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 2024

SUMMARY OF INTERIM RESULTS

- Revenue amounted to RMB1,614.6 million; gross loss amounted to RMB245.6 million, and negative gross profit margin was 15.2%; loss for the period amounted to RMB1,676.6 million

- Total assets amounted to RMB49,632.0 million; the total deficit attributable to equity shareholders of the Company amounted to RMB2,082.2 million

- Contracted sales amounted to RMB117.5 million, and contracted sales area amounted to 5,060 square metres

- As of 30 June 2024, the Group's land reserves amounted to approximately 5.78 million square metres in terms of total GFA

- The Board does not recommend an interim dividend for the six months ended 30 June 2024

The board (the "**Board**") of directors (the "**Directors**") of Sunshine 100 China Holdings Ltd (the "**Company**") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2023. The interim results of the Group for the six months ended 30 June 2024 had been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 29 August 2024. The following interim financial statements are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2024	2023
	Notes	***RMB'000***	*RMB'000*
Revenue	3	**1,614,585**	1,136,877
Cost of sales/services		**(1,860,152)**	(1,006,631)
Gross (loss) profit		**(245,567)**	130,246
Valuation losses on investment properties	7	**(199,273)**	(163,494)
Other income		**31,315**	29,920
Selling expenses		**(41,784)**	(58,053)
Administrative expenses		**(86,647)**	(94,106)
Other operating expenses		**(111,933)**	(134,187)
Loss from operations		**(653,889)**	(289,674)
Financial income	4	**135,998**	132,620
Financial costs	4	**(825,930)**	(1,008,853)
Share of results of associates		**(7,937)**	(3,291)
Loss before taxation		**(1,351,758)**	(1,169,198)
Income tax (expenses) credit	5	**(324,817)**	36,545
Loss for the period		**(1,676,575)**	(1,132,653)
Other comprehensive (loss) income 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		**(1,387)**	4,510
Total comprehensive loss for the period		**(1,677,962)**	(1,128,143)

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Loss attributable to:			
Equity shareholders of the Company		**(1,660,708)**	(1,101,738)
Non-controlling interests		**(15,867)**	(30,915)
Loss for the period		**(1,676,575)**	(1,132,653)
Total comprehensive loss attributable to:			
Equity shareholders of the Company		**(1,662,095)**	(1,097,228)
Non-controlling interests		**(15,867)**	(30,915)
Total comprehensive loss for the period		**(1,677,962)**	(1,128,143)
Loss per share (RMB)	6		
Basic		**(0.65)**	(0.43)
Diluted		**(0.65)**	(0.43)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024 – unaudited
(Expressed in Renminbi)

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property and equipment		**450,666**	458,886
Investment properties		**11,014,008**	11,187,568
Intangible assets		**–**	–
Restricted deposits		**29,579**	26,466
Investments in associates		**1,217,782**	1,225,893
Trade and other receivables	8	**46,318**	44,038
Deferred tax assets		**1,185,894**	1,196,483
Other financial assets		**67,266**	72,548
Total non-current assets		**14,011,513**	14,211,882
Current assets			
Properties under development and completed properties held for sale		**23,924,235**	25,039,108
Land development for sale		**3,392,682**	3,265,292
Contract costs		**232,910**	247,074
Trade and other receivables	8	**7,207,249**	6,989,014
Trading securities		**46,751**	42,083
Other financial assets		**356,350**	354,129
Restricted deposits		**46,487**	54,174
Cash and cash equivalents		**413,782**	629,012
Total current assets		**35,620,446**	36,619,886

	Notes	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Current liabilities			
Loans and borrowings		**24,513,651**	22,934,905
Trade and other payables	9	**15,337,442**	13,720,066
Contract liabilities		**3,051,013**	4,196,757
Lease liabilities		**14,568**	14,568
Contract retention payables		**37,428**	37,139
Current tax liabilities		**2,218,263**	2,083,456
Total current liabilities		**45,172,365**	42,986,891
Net current liabilities		**(9,551,919)**	(6,367,005)
Total assets less current liabilities		**4,459,594**	7,844,877
Non-current liabilities			
Loans and borrowings		**2,528,590**	4,082,782
Contract retention payables		**33,002**	28,868
Lease liabilities		**26,520**	26,520
Trade and other payables	9	**421,301**	466,860
Deferred tax liabilities		**2,320,578**	2,432,140
Total non-current liabilities		**5,329,991**	7,037,170
NET (LIABILITIES) ASSETS		**(870,397)**	807,707
CAPITAL AND RESERVES	10		
Share capital		**20,174**	20,174
Reserves		**(2,102,346)**	(440,109)
Total deficit attributable to equity shareholders of the Company		**(2,082,172)**	(419,935)
Non-controlling interests		**1,211,775**	1,227,642
TOTAL (DEFICIT) EQUITY		**(870,397)**	807,707

