

 **Sunshine 100 China Holdings Ltd**

(Incorporated in the Cayman Islands with limited liability) Stock code : 2608

2014 Interim Report





Contents

Corporate Information	2
Management Discussion and Analysis	4
Corporate Governance	21
Disclosure of the Interests Information	23
Other Information	29
Review Report on the Interim Financial Information	30
Consolidated Statement of Comprehensive Income	31
Consolidated Balance Sheet	32
Consolidated Statement of Changes in Equity	34
Condensed Consolidated Cash Flow Statement	35
Notes to the Unaudited Interim Financial Statements	36

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yi Xiaodi (*Chairman*)

Mr. Fan Xiaochong

Non-executive Directors

Ms. Fan Xiaohua

Mr. Joseph Raymond Gagnon

(Resigned on 10 September 2014)

Independent non-executive Directors

Mr. Chen Jinsong

Mr. Gu Yunchang

Mr. Ng Fook Ai, Victor

AUDIT COMMITTEE

Mr. Ng Fook Ai, Victor (*Committee Chairman*)

Mr. Chen Jinsong

Mr. Gu Yunchang

REMUNERATION COMMITTEE

Mr. Chen Jinsong (*Committee Chairman*)

Mr. Fan Xiaochong

Mr. Gu Yunchang

NOMINATION COMMITTEE

Mr. Yi Xiaodi (*Committee Chairman*)

Mr. Chen Jinsong

Mr. Gu Yunchang

COMPANY SECRETARY

Dr. Ngai Wai Fung

COMPANY'S WEBSITE

www.ss100.com.cn

AUTHORISED REPRESENTATIVES

Mr. Yi Xiaodi

Dr. Ngai Wai Fung

REGISTERED OFFICE

The Registered Office of Intertrust Trustees II

(Cayman) Limited

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LEGAL ADVISER

Allen & Overy

AUDITOR

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10 Chater Road
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COMPLIANCE ADVISER

Haitong International Capital Limited

PRINCIPAL BANKERS

Agricultural Bank of China
China Everbright Bank
China Minsheng Banking Corp., Ltd
Industrial Bank Co., Ltd.

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
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Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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(Cayman) Limited
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24 Shedden Road, PO Box 1586
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Cayman Islands

LISTING INFORMATION

Place of Listing:
The Stock Exchange of Hong Kong Limited
("the Stock Exchange")
Stock code: 2608

Management Discussion and Analysis

Business Review

Contracted Sales

For the six months ended 30 June 2014 (the “Reporting Period”), the Group achieved contracted sales of RMB2,431 million, representing an increase of 32% compared to the same period in 2013. The Group achieved contracted sales area of 285,764 square metres, representing an increase of 16% as compared to the same period of 2013. The Group achieved average contracted unit selling price of RMB8,401 per square metre, representing an increase of 14% as compared to the same period of 2013. This was mainly attributable to the impact of the structure of products, resulting from a constant increase in the proportion of the commercial property sector of the Group.

Type	Contracted sales area, excluding car parks (sq. m.)		Contracted sales amount, including car parks (RMB million)		Unit selling price, excluding car parks (RMB/sq. m.)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013	2014	2013	2014	2013	2014
Commercial property	9,318	24,298	134	442	14,381	18,191
Residential and car parks	236,744	261,466	1,713	1,989	7,096	7,493
Total	246,062	285,764	1,847	2,431	7,373	8,401
Proportion						
Commercial property	4%	9%	7%	18%		
Residential and car parks	96%	91%	93%	82%		
Total	100%	100%	100%	100%		

Management Discussion and Analysis

Property Construction

Due to the introduction of the high turnover strategy, during the Reporting Period, the Group's newly-started construction area amounted to 697,508 square metres, representing an increase of 180% as compared to the same period of 2013. The completed gross floor area ("GFA") amounted to 81,429 square metres, representing a decrease of 35% as compared to the same period of 2013, primarily due to the schedule of the construction progress. Most properties will be completed in the second half of 2014.

