Balance as at 30 June 2024		162,713	-	(51,034)		111,679
Balance as at 1 January 2023		162,713	-	(48,131)		114,582
Loss for the period, representing total comprehensive loss for the period		-	-	(945)		(945)
Balance as at 30 June 2023		162,713	-	(49,076)		113,637

D. Condensed Interim Consolidated Statement of Cash Flows

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND QUARTER AND FIRST HALF

30-Jun-24

	Group	
	1H 2024	1H 2023
	RMB'000	RMB'000
Operating activities:		
Profit before taxation	1,022	916
Adjustments for:		
Depreciation of property, plant and equipment	10	8
Interest income	(271)	(129)
Depreciation of right-of-use asset	136	136
Bad debt written off	-	78
Share of profit of associate	(1,986)	(1,822)
Unrealised exchange (gain) loss	(1)	19
Operating loss before working capital changes	(1,090)	(794)
Change in trade receivables	1,128	(4,938)
Change in inventories	(13)	(178)
Change in other receivable	18	(16)
Change in completed properties for sale	-	(122)
Change in trade payables	(192)	4,603
Change in other payables and accruals	(777)	(166)
Cash used in operations	(926)	(1,611)
Interest received	271	129
Income tax paid	(106)	(164)
Net cash used in operating activities	(761)	(1,646)
Investing activities:		
Increase in structured deposits	(27,400)	(10,000)
Purchase of property, plant and equipment	(58)	(36)
Repayment from an associate	4,000	24,400
Net cash (used in) generated from investing activities	(23,458)	14,364
Financing activities		
Receipt of advances from a director, representing net cash generated from financing activity	1,673	1,431
Net (decrease) increase in cash and cash equivalents	(22,546)	14,149
Cash and cash equivalents at beginning of financial year	38,653	10,330
Effect of exchange rate changes on the balance of cash held in foreign currencies	1	(19)
Cash and cash equivalents at end of financial period	16,108	24,460

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 ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group is:

- (a) Health and Nutrition
- (b) Property Development

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 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 2023.

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 2023.

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:

- (a) Health and Nutrition
- (b) Property Development

4.1 Reportable segments

	Health & Nutrition RMB'000	Property Development RMB'000	Unallocated RMB'000	Total RMB'000
1H 2024				
Segment revenue:				
External customers	5,894	-	-	5,894
Segment results:				
Segment result	(31)	48	(981)	(964)
Share of profit in associate				1,986
Tax Expense				(90)
Profit for the period				932
Assets				
Segment assets	37,781	82,091	534	120,406
Liabilities				
Segment liabilities	635	7,145	20,926	28,706
Other Segment Information:				
Capital Expenditure	-	-	-	-
Depreciation of property, plant and equipment	-	10	-	10
Depreciation of right-of- use assets	-	136	-	136

4.1 Reportable segments (Cont'd)

	Health & Nutrition	Property Development	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000
1H 2023				
Segment revenue:				
External customers	13,405	-	-	13,405
Segment results:				
Segment result	148	(904)	(150)	(906)
Share of profit in associate				1,822
Tax Expense				(24)
Profit for the period				892
Assets				
Segment assets	38,598	83,614	516	122,728
Liabilities				
Segment liabilities	6,670	6,197	18,922	31,789
Other Segment Information:				
Capital Expenditure	-	-	-	-
Depreciation of property, plant and equipment	-	8	-	8
Depreciation of right-of-use assets	-	136	-	136

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.

The Group	1H 2024 RMB'000	1H 2023 RMB'000
Timing of revenue recognition		
<u>At a point of time:</u>		
Sale of completed properties	-	-
Sale of health and nutrition products	5,894	13,405
Total	5,894	13,405

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	The Group		The Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Financial assets at fair value through other comprehensive income (FVOCI)	27,400			
Financial assets at amortised cost:				
Cash and cash equivalents	16,108	38,653	480	440
Trade receivables	460	1,588	-	-
Other receivables	15,974	20,044	185	133
	59,942	60,285	665	573
Financial liabilities				
Financial liabilities at amortised cost:				
Trade payables	1,729	1,921	-	-
Other payables	21,181	20,285	20,392	19,319
	22,910	22,206	20,392	19,319

6. Profit before taxation

Significant items

	Group 1H 2024 RMB'000	Group 1H 2023 RMB'000	+ / (-) %
Other Income			
Interest income	271	129	110.1
Other operating expenses			
Staff costs	(269)	(117)	129.9
Depreciation of property, plant and equipment	(10)	(8)	25.0
Depreciation of right-of-use assets	(136)	(136)	-

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 1H 2024 RMB'000	Group 1H 2023 RMB'000	+ / (-) %
Current tax expense	(90)	(24)	275.0

8. Dividends

No interim dividends for the first half ended 30 June 2024 (30 June 2023: \$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 30/6/2024 RMB Cents	Group 31/12/2023 RMB Cents	Company 30/6/2024 RMB Cents	Company 31/12/2023 RMB Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares	145.90	144.43	177.95	179.51

10. Loan and Borrowings

Amount repayable in one year or less, or on demand

As at 30/06/2024		As at 31/12/2023	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	19,236	Nil	17,563

Amount repayable after one year

As at 30/06/2024		As at 31/12/2023	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Nil	Nil	Nil	Nil

11. Share Capital

	As at 30 June 2024	As at 31 December 2023
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 30 June 2024.