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 29 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 2023 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 2023 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 RMB1,676.6 million for the six months ended 30 June 2024 and as at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately RMB9,551.9 million, and the Group's total liabilities exceeded its total assets by approximately RMB870.4 million. In additions, as at 30 June 2024, included in the current liabilities were loans and borrowings of approximately RMB24,513.7 million. The Group only had cash and cash equivalents amounting to approximately RMB413.8 million as at 30 June 2024.

As at 30 June 2024, the Group's loans and borrowings of approximately RMB14,341,778,000, convertible bonds with outstanding principal of United States Dollars ("**USD**") 45,400,000 (equivalent to approximately RMB323,557,000) and interest of USD5,466,000 (equivalent to approximately RMB38,956,000), senior notes of USD258,100,000 (equivalent to approximately RMB1,839,428,000), senior green notes with principal of USD219,600,000 (equivalent to approximately RMB1,565,045,000) and corporate bonds of approximately RMB2,202,000,000 were overdue pursuant to the relevant borrowing agreements which constituted events of default.

As at 30 June 2024, 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 2024, 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. 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 existing lenders for persuading them 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;

(iv) 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;

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

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

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

(viii) 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;

(ix) 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;

(x) 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

(xi) 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	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

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	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**1,345,198**	754,909
Property management and hotel operation income	**205,176**	215,645
Light-asset operation income	**693**	85,234
	1,551,067	1,055,788
Revenue from other sources		
Rental income from investment properties	**63,518**	81,089
	1,614,585	1,136,877
Disaggregated by timing of revenue recognition		
Point in time	**1,239,067**	736,210
Over time	**312,000**	319,578
	1,551,067	1,055,788

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	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	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	**125,146**	251,904	**1,113,228**	399,072	**–**	–	**–**	–	**693**	85,234	**1,239,067**	736,210
Over time	**67,456**	64,644	**39,368**	39,289	**–**	–	**205,176**	215,645	**–**	–	**312,000**	319,578
Revenue from external customers	**192,602**	316,548	**1,152,596**	438,361	**–**	–	**205,176**	215,645	**693**	85,234	**1,551,067**	1,055,788
Revenue from other sources	**–**	–	**–**	–	**63,518**	81,089	**–**	–	**–**	–	**63,518**	81,089
	192,602	316,548	**1,152,596**	438,361	**63,518**	81,089	**205,176**	215,645	**693**	85,234	**1,614,585**	1,136,877
Inter-segment revenue	**–**	–	**–**	–	**3,967**	3,991	**839**	2,280	**3,468**	9,947	**8,274**	16,218
Reportable segment revenue	**192,602**	316,548	**1,152,596**	438,361	**67,485**	85,080	**206,015**	217,925	**4,161**	95,181	**1,622,859**	1,153,095
Reportable segment gross profit (loss)	**12,654**	43,311	**(359,799)**	(81,559)	**67,485**	85,080	**18,680**	2,668	**4,140**	95,181	**(256,840)**	144,681
Reportable segment (loss) profit	**(102,649)**	(73,283)	**(1,037,466)**	(344,084)	**(138,218)**	(85,773)	**(17,519)**	(36,085)	**(23,452)**	73,803	**(1,319,304)**	(465,422)
As at 30 June/31 December												
Loans and borrowings	**6,590,800**	9,048,628	**12,351,597**	12,526,269	**–**	–	**717,886**	588,966	**–**	–	**19,660,283**	22,163,863
Reportable segment assets	**17,430,389**	18,524,150	**17,293,767**	17,882,220	**11,313,613**	11,632,650	**107,054**	205,180	**105,426**	106,964	**46,250,249**	48,351,164
Reportable segment liabilities	**16,416,283**	17,980,359	**24,497,193**	24,636,671	**236,043**	242,033	**1,019,916**	920,931	**19,675**	49,892	**42,189,110**	43,829,886