Newly commenced construction during the Reporting Period was as follows:

Economic area	City	Project	For the six months ended 30 June	
			2013	2014
			(sq. m.)	(sq. m.)
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town (Phase V)	—	106,295
	Shenyang	Shenyang Sunshine 100 International New Town (Phase II)	38,199	—
	Shenyang	Shenyang Sunshine 100 International New Town (Phase III)	—	73,208
	Shenyang	Shenyang Sunshine 100 Golf Mansion (Phase II)	—	72,915
	Dongying	Dongying Sunshine 100 City Garden (Phase III)	—	64,802
	Sub-total		38,199	317,220
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town (Phase V)		66,968
	Subtotal		—	66,968
Pearl River Delta	Qingyuan	Qingyuan Mango Town (Phase I)	108,555	—
	Subtotal		108,555	—
Midwest region	Wuhan	Wuhan Sunshine 100 Lakeside Residence (Phase IV)	102,255	—
	Wuhan	Wuhan Sunshine 100 Lakeside Residence (Phase V)	—	312,839
	Guilin	Guilin Lijiang Project	—	481
	Subtotal		102,255	313,320
Total			249,009	697,508

Management Discussion and Analysis

Breakdown of Major Properties:

Economic area	City	Project	Location	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA		Planned GFA (sq. m.)	Our attributable Interest in the project
						remaining unsold (sq. m.)	GFA under development (sq. m.)		
Bohai Rim	Weifang	Weifang Sunshine 100 City Plaza	No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province			25,159	40,734	1,419,414	100%
	—	Phase I		2014	95%	25,159	40,734	—	100%
	—	Phase II				—	—	397,443	100%
	—	Phase III				—	—	478,382	100%
	—	Phase IV				—	—	360,155	100%
	—	Phase V				—	—	183,434	100%
	Yantai	Yantai Sunshine 100 City Plaza	Nos. 25–27 Haigang Road, Zhifu District, Yantai City, Shandong Province			33,273	—	361,347	100%
	—	Phase I				33,273	—	—	100%
	—	Phase II				—	—	361,347	100%
	Tianjin	Tianjin Sunshine 100 International New Town	Hongqi South Road, Nankai District, Tianjin City			205,291	—	—	86%
	Jinan	Jinan Sunshine 100 International New Town	No.19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province			179,096	294,411	475,230	49%
	—	Phase I				16,259	—	—	49%
	—	Phase II				35,715	—	—	49%
	—	Phase III				81,181	—	—	49%
	—	Phase IV				45,941	—	—	49%
	—	Phase V		2016	51%	—	294,411	338,230	49%
	—	Phase VI				—	—	137,000	49%
	Shenyang	Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province			140,918	399,044	994,216	100%
	—	Phase I				53,261	—	—	100%
	—	Phase II		2014	80%	87,657	108,266	—	100%
	—	Phase III	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province	2015	34%	—	290,778	994,216	100%

Management Discussion and Analysis

Economic area	City	Project	Location	Expected	Completion	Saleable		Planned	Our
				completion date	progress of	GFA	GFA under		
				of properties	properties under	remaining	development	GFA	attributable
				under	development ⁽¹⁾⁽²⁾	unsold	(sq. m.)	(sq. m.)	Interest in
				development ⁽¹⁾				(sq. m.)	the project
		Shenyang Sunshine 100 Golf Mansion	No.18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province			31,172	130,674	64,386	51%
		Phase I		2014	86%	31,172	52,109	—	51%
		Phase II, Phase III		2015	13%	—	78,565	64,386	51%
Dongying		Dongying Sunshine 100 City Garden	No.248 North 1st Road, Dongying District, Dongying City, Shandong Province			50,004	141,190	88,592	100%
		Phase I				2,905	—	—	100%
		Phase II				47,099	—	—	100%
		Phase III		2015	44%	—	141,190	88,592	100%
		Subtotal				664,913	1,006,053	3,403,185	
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	No.1 Tianyi New Street, Xizhang, Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province			191,888	437,567	1,077,712	100%
		Phase I				107,169	—	—	100%
		Phase II				33,504	—	—	100%
		Phase III		2014	95%	14,964	31,637	—	100%
		Phase IV		2014	79%	36,251	357,499	70,565	100%
		Phase V		2015	47%	—	48,431	—	100%
		Phase VI				—	—	1,007,147	100%
		Subtotal				191,888	437,567	1,077,712	
Pearl River Delta	Qingyuan	Qingyuan Mango Town	N24 Area, Po Keng Lian Tai Industry City, Long Tang Town, Qing Cheng District, Qingyuan City, Guangdong Province			—	410,477	2,961,420	55%
		Phase I		2015	56%	—	108,555	—	55%
		Phase II		2016	26%	—	301,922	1,002,379	55%
		Phase III				—	—	1,959,041	55%
		Subtotal				—	410,477	2,961,420	

