Sunshine 100 China Holdings Ltd
陽光100中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2608)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS OF INTERIM RESULTS

- Revenue amounted to RMB1,136.9 million; gross profit amounted to RMB130.2 million, and gross profit margin was 11.5%; loss for the period amounted to RMB1,132.7 million
- Total assets amounted to RMB52,154.7 million; the total equity attributable to equity shareholders of the Company amounted to RMB1,460.6 million
- Contracted sales amounted to RMB148.1 million, and contracted sales area amounted to 6,882 square metres
- As of 30 June 2023, the Group's land reserves amounted to approximately 5.85 million square metres in terms of total GFA
- The Board does not recommend an interim dividend for the six months ended 30 June 2023

References are made to (i) the announcement of Sunshine 100 China Holdings Ltd (the "**Company**") dated 24 March 2022 in relation to, among other things, delay in publication of the audited preliminary results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**2021 Audited Annual Results**"); (ii) the announcement of the Company dated 31 March 2022 in relation to the suspension of trading in the Company's shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (iii) the announcement of the Company dated 10 May 2022 in relation to the change of auditors; (iv) the announcement of the Company dated 29 June 2022 in relation to, among other things, the resumption guidance from the Stock Exchange; (v) the announcement of the Company dated 22 July 2022 in relation to further information on change of auditors; (vi) the announcements of the Company dated 31 August 2022 and 31 March 2023 in relation to, among other things, the further delay in publication of the 2021 Audited Annual Results, the delay in publication of the interim financial results for the six months ended 30 June 2022 and the audited preliminary results for the year ended 31 December 2022; and (vii) the announcement of the Company dated 31 August 2023 in relation to, among other things, the delay in publication of the interim financial results for the six months ended 30 June 2023.

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2022. The interim results of the Group for the six months ended 30 June 2023 had been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 20 September 2023. The following interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Revenue	3	**1,136,877**	1,193,020
Cost of sales/services		**(1,006,631)**	(995,355)
Gross profit		**130,246**	197,665
Valuation losses on investment properties	7	**(163,494)**	(66,244)
Other income		**29,920**	43,912
Selling expenses		**(58,053)**	(74,022)
Administrative expenses		**(94,106)**	(105,601)
Other operating expenses		**(134,187)**	(89,197)
Loss from operations		**(289,674)**	(93,487)
Financial income	4	**132,620**	153,936
Financial costs	4	**(1,008,853)**	(953,446)
Share of results of associates		**(3,291)**	52,015
Loss before taxation		**(1,169,198)**	(840,982)
Income tax credit	5	**36,545**	3,144
Loss for the period		**(1,132,653)**	(837,838)
Other comprehensive income (loss) for the period (after tax and reclassification adjustments):			
Item that is or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**4,509**	(10,587)
Total comprehensive loss for the period		**(1,128,144)**	(848,425)

		Six months ended 30 June	
		2023	2022
	Note	***RMB'000***	*RMB'000*
Loss attributable to:			
Equity shareholders of the Company		**(1,101,738)**	(825,717)
Non-controlling interests		**(30,915)**	(12,121)
Loss for the period		**(1,132,653)**	(837,838)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(1,097,229)**	(836,304)
Non-controlling interests		**(30,915)**	(12,121)
Total comprehensive loss for the period		**(1,128,144)**	(848,425)
Loss per share (RMB)	6		
Basic		**(0.43)**	(0.32)
Diluted		**(0.43)**	(0.32)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 – unaudited
(Expressed in Renminbi)

	Notes	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
Non-current assets			
Property and equipment		**492,796**	525,587
Investment properties		**11,396,349**	11,551,558
Intangible assets		**–**	–
Restricted deposits		**37,212**	42,708
Investments in associates		**1,304,551**	1,307,842
Trade and other receivables	8	**46,933**	47,716
Deferred tax assets		**1,195,759**	1,195,584
Other financial assets		**73,244**	73,903
Total non-current assets		**14,546,844**	14,744,898
Current assets			
Properties under development and completed properties held for sale		**25,300,411**	25,305,928
Land development for sale		**3,338,805**	3,137,903
Contract costs		**239,905**	253,522
Trade and other receivables	8	**7,451,018**	7,584,665
Trading securities		**80,954**	86,304
Other financial assets		**361,290**	348,230
Restricted deposits		**88,715**	280,359
Cash and cash equivalents		**746,786**	641,300
Total current assets		**37,607,884**	37,638,211
Current liabilities			
Loans and borrowings		**26,540,970**	25,221,676
Trade and other payables	9	**11,320,125**	10,633,672
Contract liabilities		**4,568,882**	5,106,238
Lease liabilities		**18,942**	18,945
Contract retention payables		**136,556**	127,934
Current tax liabilities		**2,144,139**	2,089,732
Total current liabilities		**44,729,614**	43,198,197
Net current liabilities		**(7,121,730)**	(5,559,986)

	Notes	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
Total assets less current liabilities		**7,425,114**	9,184,912
Non-current liabilities			
Loans and borrowings		**855,354**	1,594,983
Contract retention payables		**86,731**	87,183
Lease liabilities		**41,088**	41,088
Trade and other payables	9	**1,593,676**	1,427,246
Deferred tax liabilities		**1,990,351**	2,048,355
Total non-current liabilities		**4,567,200**	5,198,855
NET ASSETS		**2,857,914**	3,986,057
CAPITAL AND RESERVES	10		
Share capital		**20,174**	20,174
Reserves		**1,440,381**	2,537,609
Total equity attributable to equity shareholders of the Company		**1,460,555**	2,557,783
Non-controlling interests		**1,397,359**	1,428,274
TOTAL EQUITY		**2,857,914**	3,986,057

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION

This interim financial report of Sunshine 100 China Holdings Ltd (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") ("**Listing Rules**"), including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issuance on 20 September 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual consolidated financial statements. Details of any changes in accounting policies are set out in Note 2 below.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a period-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual consolidated financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), and should be read in conjunction with the 2022 annual consolidated financial statements.

This interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company, which was of the opinion that the results were prepared in accordance with and complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

(a) Material uncertainty related to going concern

The Group incurred a net loss of approximately RMB1,132.7 million for the six months ended 30 June 2023 and as at 30 June 2023, the Group's current liabilities exceeded its current assets by approximately, RMB7,121.7 million. In additions, as at 30 June 2023, included in the current liabilities were loans and borrowings of approximately RMB26,541.0 million. The Group only had cash and cash equivalents amounting to approximately RMB746.8 million as at 30 June 2023.