Reconciliations of reportable segment loss

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Reportable segment loss	**(1,319,304)**	(465,422)
Elimination of intra-group results	**902**	2,069
Unallocated head office and corporate loss	**(358,173)**	(669,300)
Consolidated loss for the period	**(1,676,575)**	(1,132,653)

4. FINANCIAL INCOME AND FINANCIAL COSTS

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Financial income		
Interest income on financial assets measured at amortised cost	**(135,998)**	(132,620)
Financial costs		
Total interest expense on loans and borrowings	**1,329,360**	1,597,389
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction	**(522,602)**	(740,022)
	806,758	857,367
Net foreign exchange loss	**22,413**	140,247
Net change in fair value of trading securities	**(4,347)**	7,872
Bank charge and others	**1,106**	3,367
	825,930	1,008,853

5. INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax	**329**	294
– Land Appreciation Tax	**425,114**	12,126
– Under-provision of PRC Corporate Income Tax in respect of prior years	**612**	8,796
Deferred taxation	**(101,238)**	(57,761)
Income tax expenses (credit)	**324,817**	(36,545)

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 RMB1,660,708,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately RMB1,101,738,000) and the weighted average of approximately 2,550,811,477 ordinary shares (six months ended 30 June 2023: approximately 2,550,811,477 ordinary shares) in issue during the six months ended 30 June 2024.

(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 2024 and 2023.

7. INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2024 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 2023. As a result of the update, a net loss of approximately RMB199,273,000 (six months ended 30 June 2023: approximately RMB163,494,000), and deferred tax credit thereon of approximately RMB49,818,000 (six months ended 30 June 2023: approximately RMB40,874,000), have been recognised in profit or loss for the period.

During the six months ended 30 June 2024 and 2023, 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 2024** *RMB'000*	At 31 December 2023 *RMB'000*
Within 6 months		**75,540**	5,982
6 months to 1 year		**1,553**	9,278
Over 1 year	(i)	**374,459**	382,910
Trade receivables, net of loss allowance		**451,552**	398,170
Loans provided to third parties, net of loss allowance	(ii)	**3,203,416**	3,076,903
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**307,614**	306,286
Loans provided to associates, net of loss allowance		**39,561**	38,480
Consideration receivables, net of loss allowance		**295,751**	295,565
Other receivables, net of loss allowance		**1,279,938**	1,153,153
Financial assets measured at amortised cost, net of loss allowance		**5,577,832**	5,268,557
Deposits and prepayments		**1,675,735**	1,764,495
		7,253,567	7,033,052
Less: non-current portion		**(46,318)**	(44,038)
		7,207,249	6,989,014

(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 2024 and 31 December 2023.

As at 31 December 2023, 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 RMB58,109,000 (2022: approximately RMB59,456,000) for the receivables for the year ended 31 December 2023. As the results, accumulated lifetime ECL of approximately RMB348,653,000 (2022: approximately RMB290,544,000) was provided as at 31 December 2023. The directors of the Company considered the situation as at 30 June 2024 was similar to that as at 31 December 2023, and no further provision of ECL was therefore made during the six months ended 30 June 2024.

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 RMB77,765,000 (2023: approximately RMB79,009,000). 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 2024 and 31 December 2023, 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 2023: 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 2023, a total loss allowance of approximately RMB85 million (2022: 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, comprised a loss allowance based on lifetime ECL provision of approximately RMB85 million (2022: approximately RMB328 million). No reversal of impairment loss was recognised in the profit or loss during the years ended 31 December 2023 and 2022.