Management Discussion and Analysis

Economic area	City	Project	Location	Expected	Completion	Saleable		Planned	Our
				completion date	progress of	GFA	GFA under		
				of properties	properties under	remaining	development	GFA	Interest in
				under	development ⁽¹⁾⁽²⁾	unsold	(sq. m.)	(sq. m.)	the project
				development ⁽¹⁾		(sq. m.)	(sq. m.)	(sq. m.)	
Midwest region	Nanning	Nanning Sunshine 100 City Plaza	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			16,916	—	92,230	100%
				Phase I		16,916	—	—	100%
		Phase II		—	—	92,230	100%		
		Nanning Sunshine 100 Upper East Side International	No.166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			54,319	—	—	26%
				Vantone Air Garden	No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region			2,751	—
		Nanning Sunshine 100 Mountainside Garden	Nos. 1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region			10,603	—	—	51%
		Nanning Sunshine 100 Australian Garden	No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region			800	—	—	50%

Management Discussion and Analysis

Economic area	City	Project	Location	Expected	Completion	Saleable		Planned	Our
				completion date	progress of	GFA	GFA under		
				of properties	properties under	remaining	development	GFA	Interest in
				under	development ⁽¹⁾⁽²⁾	unsold	(sq. m.)	(sq. m.)	the project
				development ⁽¹⁾				(sq. m.)	
	Liuzhou	Liuzhou Sunshine 100 City Plaza	No. 2 South Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region			61,951	—	—	75%
	—	Phase I				14,939	—	—	75%
	—	Phase II				16,908	—	—	75%
	—	Phase III				11,794	—	—	75%
	—	Phase IV				18,310	—	—	75%
	Chongqing	Chongqing Sunshine 100 International New Town	Nanbin Road, Nan'an District, Chongqing City			33,175	153,188	886,408	100%
	—	Phase I		2014	92%	33,175	21,888	—	100%
	—	Phase II		2016	27%	—	131,300	886,408	100%
	Liuzhou	Liuzhou Sunshine 100 Classical Era	No.11 Haiguan Road, Liuzhou City, Guangxi Zhuang Autonomous Region			1,434	—	—	100%
	Chengdu	Chengdu Sunshine 100 Mia Centre	No.6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province			42,986	143,977	—	100%
	—	Phase I				42,986	—	—	100%
	—	Phase II		2015	33%	—	143,977	—	100%
	Changsha	Changsha Sunshine 100 International New Town	No. 518 Section One, 2nd South Ring Road, Yuelu District, Changsha City, Hunan Province			125,040	104,525	370,111	100%
	—	Phase I				42,494	—	—	100%
	—	Phase II				49,257	—	—	100%
	—	Phase III		2014	93%	33,289	104,525	—	100%
	—	Phase IV				—	—	370,111	100%