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 30 June 2024 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Income Statement

The Group's revenue has decreased by RMB 7.51 million to RMB 5.89 million for the six months ended 30 June 2024 ('1H 2024') compared to the corresponding period in 2023. All revenue was contributed by the Health and Nutrition segment, and there was no income from the Property Development segment. Within the Health and Nutrition segment, revenue was composed of RMB 1.26 million from bottled water business and RMB 4.63 million from health supplements business. The revenue decrease is primarily attributed to the health and nutrition segment. In comparison, during the same period in 2023, revenue from the bottled water business was RMB 1.23 million, and revenue from the health supplements business was RMB 12.17 million. The revenue decrease is primarily attributed to the health and nutrition segment. The decrease in revenue is mainly due to a slowdown in the growth of China's health supplement industry, changing market demands, and increased competition. In response, we have adjusted our product structure by temporarily shifting focus away from lutein and introducing new product lines, including vitamins and tea. Sales of these new products have not yet reached the levels previously achieved by lutein.

Other operating income has increased to RMB 0.31 million as compared to RMB 0.27 million in 1H 2023. This is mainly due to the increase in interest income from structured deposit, since the total amount deposited increased. This increase is primarily due to the repayment of advances by Hailan.

General and Administrative expenses have increased by 6% to RMB 1.40 million. Selling and distribution expenses have decreased by 6.8% to RMB 1.91 million.

The Group has recognized a share of profit from associates amounting to RMB 1.99 million, compared to RMB 1.82 million in 1H 2023. This includes a significant contribution of RMB 2.3 million from Hebei Huawei Health Industry Co. Ltd (“Huawei”), consistent with the previous period. The increase in profit is primarily due to a reduction in losses from Wuping Hailan Real Estate Development Co., Ltd (“Hailan”), which recorded a loss of RMB 0.31 million in 1H 2024, compared to a loss of RMB 0.48 million in 1H 2023.

Statement of Financial Position

The Group has recorded a structured deposits of RMB 27.40 million in 1H 2024 as compared to no entry at 31 December 2023.

Trade receivables reduced by RMB 5.02 million, reaching RMB 0.46 million as of June 30, 2024. This decrease is solely attributed to the Health & Nutrition segment, where market conditions led to adjustments in the product structure and a decline in sales. Other receivables have decreased from RMB 20.15 million by RMB 4.02 million to RMB 16.13 million. This reduction can be attributed to the strong presales performance of our Associate, Wuping Hailan Real Estate Development Co., Ltd., enabling them to repay advances from shareholders. Trade payables decreased RMB 0.19 million to RMB 6.26 million. Other payables have increased from RMB 20.29 million by RMB 0.9 million to RMB 21.18 million. It is attributed by the increase of interest free loan from a director.

Statement of Cash Flows

The overall net cash decrease in cash and cash equivalents is RMB 22.55 million for 6 months period ended 30 June 2024. It was mainly attributable to net cash outflow of RMB 27.40 million increased in structure deposits and off-set by the recovery of RMB 4 million with the primary contributor being the repayment of shareholders’ advance by 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.

In the Health segment, revenue from health supplements has decreased due to a slowdown in the growth of China's health supplement industry, changing market demands, and increased competition. While consumer awareness of health products has increased, the market is flooded with a wide range of products of varying quality, leading to consumer information gaps. Additionally, competition has intensified with both domestic and international companies entering the market. We have adjusted our product line in response to market conditions and continue to enhance our product diversification. We remain committed to finding partners for our bottled water initiative to advance channel sales.

In the Property Development segment, sales performance remains stable despite the challenging conditions in the Chinese real estate market. The successful sale of residential units, villa units, and parking spaces at the Lanjun Jiangnan project highlights the quality of our properties and their appeal in a competitive market, particularly given their location in a popular school district. Hailan is currently under construction and is expected to be completed and accepted in the second half of this year. Upon completion, the project is anticipated to contribute positively to the financial results.

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 as the Group deems it appropriate to retain cash for its operations.

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. Confirmation Pursuant to The Rule 705(5) of The Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

14 August 2024