During the six months ended 30 June 2024, 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 2024** *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year		**1,745,245**	1,724,015
1 year to 2 years		**770,596**	824,516
2 years to 5 years		**1,159,583**	1,126,543
Trade payables		**3,675,424**	3,675,074
Advances received from third parties		**361,813**	359,079
Consideration payables in respect of acquisition of subsidiaries		**843,184**	843,184
Amounts due to related parties	(i)	**281,426**	281,196
Other payables		**9,572,072**	7,896,406
Financial liabilities measured at amortised cost		**14,733,919**	13,054,939
Other taxes payable		**1,024,824**	1,131,987
		15,758,743	14,186,926
Less: Non-current portion of trade and other payables		**(421,301)**	(466,860)
		15,337,442	13,720,066

(i) Amounts due to related parties

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Amounts due to		
– Entities under control of Mrs. Fan Xiaohua	**33,638**	33,408
– Associates	**247,788**	247,788
	281,426	281,196

The balances as at 30 June 2024 and 31 December 2023 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 2024 and 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

Business Review

In the first half of 2024, the Chinese real estate market continued to be under pressure in a complex and changing economic environment, and the overall situation did not show signs of recovery as expected. Despite frequent positive policies, the national new housing market did not respond positively, and new housing sales data remained weak. In contrast, thanks to the implementation of the "price for quantity (以價換量)" strategy, the second-hand housing market maintained a certain scale of transactions. Consumer confidence remains insufficient, and market sentiment is still strong. It will take more time to activate the market, and enterprises might continue to face severe challenges in sales.

Due to the downturn in the real estate industry and tight financing environment, the Company's contract sales continued to decline in the Reporting Period, with only RMB117.5 million completed and a contract sales area of approximately 5,060 square meters.

In the Reporting Period, the revenue was approximately RMB1,614.6 million, an increase of 42.0% compared with the same period in 2023; the gross loss in the first half of 2024 was approximately RMB245.6 million, mainly due to the gross loss of delivered properties. Due to the decrease in gross profit from property delivery and the increase in income tax, the Company recorded a loss of approximately RMB1,676.6 million in the Reporting Period.

Outlook

Given the multiple challenges of sales and financing environment in the real estate market, the Company is facing more profound liquidity issues. In the face of difficulties, the Group's top priority is to resume work. The Group will do everything it can to ensure the progress and quality of projects, and deliver satisfactory results to its owners as soon as possible. Secondly, resolving the debt crisis is the Group's urgent task. The Group will continue to actively engage in connection with financial institutions and creditors, seek solutions, strive to be included in the white list, and obtain more financial support. Thirdly, the Group will further optimize product positioning, and launch more products that are in line with market demand and consumer preferences. By improving product quality and operational efficiency, the Group will create differentiated competitive advantages. Despite facing multiple challenges, the Group will actively adjust its response measures in order to achieve healthy and stable development. The Company would like to sincerely thank every shareholder, partner, and employee for their unwavering support and contribution. Let all join hands and move forward together, forging ahead with determination.

Contracted sales

During the Reporting Period, the Group, including light-asset operation projects, realised contracted sales in the amount of RMB117.5 million, representing a decrease of 20.6% from the corresponding period of 2023, and a contracted sales area in the amount of 5,060 square metres, representing a decrease of 26.5% from the corresponding period of 2023. The average unit price for contracted sales was RMB14,778 per square metre. Approximately 91% of the contracted sales were generated from the Yangtze River Delta. Contributions from Changzhou Sunshine 100 Zone 7 Upper East Side were significant, with the contracted sales being RMB113.9 million.

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

			For the six months ended 30 June					
Economic area	**City**	**Project name**	**Contracted sales area** *(square metres)* [(1)]		**Contracted sales amount** *(RMB million)* [(2)]		**Unit selling price** *(RMB/square metres)* [(1)]	
			2024	2023	**2024**	2023	**2024**	2023
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**374**	109	**4.3**	4.5	**10,017**	7,740
		Shenyang Sunshine 100 Golf Mansion	**292**	531	**3.1**	5.1	**9,100**	9,245
	Jinan	Jinan Sunshine 100 International New Town	**727**	1,869	**17.6**	48.1	**21,051**	20,556
	Dongying	Dongying Sunshine 100 Phoenix Community	**143**	133	**0.7**	0.8	**4,553**	3,768
	Weifang	Weifang Sunshine 100 Phoenix Community	**–**	–	**0.3**	0.2	**–**	–
	Yantai	Yantai Sunshine 100 Himalaya	**–**	-100	**0.3**	-1.3	**–**	–
	Chengde	Sunshine 100 Beijing Arles	**–**	-159	**–**	-1.8	**–**	–
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**–**	327	**–**	8.7	**–**	26,486
		Tianjin Sunshine 100 Tianta Himalaya	**–**	–	**–**	–	**–**	–
		Tianjin Sunshine 100 International New Town	**–**	–	**1.5**	-1.0	**–**	–
	Sub-total		**1,536**	2,710	**27.8**	63.3	**14,535**	17,921