Management Discussion and Analysis

Economic area	City	Project	Location	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA		Planned GFA (sq. m.)	Our attributable Interest in the project
						remaining unsold (sq. m.)	GFA under development (sq. m.)		
	Wuhan	Wuhan Sunshine 100 Lakeside Residence	No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province			14,270	511,686	124,184	100%
	—	Phase I				3,594	—	—	100%
	—	Phase II		2014	91%	—	101,490	—	100%
	—	Phase III				10,676	—	—	100%
	—	Phase IV		2015	48%	—	97,357	—	100%
	—	Phase V		2016	12%	—	312,839	124,184	100%
	Guilin	Guilin Lijiang Project	Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region	2014	54%	—	20,448	57,753	75%
	Chengdu	Chengdu Xin Sheng Yuan Project	Keyuan South 2nd Road, Gaoxin District, Chengdu City, Sichuan Province			—	—	20,000	100%
Subtotal						364,245	933,824	1,550,686	
Total						1,221,046	2,787,921	8,993,003	

Notes:

- (1) Expected completion date and completion progress are applicable to projects under development, but not applicable to completed projects or projects to be built.
- (2) Completion progress reflects the overall completion progress as of the date of this report.
- (3) The aggregate area of the self-operated hotels of Jinan Sunshine 100 International New Town, Liuzhou Sunshine 100 City Plaza and Shenyang Sunshine 100 Golf Mansion amounting to 80,457 sq. m. is not included in this table.

Management Discussion and Analysis

Investment properties

During the Reporting Period, the new investment properties of the Group reached 91,721 square metres. As of 30 June 2014, the Group had a total of 366,349 square metres of investment properties. During the Reporting Period, the rental income reached RMB37 million, representing an increase of 43% compared to the same period of 2013.

Economic area	City	Gross floor area (sq. m.)	Rental income (RMB'000)	Proportion of total
Bohai Rim	Yantai	46,686	11,684	32%
	Tianjin	15,167	4,089	11%
	Shenyang	82,744	1,743	5%
	Dongying	2,094	12	0%
	Jinan	38,008	9,197	25%
	Weifang	22,883	199	1%
	Subtotal		207,582	26,924
Yangtze River Delta	Wuxi	18,537		0%
	Subtotal	18,537	—	0%
Midwest region	Chongqing	19,721	1,122	2%
	Nanning	35,870	4,839	13%
	Liuzhou	50,906	2,623	7%
	Guilin	12,421	1,338	4%
	Chengdu	8,070	144	0%
	Wuhan	4,898		0%
	Changsha	8,344		0%
	Subtotal		140,230	10,066
Total		366,349	36,990	100%

Management Discussion and Analysis

Breakdown of Investment Properties

Economic area	City	Properties	Location	Use	Leasing period		
Bohai Rim	Yantai	Office (15F)	No.26 Haigang Road, Zhifu District, Yantai City, Shandong Province	Office	Medium term		
		Office (6F)		Office	Medium term		
		Commercial		Commercial	Short, medium and long term		
	Tianjin	Commercial (West 5)		Large Commercial, North Park,	Commercial	Medium and long term	
				Hongqi South Road, Nankai District, Tianjin City	Commercial	Medium and short term	
				No.8-10 Underground commercial, North Park	Commercial	Currently unleased	
	Shenyang	D3, D4 Commercial		Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province	Commercial, office	Medium and long term	
					Commercial	Long term	
		E13 Underground commercial			Commercial	Short term	
					Kindergarten (D13)	Kindergarten	Long term
		E11, E12 Commercial			Commercial	Commercial	Currently unleased
					E13 Commercial	Commercial	Short term
Mango Town, South west corner, 4 floors				Commercial	Medium and long term		
				Mango Town, South west corner, 3 floors of retail shops and 4 floors of badminton complex	Commercial	Medium and long term	
Mango Town Commercial				Under development	Under development		