As at 30 June 2023, the Group's loans and borrowings of approximately RMB14,330,616,000, convertible bonds of principal of approximately United States Dollars ("**USD**") 45,400,000 (equivalent to approximately RMB328,051,000) and interest of approximately USD5,466,000 (equivalent to approximately RMB39,497,000), senior notes of approximately USD138,100,000 (equivalent to approximately RMB997,884,000), senior green notes with principal of approximately USD219,600,000 (equivalent to approximately RMB1,586,786,000) and corporate bonds of approximately RMB2,202,000,000 were overdue pursuant to the borrowing agreements which constituted events of default. With these events of default, the terms of cross-default of senior notes with principal of approximately USD120,000,000 (equivalent to approximately RMB867,096,000) at carrying amount of approximately USD119,175,000 (equivalent to approximately RMB861,131,000) were triggered, and the senior notes may immediately due and payable if the creditors choose to accelerate.

As at 30 June 2023, the Group had not finalised the land appreciation tax returns with the tax authorities for certain property development projects which had already met the requirement of finalisation of the People's of Republic China (the "**PRC**") land appreciation tax ("**Land Appreciation Tax**"). The potential Land Appreciation Tax payment obligations arising from the clearance may have significant impact on the liquidity position of the Group.

As at and subsequent to 30 June 2023, the Group is subjected to a number of legal proceedings which mainly in relation to disputes under construction contracts in respect of its various property development projects and defaults of repayment of several loans and borrowings, which arose during the normal course of business. Details of which are set out in "Event After The Reporting Period" in "Management Discussion and Analysis" of this announcement. Based on the best estimation on the possible outcomes of the disputes by the management in consideration of the development of negotiations with the creditors and advice sought from the independent legal advisors and internal legal counsel, the possible further obligations (other than those liabilities/provisions that have been recognised in this interim financial report) arose from litigations are expected to be immaterial to this interim financial report. However, it is uncertain for the timing of the crystallisation of the relevant legal proceedings.

The above events or conditions indicate the existence of multiple material uncertainties which cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken or will be taken by the directors of the Company to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) the Group has been actively negotiating with a number of creditors and lenders for renewal and extension of interest-bearing borrowings which would be due within 12 months;

(ii) the Group has been actively negotiating with a number of creditors and lenders for debt restructuring of interest-bearing borrowings;

(iii) the Group has been actively negotiating with various financial institutions and potential lenders/investors to identify various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) the Group has accelerated or will accelerate the pre-sale and sale of its properties under development and completed properties held for sale;

(v) the Group has implemented plans to dispose several investment properties instead of generating rental income to improve the cash flow in future;

(vi) the Group has implemented measures to speed up the collection of outstanding sale proceeds and loans to third parties;

(vii) the Group will continue to improve the operating efficiency by implementing measures to tighten cost controls over various operating expenses in order to enhance its profitability and to improve the cash flow from its operation in future;

(viii) the Group has been actively looking for larger property development enterprises and cooperating with investors to develop properties under development of the Group through joint effort;

(ix) the Group has been actively procuring and negotiating the preliminary terms with larger property development enterprises for the sale of property development projects at a price deemed appropriate; and

(x) the Group has been actively negotiating with the local tax authorities to postpone the finalisation and payment of Land Appreciation Tax of the property development projects which had already met the requirement of finalisation of Land Appreciation Tax.

Based on the latest information available, the directors of the Company are of the opinion that it is appropriate to prepare this interim financial report on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to implement the abovementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financial and operating cash flows through the following:

(i) successfully negotiating with the lenders on the renewal of or extension for repayment of outstanding borrowings, including those with overdue principal and interests;

(ii) successfully negotiating with the creditors and lenders on debt restructuring of interest-bearing borrowings;

(iii) successfully negotiating with various financial institutions and potential lenders/investors and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iv) successfully persuading the Group's existing lenders not to take action to demand for immediate repayment of the borrowings with interest payments in default including the prevention from the auction of the Group's pledged properties;

(v) successfully implemented plans to dispose several investment properties instead of generating rental income to improve the cash flow in future;

(vi) successfully accelerating the pre-sales and sales of properties under development and completed properties and speeding up the collection of outstanding sales proceeds and loans to third parties, and controlling costs and capital expenditure so as to generate adequate net cash inflows;

(vii) successfully looking for larger property development enterprises and cooperating with investors to develop properties under development of the Group through joint effort;

(viii) successfully procuring and negotiating the preliminary terms with larger property development enterprises for the sale of property development projects at a price deemed appropriate; and

(ix) successfully negotiating with the local tax authorities to postpone the finalisation and payment of Land Appreciation Tax of the property development projects which had already met the requirements of finalisation of Land Appreciation Tax.

The directors of the Company believe that the aforementioned plans and measures will be successful, based on the continuous efforts by the management of the Company. However, should the Group fail to achieve the abovementioned plans and measures, it may not have sufficient funds to operate as a going concern, in which case adjustments might have to be made to reduce the carrying values of the Group's assets to their recoverable amounts, to reclassify the non-current assets and non-current liabilities as current assets and current liabilities, respectively, and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in this interim financial report.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current financial reporting period of the Group:

Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 12	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
IFRS 17	Insurance Contracts
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current financial reporting period.

3. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property and land development, property investment, property management and hotel operation, and light-asset operation.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**754,909**	888,457
Property management and hotel operation income	**215,645**	193,195
Light-asset operation income	**85,234**	27,564
	1,055,788	1,109,216
Revenue from other sources		
Rental income from investment properties	**81,089**	83,804
	1,136,877	1,193,020
Disaggregated by timing of revenue recognition		
Point in time	**736,210**	874,548
Over time	**319,578**	234,668
	1,055,788	1,109,216

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

The Group's customer base is diversified and there are no customers with whom transactions have exceeded 10% of the Group's revenue.

(b) Segment reporting

The Group manages its businesses based on its products and services, which are divided into property development that comprises mixed-use business complexes projects and multi-functional residential communities, investment properties, property management and hotel operation and light-asset operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment focuses on types of goods delivered or services rendered. Specifically, the Group has presented the following five reportable segments:

(a) The mixed-use business complexes segment that develops and sells business complex products;

(b) The multi-functional residential communities segment that develops and sells residential properties and develops land;

(c) Investment properties segment that leases offices and commercial premises;

(d) The property management and hotel operation segment that provides property management service and hotel accommodation services; and

(e) The light-asset operation segment that provides property selling agency and brand-use services.