Economic area	City	Project name	Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metres)* [(1)]	
			For the six months ended 30 June					
			2024	2023	**2024**	2023	**2024**	2023
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**708**	-59	**8.2**	9.4	**10,572**	22,331
		Wuxi Sunshine 100 Himalaya	**-226**	323	**-3.7**	4.2	**16,439**	13,094
	Wenzhou	Sunshine 100 Wenzhou Center	**–**	–	**–**	0.2	**–**	–
		Wenzhou Sunshine 100 Arles	**–**	149	**0.2**	-0.6	**–**	20,572
	Yixing	Yixing Sunshine 100 Phoenix Street	**-898**	–	**-11.9**	–	**13,206**	–
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**4,584**	–	**113.9**	–	**17,633**	–
	Sub-total		**4,168**	413	**106.7**	13.2	**17,460**	6,489
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**–**	295	**0.2**	-4.7	**–**	5,721
	Sub-total		**–**	295	**0.2**	-4.7	**–**	5,721

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]	
			2024	2023	**2024**	2023	**2024**	2023
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**–**	–	**0.7**	1.4	**–**	–
		Wuhan Sunshine 100 Phoenix Street	**154**	310	**4.5**	3.9	**26,686**	8,106
	Chongqing	Chongqing Sunshine 100 Arles	**795**	2,204	**11.8**	35.1	**13,318**	14,798
	Changsha	Changsha Sunshine 100 Phoenix Street	**-87**	–	**-2.3**	2.4	**33,579**	–
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**-1,506**	410	**-31.6**	10.3	**20,980**	24,938
		Liuzhou Sunshine 100 City Plaza	**–**	–	**–**	0.2	**–**	–
	Chengdu	Chengdu Sunshine 100 Mia Center	**–**	–	**-0.5**	0.2	**–**	–
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	–	**0.2**	0.4	**–**	–
	Xi'an	Xi'an Sunshine 100 Arles	**–**	540	**–**	22.4	**–**	34,771
	Sub-total		**-644**	3,464	**-17.2**	76.3	**30,789**	19,553
Total			**5,060**	6,882	**117.5**	148.1	**14,778**	16,526

Notes:

(1) Excluding car parks

(2) Including car parks

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)]	
	2024	2023	**2024**	2023	**2024**	2023
Residential properties	**978**	5,474	**2.7**	93.1	**2,799**	17,031
Commercial properties and car parks	**4,082**	1,408	**114.8**	55.0	**17,649**	14,562
Total	**5,060**	6,882	**117.5**	148.1	**14,778**	16,526
Proportion						
Residential properties	**19%**	80%	**2%**	63%		
Commercial properties and car parks	**81%**	20%	**98%**	37%		
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 and the total completed GFA was nil (the corresponding period of 2023: nil) and nil (the corresponding period of 2023: 556,498 square metres), respectively.

		For the six months ended 30 June 2024		
Economic area	**City**	**Newly-started total GFA**	**Completed total GFA**	**Total GFA under construction at the end of the period**
		(square metres)	*(square metres)*	*(square metres)*
Bohai Rim	Jinan	–	–	–
	Shenyang	–	–	94,349
	Weifang	–	–	95,966
	Yantai	–	–	328,917
	Chengde	–	–	162,708
	Tianjin	–	–	–
	Sub-total	**–**	**–**	**681,940**
Yangtze River Delta	Wuxi	–	–	152,352
	Wenzhou	–	–	524,720
	Sub-total	**–**	**–**	**677,072**
Pearl River Delta	Qingyuan	–	–	43,808
	Sub-total	**–**	**–**	**43,808**
Midwest	Chongqing	–	–	80,322
	Yueyang	–	–	82,552
	Guilin	–	–	31,960
	Nanning	–	–	–
	Liuzhou	–	–	–
	Wuzhou	–	–	–
	Xi'an	–	–	225,583
	Wuhan	–	–	156,511
	Lijiang	–	–	27,889
	Sub-total	**–**	**–**	**604,817**
Total		**–**	**–**	**2,007,637**

Investment Properties

During the Reporting Period, the Group had no new investment properties. As at 30 June 2024, the Group held investment properties with a GFA of 632,690.9 square metres. Moreover, during the Reporting Period, the rental income was RMB63.5 million, representing a decrease of 21.7% as compared with the corresponding period of 2023.