Management Discussion and Analysis

Economic area	City	Properties	Location	Use	Leasing period
	Dongying	G8, G9, G10, G13 Commercial	No.248 North 1st Road, East City, Dongying City, Shandong Province	Commercial	Medium and short term
		Kindergarten		Kindergarten	long term
	Jinan	Shopping mall	No.19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province	Commercial	Short, medium and long term
	Weifang	5#, 6#, 7#, 8# Commercial	Sunshine 100 City Plaza, No.5051 Shengli East Street, Kuiwen District, Weifang City	Commercial	medium term
Yangtze River Delta	Wuxi	Office Nos. 400-001 Tianyi Street- Supermarket	Tianyi Town, No.1 Tianyi New Street, Xizhang, Yanqiao Town, Wuxi City, Jiangsu Province	Office Under development	Under development
Midwest region	Chongqing	Nos. 468-301 Tianyi Street-Cinema	No.1 Yangguang Road, Tushan Town, Nan'an District, Chongqing City	Under development	Under development
		A1 podium building, commercial (5 floors) Tower A2 commercial Nanbin Cluster		Commercial	Medium term
	Nanning	Clubhouse	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region	Commercial, kindergarten	Medium and short term
		Commercial	No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Short, medium and long term
		Commercial	No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Medium and long term
	Clubhouse, club	No.8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Medium and long term	
	Clubhouse	No.1 Yinghua road, Nanning City, Guangxi Zhuang Autonomous Region	Commercial	Long term	

Management Discussion and Analysis

Economic area	City	Properties	Location	Use	Leasing period
	Liuzhou	Kindergarten (Upper 2nd floor)	No.11 Haiguan Road, Liuzhou City, Guangxi	Kindergarten	Long term
		Lower 1st floor 67 retail shops	No. 2 Guizhong Avenue, Liuzhou City,	Commercial	Long term
		Warehouse	Guangxi Zhuang,	Commercial	Long term
		Lower 1st floor 38 retail shops	Autonomous Region	Commercial	Long term
		Tower 33 1st floor		Commercial	Long term
		25#, 26#, 27# Commercial		Commercial	Long term
		Underground commercial		Commercial	Currently unleased
	Guilin	Hotel	Sunshine 100 Jiuji Lou, Diecui Road, Yangshuo County, Guilin City, Guangxi Zhuang, Autonomous Region	Hotel	Medium term
	Chengdu	8# floor	No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province	Commercial	Medium term
	Wuhan	Phase IV F Underground commercial	No. 2 Yangqiaohu Avenue, Canglong Island Development Zone, Jiangxia District, Wuhan City, Hubei Province	Under development	Under development
		Phase IV F53# floor		Under development	Under development
	Changsha	52#, 53#, 54#, 55#, 56# Commercial	No. 518 Section One, 2nd South Ring Road, Yuelu District, Changsha City, Hunan Province	Under development	Under development

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB814 million on various types of land payments, of which more than half was used for the street complex projects, including the consideration of RMB351 million paid for the acquisition of Guangxi Jingqi Investment Co., Ltd. (廣西景祺投資有限公司) (“**Guangxi Jingqi**”) and RMB77 million was paid for the land payment of Weifang Sunshine 100 City Plaza.

Management Discussion and Analysis

Breakdown of land bank at the end of the reporting period was as follows:

Economic area	City	Total GFA		Attributable GFA	
		(sq. m.)	Proportion	(sq. m.)	Proportion
Bohai Rim	Dongying	281,880	2%	281,880	3%
	Jinan	1,018,940	8%	499,281	4%
	Shenyang	1,863,660	14%	1,742,758	16%
	Tianjin	220,458	2%	189,594	2%
	Weifang	1,508,190	11%	1,508,190	14%
	Yantai	441,306	3%	441,306	4%
	Subtotal	5,334,434	40%	4,663,009	42%
Yangtze River Delta	Wuxi	1,725,704	13%	1,725,704	15%
	Subtotal	1,725,704	13%	1,725,704	15%
Pearl River Delta	Qingyuan	3,371,897	25%	1,854,543	17%
	Subtotal	3,371,897	25%	1,854,543	17%
Midwest region	Chengdu	215,033	2%	215,033	2%
	Guilin	90,622	1%	67,967	1%
	Liuzhou	142,047	1%	107,173	1%
	Nanning	213,490	2%	165,028	1%
	Wuhan	655,038	5%	655,038	6%
	Changsha	608,020	5%	608,020	5%
	Chongqing	1,092,492	8%	1,092,492	10%
	Subtotal	3,016,742	22%	2,910,751	26%
Total		13,448,777	100%	11,154,007	100%