No operating segments have been aggregated to form the above reportable segments of the Group.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Mixed-used business complexes		Multi-functional residential communities		Investment properties		Property management and hotel operation		Light-asset operation		Total	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Six months ended 30 June												
Disaggregated by timing of revenue recognition												
Point in time	**251,904**	300,745	**399,072**	546,239	**-**	-	**-**	-	**85,234**	27,564	**736,210**	874,548
Over time	**64,644**	13,366	**39,289**	28,107	**-**	-	**215,645**	193,195	**-**	-	**319,578**	234,668
Revenue from external customers	**316,548**	314,111	**438,361**	574,346	**-**	-	**215,645**	193,195	**85,234**	27,564	**1,055,788**	1,109,216
Revenue from other sources	**-**	-	**-**	-	**81,089**	83,804	**-**	-	**-**	-	**81,089**	83,804
	316,548	314,111	**438,361**	574,346	**81,089**	83,804	**215,645**	193,195	**85,234**	27,564	**1,136,877**	1,193,020
Inter-segment revenue	**-**	-	**-**	-	**3,991**	1,224	**2,280**	31,926	**9,947**	-	**16,218**	33,150
Reportable segment revenue	**316,548**	314,111	**438,361**	574,346	**85,080**	85,028	**217,925**	225,121	**95,181**	27,564	**1,153,095**	1,226,170
Reportable segment gross profit (loss)	**43,311**	56,417	**(81,559)**	31,858	**85,080**	85,028	**2,668**	1,363	**95,181**	14,358	**144,681**	189,024
Reportable segment (loss) profit	**(73,283)**	(100,268)	**(344,084)**	(619,436)	**(85,773)**	17,530	**(36,085)**	(48,103)	**73,803**	(53,612)	**(465,422)**	(803,889)
As at 30 June/31 December												
Loans and borrowings	**6,897,749**	6,997,171	**12,337,688**	12,560,736	**-**	-	**723,736**	724,966	**-**	-	**19,959,173**	20,282,873
Reportable segment assets	**14,624,694**	16,527,708	**19,526,492**	19,034,044	**11,717,465**	11,871,557	**141,193**	175,001	**125,698**	118,950	**46,135,542**	47,727,260
Reportable segment liabilities	**13,613,054**	15,303,171	**24,230,279**	22,941,998	**269,439**	219,785	**942,864**	972,602	**19,591**	43,169	**39,075,227**	39,480,725

Reconciliations of reportable segment loss

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Reportable segment loss	**(465,422)**	(803,889)
Elimination of intra-group results	**2,069**	15,899
Unallocated head office and corporate loss	**(669,300)**	(49,848)
Consolidated loss for the period	**(1,132,653)**	(837,838)

4. FINANCIAL INCOME AND FINANCIAL COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Financial income		
Interest income on financial assets measured at amortised cost	**(132,620)**	(150,860)
Dividend income from the trading securities	**–**	(3,076)
	(132,620)	(153,936)
Financial costs		
Total interest expense on loans and borrowings	**1,597,389**	1,484,170
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction	**(740,022)**	(802,668)
	857,367	681,502
Net foreign exchange loss	**140,247**	239,638
Net change in fair value of trading securities	**7,872**	13,289
Interest element of lease rentals paid	**–**	5,822
Bank charge and others	**3,367**	13,195
	1,008,853	953,446

5. INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax	**294**	4,904
– Land Appreciation Tax	**12,126**	26,486
– Under-provision of PRC Corporate Income Tax in respect of prior years	**8,796**	3,655
Deferred taxation	**(57,761)**	(38,189)
Income tax credit	**(36,545)**	(3,144)

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "**BVI**"), the Company and its subsidiaries incorporated in the Cayman Islands and the BVI, are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company's subsidiaries in the PRC is 25%.

In accordance with the Land Appreciation Tax Law, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 5% to 7% based on types of properties.

6. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of approximately RMB1,101,738,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately RMB825,717,000) and the weighted average of approximately 2,550,811,477 ordinary shares (six months ended 30 June 2022: approximately 2,550,811,477 ordinary shares) in issue during the six months ended 30 June 2023.

(b) Diluted loss per share

There was no difference between basic and diluted loss per share since the potential new ordinary shares have an anti-dilutive effect on the basic loss per share for the six months ended 30 June 2023 and 2022.

7. INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2023 by CHFT Advisory And Appraisal Ltd ("**CHFT**"), the Group's independent valuer, using the same valuation techniques as were used when carrying out the valuations at 31 December 2022. As a result of the update, a net loss of approximately RMB163,494,000 (six months ended 30 June 2022: approximately RMB66,244,000), and deferred tax credit thereon of approximately RMB40,874,000 (six months ended 30 June 2022: approximately RMB16,561,000), have been recognised in profit or loss for the period.

During the six months ended 30 June 2023 and 2022, the Group did not enter into any new lease agreements for use of buildings, and therefore did not recognise any additions to right-of-use assets.

8. TRADE AND OTHER RECEIVABLES

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the revenue recognition date and net of loss allowance is as follows:

	Notes	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
Within 6 months		**16,610**	21,049
6 months to 1 year		**3,154**	8,336
Over 1 year	(i)	**435,841**	434,986
Trade receivables, net of loss allowance		**455,605**	464,371
Loans provided to third parties, net of loss allowance	(ii)	**3,031,423**	2,886,998
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**308,248**	300,502
Loans provided to associates, net of loss allowance		**38,630**	295,072
Consideration receivables, net of loss allowance		**297,105**	294,190
Other receivables, net of loss allowance		**1,540,434**	1,564,635
Financial assets measured at amortised cost, net of loss allowance		**5,671,445**	5,805,768
Deposits and prepayments		**1,826,506**	1,826,613
		7,497,951	7,632,381
Less: non-current portion		**(46,933)**	(47,716)
		7,451,018	7,584,665

(i) For trade receivables, that ageing were over 1 year mainly included revenue from land development for sale of approximately RMB581,089,000 as at 30 June 2023 and 31 December 2022.

As at 31 December 2022, the directors of the Company considered the long outstanding of the receivables which indicate an increase in credit risk, the Group had therefore recognised lifetime expected credit losses ("**ECLs**") provision of approximately RMB59,456,000 and approximately RMB231,088,000 for the receivables for the year ended 31 December 2022 and in previous years, respectively. The directors of the Company considered the situation as at 30 June 2023 was similar to that as at 31 December 2022, and no further provision of ECL was therefore made during the six months ended 30 June 2023.

The remaining receivables mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. The Group holds the title of the property units as collateral over the balance of trade receivables of approximately RMB74,543,000 (2022: approximately RMB90,182,000). The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price and management considers that the credit risk arising from these trade receivables is significantly mitigated by related property units held as collateral, with reference to the estimated market value of those property units.

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measure loss allowances at an amount equal to lifetime ECLs, which is calculated using a provision matrix. At 30 June 2023 and 31 December 2022, the Group's exposure to credit risk and ECLs for these trade receivables are insignificant.

(ii) Loans provided to third parties, net of loss allowance

The balance mainly represented loans provided to third parties which were interest bearing at a weighted average interest rate of 11% (six months ended 30 June 2022: 11%) per annum. Pursuant to the Group's accounting policy, management measures loss allowance for loans provided to third parties on an individual basis at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the loan balance since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

During the year ended 31 December 2022, a total loss allowance of approximately RMB328 million was recognised on the loans provided to third parties, which was related to loans provided to a number of companies with credit risk increased. Therefore, a loss allowance based on lifetime ECL of approximately RMB328 million have been recognised thereon. No reversal of impairment loss was recognised in the consolidated profit or loss during the year ended 31 December 2022.