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	511,026	9%	511,026	10%
	Shenyang	453,535	8%	420,798	8%
	Yantai	350,173	6%	350,173	7%
	Jinan	101,886	2%	49,924	1%
	Tianjin	93,015	1%	78,060	1%
	Chengde	154,456	3%	109,973	2%
	Dongying	40,136	1%	40,136	1%
	Sub-total	**1,704,227**	**30%**	**1,560,090**	**30%**
Midwest	Chongqing	137,589	2%	110,071	2%
	Guilin[(1)]	595,223	10%	595,223	11%
	Changsha	167,360	3%	167,360	3%
	Yueyang	82,552	1%	42,102	1%
	Liuzhou	239,830	4%	239,830	5%
	Nanning	143,074	2%	118,648	2%
	Wuhan	292,883	5%	292,883	6%
	Chengdu	56,136	1%	56,136	1%
	Xi'an	466,948	8%	466,948	9%
	Lijiang	265,087	5%	135,194	3%
	Sub-total	**2,446,682**	**42%**	**2,224,395**	**43%**

Economic area	City	Total GFA *(square metres)*	Proportion	Attributable GFA *(square metres)*	Proportion
Yangtze River Delta	Wenzhou	884,927	15%	884,927	17%
	Wuxi	244,702	4%	244,702	5%
	Changzhou	26,795	0%	13,665	0%
	Yixing	22,633	0%	18,107	0%
	Sub-total	**1,179,057**	**20%**	**1,161,401**	**22%**
Pearl River Delta	Qingyuan	447,285	8%	246,006	5%
	Sub-total	**447,285**	**8%**	**246,006**	**5%**
Total		**5,777,251**	**100%**	**5,191,892**	**100%**

(1) Reference is made to the announcement of the Company dated 18 August 2023 in relation to the disposal of the land use right pursuant to the court enforcement order. As of 30 June 2024, the transfer/change of registration procedure regarding the land use right had not been completed.

Financial Performance

Revenue

During the Reporting Period, the revenue of the Group increased by 42.0% to RMB1,614.6 million from RMB1,136.9 million in the corresponding period of 2023, mainly due to the increase 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 increased by 78.2% to RMB1,345.2 million from RMB754.9 million in the corresponding period of 2023, mainly due to the increase in areas of delivered property as compared to 2023.

Income from property management and hotel operation

During the Reporting Period, the income generated from property management and hotel operation of the Group decreased by 4.8% to RMB205.2 million from RMB215.6 million in the corresponding period of 2023, mainly attributable to the decrease in hotel operation income compared to the corresponding period of 2023.

Rental income from investment properties

During the Reporting Period, the rental income from investment properties of the Group decreased by 21.7% to RMB63.5 million from RMB81.1 million in the corresponding period of 2023, mainly attributable to the decrease in the rental property area compared to the corresponding period of 2023, leading to a decline in income.

Cost of sales/services

During the Reporting Period, the cost of sales/services of the Group increased by 84.8% to RMB1,860.2 million from RMB1,006.6 million in the corresponding period of 2023. Particularly, the cost of sales of properties increased by 111.4% to RMB1,672.8 million from RMB791.4 million in the corresponding period of 2023, mainly attributable to the increase in areas of delivered properties compared to the corresponding period of 2023.

Gross loss

As a result of the above factors, during the Reporting Period, the gross loss of the Group was RMB245.6 million, and the gross profit of the Group was RMB130.2 million in the corresponding period of 2023, primarily due to the gross loss incurred on the delivered properties.