During the six months ended 30 June 2023, the management considers further ECLs exposure on the loans provided to third parties to be insignificant and no further loss allowance was provided.

9. TRADE AND OTHER PAYABLES

As at the end of reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on invoice date, is as follows:

	Note	**At 30 June 2023** *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 year		**2,142,649**	2,312,149
1 year to 2 years		**745,258**	624,496
2 years to 5 years		**848,418**	802,750
Trade payables		**3,736,325**	3,739,395
Advances received from third parties		**409,534**	407,789
Consideration payables in respect of acquisition of subsidiaries		**843,184**	843,184
Amounts due to related parties	(i)	**263,966**	262,952
Other payables		**6,767,708**	5,709,165
Financial liabilities measured at amortised cost		**12,020,717**	10,962,485
Other taxes payable		**893,084**	1,098,433
		12,913,801	12,060,918
Less: Non-current portion of trade and other payables		**(1,593,676)**	(1,427,246)
		11,320,125	10,633,672

(i) Amounts due to related parties

	At 30 June 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Amounts due to		
– Entities under control of Mrs. Fan Xiaohua	**33,966**	32,952
– Associates	**230,000**	230,000
	263,966	262,952

The balances as at 30 June 2023 and 31 December 2022 were interest-free, unsecured and had no fixed terms of repayment.

10. CAPITAL, RESERVES AND DIVIDENDS

Dividends

The Company did not declare any dividends for the six months ended 30 June 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Business Review

Since the beginning of this year, as the impact of the COVID-19 pandemic gradually subsided, leading to a slow recovery in the domestic economy. Driven by favourable policies, and superimposed on the previous market demand backlog release and other factors, the first quarter of the hot spot city saw a "small spring" market, and the industry into a weak recovery, but with the previous backlog of demand release is completed, the demand quickly declined and the relevant policies were not as strong as expected. The overall market failed to continue the warming trend. Residents' weak income expectations, strong expectations of falling house prices, and homebuyers' worries about the poor performance of the property are still the key to the problem.

Due to factors such as the macroeconomic environment, the downturn in the real estate industry and the still tight financing environment, the Company's contract sales fell sharply during the reporting period, and only completed RMB148.1 million and the contract sales area of approximately 6,882 square meters.

Revenue during the reporting period was approximately RMB1,136.9 million, representing a decrease of 4.7% compared with the same period in 2022; Gross profit in the first half of 2023 was approximately RMB130.2 million, representing a decrease of 34.1% compared with the same period in 2022. As a result of the decrease in gross margin on delivery, the increase in valuation losses on investment properties and the increase in financing expenses during the reporting period, a loss of approximately RMB1,132.7 million was recognized during the period.

With the reiteration of real estate as a "pillar industry of the national economy", "ensuring the delivery of buildings" remains the top priority of this year's theme. During the period under review, the Group completed 556,498 square metres of gross floor area, representing an increase of 94.2% over the same period in 2022. Although the Company was facing liquidity problems, it has been doing its best to ensure the delivery of properties and therefore did not start construction of new development area, but still completed more floor area than the same period in 2022.

Outlook

Looking ahead to the second half of 2023, the real estate industry will continue to face challenges as the economy recovers slowly and the public's willingness to purchase homes declines significantly, with the domestic demand side still facing tremendous pressure. In the face of the pressure, firstly, the Group will do its utmost to ensure the timely delivery of our projects and the rights and demands of home buyers, and practise the principle of "guaranteeing the delivery of buildings, safeguarding people's livelihood and stability"; secondly, as the housing rental market continues to heat up, the Group will continue to proactively expand its rental operation services, with an emphasis on quality and management; and thirdly, with the confidence in the market yet to be fully restored, financing has not yet fully recovered, and most of the private real estate enterprises are still not in a good shape. Thirdly, as market confidence has not been fully restored, financing has not yet fully recovered and most of the private real estate enterprises are still facing financing difficulties, the Group will continue to actively communicate with its creditors to seek for the implementation of various debt resolution plans to improve liquidity. Although it takes time to recover, the dawn has dawned. The Group will continue to respond to market challenges with an optimistic and positive attitude, maintain steady development and continue to move forward.

Contracted Sales

During the Reporting Period, the Group, including light-asset operation projects, realised contracted sales in the amount of RMB148.1 million, representing a decrease of 78.1% from the corresponding period of 2022, and a contracted sales area in the amount of 6,882 square metres, representing a decrease of 88.4% from the corresponding period of 2022. The average unit price for contracted sales was RMB16,526 per square metre. Approximately 51.5% of the contracted sales were generated from the Midwest. Contributions from Chongqing Sunshine 100 Arles and Xi'an Sunshine 100 Arles were significant, with the contracted sales being RMB35.1 million and RMB22.4 million respectively, accounting for 23.7% and 15.1% of the Group's total contracted sales.

Contracted sales of the Group by geographic location during the Reporting Period were as follows:

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area *(square metres)* (1)		Contracted sales amount *(RMB million)* (2)		Unit selling price *(RMB/square metres)* (1)	
			2023	2022	**2023**	2022	**2023**	2022
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**109**	3,882	**4.5**	35.4	**7,740**	8,586
		Shenyang Sunshine 100 Golf Mansion	**531**	169	**5.1**	2.0	**9,245**	5,905
	Jinan	Jinan Sunshine 100 International New Town	**1,869**	6,474	**48.1**	175.3	**20,556**	25,203
	Dongying	Dongying Sunshine 100 Phoenix Community	**133**	117	**0.8**	1.0	**3,768**	8,146
	Weifang	Weifang Sunshine 100 Phoenix Community	**–**	1,264	**0.2**	15.2	**–**	8,514
	Yantai	Yantai Sunshine 100 Himalaya	**-100**	768	**-1.3**	8.7	**–**	10,054
	Chengde	Sunshine 100 Beijing Arles	**-159**	1,154	**-1.8**	6.6	**–**	5,589
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**327**	90	**8.7**	3.2	**26,486**	24,507
		Tianjin Sunshine 100 Tianta Himalaya	**–**	-53	**–**	-1.9	**–**	41,592
		Tianjin Sunshine 100 International New Town	**–**	-81	**-1.0**	1.2	**–**	7,000
	Sub-total		**2,710**	13,784	**63.3**	246.7	**17,921**	16,165

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metres)* [(1)]	
			2023	2022	**2023**	2022	**2023**	2022
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**-59**	347	**9.4**	66.5	**22,331**	24,989
		Wuxi Sunshine 100 Himalaya	**323**	2,014	**4.2**	25.2	**13,094**	12,502
	Wenzhou	Sunshine 100 Wenzhou Center	**–**	440	**0.2**	9.5	**–**	16,586
		Wenzhou Sunshine 100 Arles	**149**	305	**-0.6**	2.7	**20,572**	1,994
	Yixing	Yixing Sunshine 100 Phoenix Street	**–**	-759	**–**	-10.4	**–**	15,039
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**–**	-76	**–**	-1.5	**–**	19,966
	Sub-total		**413**	2,271	**13.2**	92.0	**6,489**	12,696
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**295**	11,778	**-4.7**	50.3	**5,721**	4,207
	Sub-total		**295**	11,778	**-4.7**	50.3	**17,795**	4,207

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metres)* [(1)]	
			2023	2022	**2023**	2022	**2023**	2022
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**–**	–	**1.4**	0.7	**–**	–
		Wuhan Sunshine 100 Phoenix Street	**310**	2,535	**3.9**	27.3	**8,106**	10,679
	Chongqing	Chongqing Sunshine 100 Arles	**2,204**	1,432	**35.1**	20.6	**14,798**	13,796
	Changsha	Changsha Sunshine 100 Phoenix Street	**–**	–	**2.4**	3.5	**–**	–
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**410**	315	**10.3**	3.5	**24,938**	9,535
		Liuzhou Sunshine 100 City Plaza	**–**	–	**0.2**	1.1		–
		Liuzhou Sunshine 100 Xinye Town [(3)]	**–**	8,803	**–**	86.2	**–**	9,788
	Chengdu	Chengdu Sunshine 100 Mia Center	**–**	-102	**0.2**	-1.2	**–**	14,216
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	–	**0.4**	2.3	**–**	–
		Nanning Sunshine 100 Nine Peninsulas [(3)]	**–**	8,332	**–**	59.7	**–**	7,136
	Wuzhou	Wuzhou Sunshine 100 Sankee City [(3)]	**–**	7,252	**–**	31.8	**–**	4,283
	Lijiang	Lijiang Sunshine 100 COART Village	**–**	2,915	**–**	48.9	**–**	16,791
	Xi'an	Xi'an Sunshine 100 Arles	**540**	–	**22.4**	2.6	**34,771**	–
	Sub-total		**3,464**	31,482	**76.3**	287.0	**19,553**	8,704
Total			**6,882**	59,315	**148.1**	676.0	**16,526**	9,698

Notes:

(1) Excluding car parks

(2) Including car parks

(3) Being light-asset operation projects

Contracted sales of the Group by type of business during the Reporting Period were as follows:

Type	For the six months ended 30 June					
	Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metres)* [(1)]	
	2023	2022	**2023**	2022	**2023**	2022
Residential properties	**5,474**	34,725	**93.1**	303.5	**17,031**	8,740
Commercial properties and car parks	**1,408**	24,590	**55.0**	372.5	**14,562**	11,049
Total	**6,882**	59,315	**148.1**	676.0	**16,526**	9,698
Proportion						
Residential properties	**80%**	59%	**63%**	45%		
Commercial properties and car parks	**20%**	41%	**37%**	55%		
Total	**100%**	100%	**100%**	100%		

Notes:

(1) Excluding car parks

(2) Including car parks

Property Construction

During the Reporting Period, the total GFA of the Group's newly commenced construction was nil, and the total completed GFA was 556,498 square metres, representing a decrease of 100% and an increase of 94.2% from the corresponding period of 2022, respectively. This was mainly due to the resurgence of COVID-19 pandemic and its impact, which led to difficulties in the Company's sales. Although the Company faced liquidity problems, the Company has been doing its best to ensure delivery of property. As a result, the Company did not commence construction of new areas but completed more GFA than in the same period in 2022.

Economic area	City	For the six months ended 30 June 2023 Newly-started total GFA *(square metres)*	Completed total GFA *(square metres)*	Total GFA under construction at the end of the period *(square metres)*
Bohai Rim	Jinan	–	–	–
	Shenyang	–	–	94,349
	Weifang	–	–	195,134
	Yantai	–	–	328,917
	Chengde	–	–	166,816
	Tianjin	–	–	–
	Sub-total	**–**	**–**	**785,216**
Yangtze River Delta	Wuxi	–	56,181	152,352
	Wenzhou	–	353,018	510,608
	Sub-total	**–**	**409,199**	**662,960**
Pearl River Delta	Qingyuan	–	–	38,107
	Sub-total	**–**	**–**	**38,107**
Midwest	Chongqing	–	46,291	79,053
	Yueyang	–	–	82,552
	Guilin	–	–	31,960
	Nanning	–	–	–
	Liuzhou	–	–	–
	Wuzhou	–	–	–
	Xi'an	–	12,915	225,583
	Wuhan	–	88,093	155,082
	Lijiang	–	–	27,889
	Sub-total	**–**	**147,299**	**602,119**
Total		**–**	**556,498**	**2,088,402**

Investment Properties

During the Reporting Period, the Group had no new investment properties. As at 30 June 2023, the Group held investment properties with a GFA of 633,816 square metres. Moreover, during the Reporting Period, the rental income was RMB81.1 million, representing a decrease of 3.2% as compared with the corresponding period of 2022.

Land Acquisition

Breakdown of the land reserves of the Group at the end of the Reporting Period was as follows:

Economic area	City	Total GFA *(square metres)*	Proportion	Attributable GFA *(square metres)*	Proportion
Bohai Rim	Weifang	544,471	8%	544,471	9%
	Shenyang	543,413	8%	509,919	9%
	Yantai	409,097	6%	409,097	7%
	Jinan	169,391	3%	83,002	1%
	Tianjin	109,164	2%	92,047	2%
	Chengde	158,564	2%	112,898	2%
	Dongying	43,399	1%	43,399	1%
	Sub-total	**1,977,499**	**30%**	**1,794,833**	**31%**
Midwest	Chongqing	143,873	2%	115,099	2%
	Guilin	610,196	10%	597,767	10%
	Changsha	217,376	3%	217,376	4%
	Yueyang	82,552	1%	42,102	1%
	Liuzhou	326,409	5%	324,905	6%
	Nanning	176,295	3%	152,232	3%
	Wuzhou	–	0%	–	0%
	Wuhan	300,585	5%	300,585	5%
	Chengdu	81,339	1%	81,339	1%
	Xi'an	467,414	7%	467,414	8%
	Lijiang	267,208	4%	136,276	2%
	Sub-total	**2,673,247**	**41%**	**2,435,095**	**42%**

Economic area	City	Total GFA (square metres)	Proportion	Attributable GFA (square metres)	Proportion
Yangtze River Delta	Wenzhou	894,939	14%	894,940	15%
	Wuxi	395,750	6%	395,750	7%
	Changzhou	53,736	1%	27,405	0%
	Yixing	70,204	1%	56,163	1%
	Sub-total	**1,414,629**	**22%**	**1,374,258**	**23%**
Pearl River Delta	Qingyuan	454,786	7%	250,133	4%
	Sub-total	**454,786**	**7%**	**250,133**	**4%**
Total		**6,520,161**	**100%**	**5,854,319**	**100%**

Financial Performance

Revenue

During the Reporting Period, the revenue of the Group decreased by 4.7% to RMB1,136.9 million from RMB1,193.0 million in the corresponding period of 2022, mainly due to the decrease in the income from sale of properties of the Group.