Valuation losses on investment properties

During the Reporting Period, valuation losses on investment properties of the Group were RMB199.3 million, and were RMB163.5 million in the corresponding period of 2023, 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 28.1% to RMB41.8 million from RMB58.1 million in the corresponding period of 2023, 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 8.0% to RMB86.6 million from RMB94.1 million in the corresponding period of 2023, 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 increased by 2.6% to RMB136.0 million from RMB132.6 million in the corresponding period of 2023, mainly attributable to the maturity of time deposits, leading to an increase in interest income.

Financial costs

During the Reporting Period, financial costs of the Group decreased by 18.1% to RMB825.9 million from RMB1,008.9 million in the corresponding period of 2023, mainly attributable to the decreased other financial costs and the decrease in cost arising from the change in exchange rate.

Income tax

During the Reporting Period, the income tax expenses of the Group was RMB324.8 million, and the income tax credit of the Group was RMB36.5 million in the corresponding period of 2023, which was mainly attributable to the increase in the provision for land appreciation tax.

Loss for the period

During the Reporting Period, the loss of the Group increased by 48.0% to RMB1,676.6 million, from RMB1,132.7 million in the corresponding period of 2023, mainly attributable to the decrease in gross profit from property delivery, and the increase in income tax.

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 50.7% to RMB1,660.7 million from RMB1,101.7 million in the corresponding period of 2023.

Working capital, finance and capital resources

Cash and cash equivalents

As at 30 June 2024, the Group had RMB413.8 million of cash and cash equivalents, representing a decrease of RMB215.2 million as compared to 31 December 2023, mainly attributed to pay for the expenses of operating activities.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2024, the Group's current ratio (which is total current assets divided by total current liabilities) was 78.9%, representing a decrease as compared with that as at 31 December 2023. As at 30 June 2024, the Group's total current assets and total current liabilities amounted to RMB35,620.4 million and RMB45,172.4 million, respectively.

As at 30 June 2024, the Group's gearing ratio (which is total loans and borrowings divided by total assets) increased to 54.5% from 53.2% as at 31 December 2023. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) had noted a turnaround from 3,260.4% as at 31 December 2023 to -3,054.0% as at 30 June 2024, which was mainly attributed from the turnaround from equity as at 31 December 2023 to deficit as at 30 June 2024.

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 2024, the Group provided guarantees for mortgage loans in an amount of RMB2,378.6 million (31 December 2023: RMB3,110.1 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 30 June 2024, the Group's total loans and borrowings amounted to RMB27,042.2 million. In particular, RMB24,513.6 million, RMB1,904.8 million and RMB623.8 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 2024, 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 2024, the banking facilities granted to the Group are secured on the Group's pledged properties and restricted deposits with a carrying value of RMB14,960.5 million (31 December 2023: RMB14,829.2 million).

Capital commitments

As at 30 June 2024, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB5,313.5 million (31 December 2023: RMB5,307.8 million). As at 30 June 2024, the Group's capital commitment approved but not contracted for amounted to RMB4,604.9 million (31 December 2023: RMB4,973.5 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

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) 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**").

Beijing Financial 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 Beijing Financial Court, which had remained unsold after two rounds of judicial public auction. Therefore, China Huarong applied to Beijing Financial Court, and Beijing Financial 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.

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 owing 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, the 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 2024, the Group employed a total of 1,524 employees (corresponding period of 2023: 1,868 employees). The staff costs of the Group were RMB102.7 million during the Reporting Period (corresponding period of 2023: RMB138.0 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 2024, the Group made contributions in an aggregate of approximately RMB8.1 million to the employee retirement scheme.

INTERIM DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2024.

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 2024, the Company adopted and complied with all applicable code provisions set out in Part 2 of Appendix C1 (the "**CG Code**") to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), except for the following deviation:

Code Provision C.2.1 of the part 2 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.

Code provision D.1.2 of the part 2 of the CG Code stipulates that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During the Reporting Period, although the management of the Company did not provide monthly updates to all members of the Board, the management of the Company prepares quarterly management accounts of the Group which are available for the Directors to review and when appropriate, the management of the Company will update and keep all Directors abreast of the performance, position and prospects of the Group to enable them to discharge their duties.

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 2024).