Income from sale of properties

During the Reporting Period, income generated from the sale of properties decreased by 15.0% to RMB754.9 million from RMB888.5 million in the corresponding period of 2022, mainly due to decreased unit price of delivered property as compared to 2022.

Income from property management and hotel operation

During the Reporting Period, the income generated from property management and hotel operation of the Group increased by 11.6% to RMB215.6 million from RMB193.2 million in the corresponding period of 2022, mainly attributable to the increase in property management area and release of COVID-19 pandemic control measures posed by the government since December 2022, this resulted in a rebound in hotel occupancy rates, consequently impacting the revenue level.

Rental income from investment properties

During the Reporting Period, the rental income from investment properties of the Group decreased by 3.2% to RMB81.1 million from RMB83.8 million in the corresponding period of 2022, mainly attributable to a decrease in garage rental income for some projects, despite an increase in commercial operating income as compared to 2022, thus the overall rental income decreased compared to last year.

Cost of sales/services

During the Reporting Period, the cost of sales/services of the Group increased by 1.1% to RMB1,006.6 million from RMB995.4 million in the corresponding period of 2022. Particularly, the cost of property management and hotel operation increased by 12.2% to RMB215.3 million from RMB191.8 million in the corresponding period of 2022, mainly attributable to an increase in property management area and the increase in hotel occupancy rates, resulting in higher costs.

Gross profit

As a result of the above factors, during the Reporting Period, the gross profit of the Group decreased by 34.1% to RMB130.2 million from RMB197.7 million in the corresponding period of 2022, and the gross profit margin decreased to 11.5% from 16.6% in the corresponding period of 2022.

Valuation losses on investment properties

During the Reporting Period, valuation losses on investment properties of the Group were RMB163.5 million, and were RMB66.2 million in the corresponding period of 2022, mainly attributable to the decline in investment property valuations caused by the downturn in the property market.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 21.6% to RMB58.1 million from RMB74.0 million in the corresponding period of 2022, mainly attributable to the Company's intensified efforts in cost control and streamlined personnel, resulting in a decrease in the payment of salaries and advertising expenses.

Administrative expenses

During the Reporting Period, the Group's administrative expenses decreased by 10.9% to RMB94.1 million from RMB105.6 million in the corresponding period of 2022, mainly attributable to the Company's intensified efforts in cost control and streamlined personnel, resulting in a decrease in the payment of salaries, consulting expenses and other expenses in the Reporting Period.

Financial income

During the Reporting Period, financial income of the Group decreased by 13.8% to RMB132.6 million from RMB153.9 million in the corresponding period of 2022, mainly attributable to decrease in interest income from loans to third parties.

Financial costs

During the Reporting Period, financial costs of the Group increased by 5.8% to RMB1,008.9 million from RMB953.4 million in the corresponding period of 2022, mainly attributable to the total loan amount has increased, which lead to an increase in interest expenses, and some real estate development projects have been suspended and the number of completed projects has increased, resulting in a decrease in interest expenses that can be capitalised.

Income tax

During the Reporting Period, the income tax credit of the Group was RMB36.5 million, and RMB3.1 million in the corresponding period of 2022, which was mainly attributable to an increase in the Group's pre tax losses.

Loss for the period

During the Reporting Period, the loss of the Group increased by 35.2% to RMB1,132.7 million, from RMB837.8 million in the corresponding period of 2022, mainly attributable to the decrease in gross profit from property delivery, the increase in valuation losses on investment properties and financial expenses have increased.

Loss attributable to equity shareholders of the Company

Based on the above-mentioned factors, the loss attributable to equity shareholders of the Company increased by 33.4% to RMB1,101.7 million from RMB825.7 million in the corresponding period of 2022.

Working Capital, Finance and Capital Resources

Cash and cash equivalents

As at 30 June 2023, the Group had RMB746.8 million of cash and cash equivalents, representing an increase of RMB105.5 million as compared to 31 December 2022, mainly attributed to the transfer of equity and debt in associate enterprise, leading to an increase in cash inflow from investing activities.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2023, the Group's current ratio (which is total current assets divided by total current liabilities) was 84.1%, representing a decrease as compared with that as at 31 December 2022. As at 30 June 2023, the Group's total current assets and total current liabilities amounted to RMB37,607.9 million and RMB44,729.6 million, respectively.

As at 30 June 2023, the Group's gearing ratio (which is total loans and borrowings divided by total assets) increased to 52.5% from 51.2% as at 31 December 2022. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) increased to 929.4% from 649.6% as at 31 December 2022, mainly attributable to the decrease in total equity.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchasers of its properties. As at 30 June 2023, the Group provided guarantees for mortgage loans in an amount of RMB3,349.7 million (31 December 2022: RMB3,617.4 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 30 June 2023, the Group's total loans and borrowings amounted to RMB27,396.3 million. In particular, RMB26,541.0 million, RMB88.9 million and RMB766.4 million were repayable within one year or on demand, after one year but within two years and after two years but within five years, respectively.

The Group's borrowings are denominated in Renminbi and US dollars, mostly with fixed interest rate. As at 30 June 2023, the Group had no unutilised comprehensive credit facilities granted by bank and other financial institutions. The Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

As at 30 June 2023, the banking facilities granted to the Group are secured on the Group's pledged properties and restricted deposits with a carrying value of RMB14,916.6 million (31 December 2022: RMB14,841.9 million).

Capital commitments

As at 30 June 2023, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB5,555.9 million (31 December 2022: RMB5,597.3 million). As at 30 June 2023, the Group's capital commitment approved but not contracted for amounted to RMB4,962.5 million (31 December 2022: RMB4,729.4 million).

Foreign exchange exposure

The Renminbi is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China (the "**PBOC**") or other statutory institutions. The exchange rates adopted for foreign exchange transactions are those published by the PBOC and may be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currencies (depending on the foreign currency in which the Group's earnings are denominated) or must be conducted through the PBOC with government approval.

Nearly all of the Group's income and expenses are denominated in Renminbi, while certain bank deposits and loans are denominated in the HK dollar and US dollar. However, the operating cash flows and working capital of the Group have not been materially impacted by fluctuations in exchange rates. The Group currently does not hedge its foreign exchange exposures but may adopt hedging measures in the future.