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 of the Company 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) providing recommendations to the Board in respect of the remuneration packages of the Directors and senior management; (iii) reviewing and approving the remuneration packages of the management with reference to the Group's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants under the share option scheme adopted by the Company on 17 February 2014.

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 is to make recommendations to the Board on the appointment of members of the Board.

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 C3 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.

The Company was informed by Mr. Yi Xiaodi, an executive Director, Chairman and chief executive officer of the Company, Mr. Fan Xiaochong, an executive Director, and Ms. Fan Xiaohua, a non-executive Director that they had been deemed to have disposed of 6,121,000 Shares (representing approximately 0.24% of the issued share capital of the Company as at the date of this announcement) held by Joywise Holdings Limited in the open market as a result of forced sale (the "**Disposals**") during the Black-out Period (as defined below) due to default under margin facilities.

Pursuant to paragraph A.3 of the Model Code, the Directors of the Company are prohibited from dealing in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results (the "**Black-out Period**"). The meeting of the Board for the publication of the annual results of the Company for the year ended 31 December 2023 was held on 28 March 2024. The Disposals fell within the Black-out Period and constituted a deemed dealing by Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua although they had no influence or control over the Disposals.

The Directors of the Company (except Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua) are satisfied that the Disposals during the Black-out Period occurred under exceptional circumstances within the meaning of paragraph C.14 of Appendix C3 to the Listing Rules.

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 2024.

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 USD170,000,000 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 USD31,900,000 of the principal and approximately USD138,100,000 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 "**2022 Events of Default**"). The 2022 Notes were delisted from the Stock Exchange on 29 June 2022.

On the maturity date of the 2023 Notes, i.e. 3 October 2023, the Company failed to pay the principal of USD120,000,000 and the total accrued and unpaid interest of USD38,400,000. The 2023 Notes were delisted from the Stock Exchange on 3 October 2023. As such, an event of default under the terms and conditions of the 2023 Notes occurred (together with the 2022 Events of Default, the "**Events of Default**"). The Events of Default will trigger cross default provisions under certain other debt instruments entered into by the Group.

As at 30 June 2024, the total accrued and unpaid interest of the 2021 Bonds, the 2021 Notes, the 2022 Notes and the 2023 Notes amounted to approximately USD188,244,605. The Company has been proactively communicating with the relevant 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, 29 June 2022 and 3 October 2023.

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.

As at 30 June 2024, the total accrued and unpaid interest of the Onshore Bonds amounted to RMB565,950,000. 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 2024.

WINDING UP OF THE CONTROLLING SHAREHOLDER

The Company was informed that a winding-up order dated 17 January 2024 has been made against Joywise Holdings Limited ("**Joywise**"). As at the date of this announcement, Joywise is the controlling shareholder of the Company and holds 1,564,162,906 ordinary shares of the Company, or approximately 61.32% of the total issued share capital of the Company including 9.21% of derivative interests.

The Company is assessing the impact that the winding up order against Joywise may have on the business operation and financial position of the Company. Shareholders of the Company are reminded that the order is made against Joywise and not the Company. The Company will keep its shareholders and potential investors informed of any significant progress and will make further announcement(s) as and when appropriate in accordance with the Listing Rules and the Securities and Futures ordinance (Cap. 571 of the Laws of Hong Kong). For more details, please refer to the announcement of the Company dated 15 August 2023, and dated 21 February 2024.

WINDING UP PETITION AGAINST THE COMPANY

On 18 June 2024, a winding-up petition (the "**Petition**") was filed against the Company by Bo Shun (HK) Limited (栢順(香港)有限公司) (the "**Petitioner**") at the High Court of the Hong Kong Special Administrative Region (the "**High Court**") in relation to the unpaid redemption price on 11 August 2021 in the amount of US$50,467,500 and default interest of 2% per annum of the outstanding principal of US$45,000,000 from 11 August 2021 up to 22 March 2024 in the amount of US$2,385,000. On 28 August 2024, the High Court has adjourned the hearing for the Petition to 23 October 2024.

For details, please refer to the announcements of the Company dated 20 June 2024 and 28 August 2024.

EVENTS AFTER THE REPORTING PERIOD

There is no significant event after the Reporting Period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ss100.com.cn. The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be available electronically on the above-mentioned websites in due course.

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

Beijing, the PRC
29 August 2024

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*