Major Investments, Acquisitions and Disposals

Update on completion status for disposal of 100% Equity Interest in Eminent Star

References are made to the Company's announcements dated 13 April 2019 and 31 December 2019 as well as the Company's circular dated 13 June 2019 regarding the very substantial disposal by Chang Jia International Limited (長佳國際有限公司) ("**Chang Jia**") of the share capital and loans owed by Eminent Star Group Limited (卓星集團有限公司) ("**Eminent Star**") for a total consideration of approximately RMB4,661.2 million payable in cash (the "**Eminent Star Disposal**"). Capitalized terms used below shall have the same meanings as those used in the Company's announcement dated 13 April 2019.

As at the date of this announcement, the first completion, the second completion, the third completion and the fourth completion of the Eminent Star Disposal have taken place. The Group has received cash totaling RMB4,466.4 million, which includes the Initial Deposit, the Further Deposit, the First Instalment, part of the Second Instalment, the Third Instalment and other related payments. The parties are negotiating the payment of the balance of the Second Instalment and related matters.

Save as disclosed above, the Company had no other major investments, acquisitions and disposals during the Reporting Period.

HUMAN RESOURCES

As at 30 June 2023, the Group employed a total of 1,868 employees (corresponding period of 2022: 2,425 employees). The staff costs of the Group were RMB138.0 million during the Reporting Period (corresponding period of 2022: RMB173.1 million). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. The Group have established a regular assessment mechanism to assess the performance of its employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by laws and regulations in China, the Group make contributions to mandatory social security funds such as pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and the housing provident fund for the benefit of its employees in China. For the six months ended 30 June 2023, the Group made contributions in an aggregate of approximately RMB9.6 million to the employee retirement scheme.

INTERIM DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. For the six months ended 30 June 2023, the Company has adopted and complied with all applicable code provisions (the "**Code Provisions**") under the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except for the following deviation:

Code Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yi Xiaodi has served as the chairman and chief executive officer of the Company since 11 May 2018. This arrangement deviates from the requirement that the two positions should be held separately by different individuals as prescribed in the code provision C.2.1 of the CG Code. However, the Board considers that the roles of chairman and chief executive officer assumed by Mr. Yi Xiaodi will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operation of the Board as the majority of the Board are non-executive directors and independent non-executive directors. Moreover, the Board comprises of experienced and high caliber individuals and meets regularly to discuss major issues affecting operations of the Company, and all directors are properly and promptly briefed on relevant matters with adequate, complete and reliable information.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. At the time when this announcement was approved by the Board, the Audit Committee comprised three independent non-executive directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Li Chunping. Mr. Ng Fook Ai, Victor was at such time the chairman of the Audit Committee.

The primary duties of the Audit Committee are: (i) to deal with the relationship with the Company's external auditors; (ii) to review the Group's financial information; (iii) to supervise the Group's financial reporting system, risk management and internal control procedures; and (iv) to perform the Company's corporate governance functions.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters of the Group (including reviewing the interim results of the Group for the six months ended 30 June 2023).

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") in compliance with the Listing Rules. At the time when this announcement was approved by the Board, the Remuneration Committee comprised an executive director, Mr. Fan Xiaochong, and two independent non-executive directors, Mr. Gu Yunchang and Mr. Li Chunping. Mr. Li Chunping was at such time the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but are not limited to): (i) making recommendations to the directors in respect of the remuneration policies and structure of directors and senior management of the Company and the formal and transparent procedures in the formulation of remuneration policies; (ii) either: (a) to determine, with delegated responsibility by the Board, the remuneration packages of individual executive directors and senior management; or (b) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management; (iii) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (iv) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (v) to review and approve the management's remuneration proposals with reference to the Board's corporate policies and objectives; and (vi) to consider and approve the granting of share options to eligible participants under the share option scheme.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. At the time when this announcement was approved by the Board, the Nomination Committee comprised one executive director, Mr. Yi Xiaodi, and two independent non-executive directors, Mr. Gu Yunchang and Mr. Li Chunping. Mr. Yi Xiaodi was at such time the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are (including but not limited to): (i) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed change to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive directors; (iv) to make recommendations to the Board on appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and (v) to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the directors on terms no less than the required standards contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Each director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results, reminding the directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods in which the directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code. Having made specific enquiries by the Company with all directors, all of the directors confirmed that they have complied with the provisions of the Model Code during the six months ended 30 June 2023.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Events of Default under the 6.50% Convertible Bonds Due 2021 (the "2021 Bonds"), the 10.5% Senior Notes Due 2021 (the "2021 Notes"), the 13.0% Senior Green Notes Due 2022 (the "2022 Notes") and the 12.0% Senior Notes Due 2023 (the "2023 Notes")

On the maturity date of the 2021 Bonds, i.e., 11 August 2021, the Company failed to pay the principal and the premium in the sum of USD50,866,100 and the last instalment of interest of USD1,475,500. As such, an event of default under the terms and conditions of the 2021 Bonds occurred. The 2021 Bonds were delisted from the Stock Exchange on 11 August 2021.

On the maturity date of the 2021 Notes, i.e., 5 December 2021, the Company failed to pay the principal of USD170 million and the last instalment of interest of USD8,925,000. As such, an event of default under the terms and conditions of the 2021 Notes occurred. As of the date of this announcement, the Company has repaid approximately USD$31.9 million of the principal and approximately USD$138.1 million of the principal remains outstanding.

On the maturity date of the 2022 Notes, i.e., 29 June 2022, the Company failed to pay the principal of USD219,600,000 and the total accrued and unpaid interest of USD28,468,700. As such, an event of default under the terms and conditions of the 2022 Notes occurred (together with the event of default under the terms of conditions of the 2021 Bonds and 2021 Notes, the "**Events of Default**"). The 2022 Notes were delisted from the Stock Exchange on 29 June 2022.

Such Events of Default will trigger cross default provisions under certain other debt instruments entered into by the Group, including the 2023 Notes, which principal amount is USD120,000,000 with a maturity date of 3 October 2023. As the Company has not paid the accrued interest of USD31,200,000 due under the 2023 Notes, an event of default under the 2023 Notes has also taken place. The 2023 Notes may become immediately due and payable if the creditors choose to accelerate.

The Company has been proactively communicating with the relevant creditors. As at the date of this announcement, the Company has not received any acceleration notices from any creditors. The Company is using all efforts to raise the necessary funds to repay the outstanding amount and to remedy the Events of Default as soon as possible. For details, please refer to the announcements of the Company dated 11 August 2021, 25 August 2021, 6 December 2021 and 29 June 2022.

Events of Default under the 8.50% Corporate Bonds Due 2022 ("2022 8.50% Bonds"), the 9.0% Corporate Bonds Due 2022 (the "2022 9.0% Bonds") and the 8.4% Corporate Bonds Due 2023 (the "2023 Bonds") (together, the "Onshore Bonds")

On the maturity date of the 2022 8.50% Bonds, i.e. 22 September 2022, the Company's subsidiary, Guangxi Vantone Real Estate Development Co., Ltd.* ("**Guangxi Vantone**"), failed to pay the principal of RMB582,000,000 and the total accrued and unpaid interest of RMB49,470,000.00. As such, an event of default under the terms and conditions of the 2022 8.50% Bonds occurred.

On the maturity date of the 2022 9.0% Bonds, i.e. 30 October 2022, Guangxi Vantone failed to pay the principal of RMB120,000,000 and the total accrued and unpaid interest of RMB10,800,000.00. As such, an event of default under the terms and conditions of the 2022 9.0% Bonds occurred.

On the maturity date of the 2023 Bonds, i.e. 24 February 2023, Guangxi Vantone failed to pay the principal of RMB1,500,000,000 and the total accrued and unpaid interest of RMB252,000,000. As such, an event of default under the terms and conditions of the 2023 Bonds occurred.

Guangxi Vantone has been proactively communicating with the relevant creditors regarding the repayment of principal and interests with a view of reaching a solution acceptable to the creditors as soon as possible. As at the date of this announcement, the 2022 8.50% Bonds and 2022 9.0% Bonds remain listed on the Shanghai Stock Exchange and the 2023 Bonds remain listed on the Shenzhen Stock Exchange, and the Company and Guangxi Vantone have not received any acceleration notices from any creditors. The Company is using all efforts to raise the necessary funds to repay the outstanding amount and to remedy the defaults of the Onshore Bonds as soon as possible.

Save as disclosed above, during the Reporting Period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules for the six months ended 30 June 2023.

EVENTS AFTER THE REPORTING PERIOD

Legal action with regards to Notes Purchase Agreement

On 5 June 2023, a writ of summons indorsed with a general indorsement on claim was issued in the High Court of the Hong Kong Special Administrative Region (the "**High Court**") by the solicitors acting for HTI Financial Solutions Limited (the "**Plaintiff**") against the Company. The statement of claim was filed with the High Court on 3 July 2023 by the Plaintiff. The Plaintiff alleged that pursuant to a Notes Purchase Agreement entered into between the Plaintiff (as seller) and the Company (as purchaser) dated 27 September 2021 (the "**Agreement**"), the Company failed to pay the Repurchase Price on the Repurchase Date (both as defined in the Agreement). For further information, please refer to the announcements of the Company dated 14 June 2023, 20 June 2023 and 5 July 2023.

Legal Proceedings Against Controlling Shareholder of the Company

On 10 August 2023, Haitong International Securities Company Limited (the "**Petitioner**") filed a winding-up petition (the "**Petition**") against Joywise Holdings Limited, a controlling shareholder of the Company ("**Joywise**"), for an order that Joywise be wound up by the High Court under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) on the ground that Joywise was unable to repay the Petitioner in the sum of HK$386,884,412.40, being the total amount due and owing to the Petitioner as at 26 June 2023 under and pursuant to a facility letter dated 26 June 2019 entered into between the Petitioner as lender and Joywise as borrower (the "**Credit Facility**"). To secure the Credit Facility, the Petitioner as lender and Joywise as chargor entered into a security deed pursuant to which Joywise charged not less than 964,838,855 shares of the Company to the Petitioner.

As at the date of this announcement, 492,947,000 shares of the Company held by Joywise is under receivership (the "**Receivership**"). The Company is currently assessing the legal, financial and operational impact of the Petition to the Group. The Shareholders are reminded that (1) the Petition is presented against Joywise and not the Company; and (2) the amount claimed is against Joywise and not against the Group. For further details, please refer to the announcement of the Company dated 15 August 2023.

Disposal of Land Pursuant to Court Enforcement Order

The Company's subsidiaries and associates, being Yantai Sunshine 100 Real Estate Development Co., Ltd. (煙台陽光壹佰房地產開發有限公司) ("**Yantai Sunshine 100**"), Weifang Sunshine 100 Real Estate Co., Ltd. (濰坊陽光壹佰置業有限公司), Guilin Sunshine 100 Real Estate Co., Ltd (桂林陽光壹佰置業有限公司) ("**Guilin Sunshine 100**") and Sunshine 100 Real Estate Group Co., Ltd. (陽光壹佰置業集團有限公司) (together, the "**Entities**"), have received an enforcement order issued by Beijing Financial Court (北京金融法院) (the "**Court**") dated 7 August 2023 (the "**Enforcement Order**"). The Enforcement Order was issued as a result of the Entities' failure to comply with the mediation order dated 29 July 2022 which required the Entities to repay China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) (stock code: 2799) ("**China Huarong**") a loan that China Huarong made to Yantai Sunshine 100 (the "**Defaulted Loan**"). The aggregate principal amount of the Defaulted Loan, together with interest and litigation costs, as at 29 July 2022, were approximately RMB495.0 million plus interest accrued from 21 March 2022 up to the date of repayment (the "**Claim**").

The Court has ordered Guilin Sunshine 100, which agreed to guarantee the Defaulted Loan with land use rights over a portion of land located in Xiangshan District, Guilin, Guangxi Province (廣 西 壯 族 自 治 區 桂 林 市 象 山 區) (the "**Land**"), to sell its land use rights in the Land by way of judicial public auction to satisfy the Claim. The Land was valuated at approximately RMB586.3 million as at 20 September 2022 based on the valuation report commissioned by the Court, which had remained unsold after two rounds of judicial public auction. Therefore, China Huarong applied to the Court, and the Court granted the Enforcement Order for China Huarong to take the Land at the auction reserve price of approximately RMB328.0 million (including an enforcement fee of approximately RMB0.6 million and the auction reserve price of the buildings above the Land of approximately RMB8.7 million), representing a discount of approximately 44% to its valuation price, as settlement of part of the Claim. For further details, please refer to the announcement of the Company dated 18 August 2023.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND THE COMPANY

This results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk, the Singapore Exchange Securities Trading Limited at www.sgx.com and the website of the Company at www.ss100.com.cn. The interim report of the Company for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above-mentioned websites in due course.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Application has been made by the Company for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 21 September 2023.

By Order of the Board of
Sunshine 100 China Holdings Ltd
Yi Xiaodi
Chairman and Executive Director

Beijing, the PRC
20 September 2023

As at the date of this announcement, the executive Directors of the Company are Mr. Yi Xiaodi and Mr. Fan Xiaochong, the non-executive Directors of the Company are Ms. Fan Xiaohua and Mr. Wang Gongquan, and the independent non-executive Directors of the Company are Mr. Gu Yunchang, Mr. Ng Fook Ai, Victor and Mr. Li Chunping.

* *For identification purpose only*