Business Outlook

The Company believes while the real estate market in China is increasingly mature, the urbanization progress has not concluded. An urban real estate structure still needs to be improved in the future and the functional upgrade of second and third-tier cities are in progress. Hence, on the one hand, the Group will leverage its large existing land reserve and property development capabilities acquired over the past 20 years to accelerate the development and sales of the existing land reserve and shorten development cycles, so as to achieve high turnover and a larger scale of operation; on the other hand, it will vigorously increase investment in, and development of, commercial street complexes, and further raise the subsequent operating capability on business property, so as to better serve the functional and consumption upgrading needs of second and third-tier cities. The Company believes it can create better returns for shareholders only by better serving the needs of its customers, providing more competitive remuneration packages to employees, achieving win-win cooperation with suppliers, and properly fulfilling our social responsibilities as a corporate citizen.

Management Discussion and Analysis

The Company will still generally follow the annual development plan to carry forward its construction in the future, and available-for-sale commodity supply will grow significantly compared to the corresponding period of last year. Currently the Group is in the process of transformation of marketing incentive policy to stimulate its own sales ability and the power of the marketing team. It is expected that the pre-sell pace of future properties will get relatively faster and the gross profit margin of the pre-sell will maintain at a reasonable standard on the whole. The Group delivers houses according to the annual delivering plan and expect that its future delivering volume will record a significant growth compared to the first half of this year, as well as representing a growth compared to the corresponding period of last year. A subsequent operating system of commercial property is increasingly improving, commercial street ancillary will be more improved, and brands of commercial tenants will be substantially raised, and thus the commercial streets will be eventually constructed as the most popular fashionable block. With regard to the land reserve of street complex, besides continuing to pay the outstanding transaction amount of 51% equity transfer in Liuzhou Yaobu project, the Group is in the process of a relatively in-depth discussion and negotiation in respect of two or three street complex projects.

Financial Performance

Revenue

During the Reporting Period, our revenue decreased by 14.7% to RMB855.7 million from RMB1,003.5 million in the same period of 2013, primarily due to a decrease in revenue from our sales of properties.

Revenue from Sale of Properties

During the Reporting Period, revenue generated from sales of properties decreased by 22.3% to RMB701.9 million from RMB903.5 million in the same period of 2013, primarily due to a decrease in the total GFA we delivered.

	Area of properties delivered (sq. m.) (excluding car parks)		Revenue from properties delivered (RMB million) (including car parks)		Unit price (RMB/sq. m.) (excluding car parks)	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2013	2014	2013	2014	2013	2014
Commercial properties	9,504	20,764	163	281	17,153	13,548
Residences and car parks	94,120	58,935	740	421	7,270	6,246
Total	103,624	79,699	903	702	8,177	8,148
Proportion						
Commercial properties	9%	26%	18%	40%		
Residences and car parks	91%	74%	82%	60%		
Total	100%	100%	100%	100%		

Revenue from Property Management and Hotel Operation

During the Reporting Period, revenue generated from property management and hotel operation increased by 57.5% to RMB116.9 million from RMB74.2 million in the same period of 2013, primarily due to more GFA under our management and an increase in our hotel operation area and the fact that Jinan Sunshine 100 Real Estate Development Co., Ltd has been included in the financial statements of the Group since September 2013.

Management Discussion and Analysis

Rental Income from Investment Properties

During the Reporting Period, revenue generated from rental income from investment properties increased by 43.4% to RMB37.0 million from RMB25.8 million in the same period of 2013, primarily due to more GFA for rental and an increase in rental income and the fact that Jinan Sunshine 100 Real Estate Development Co., Ltd has been included in the financial statements of the Group since September 2013.

Cost of Sales

During the Reporting Period, our cost of sales decreased by 22.7% to RMB566.7 million from RMB732.8 million in the same period of 2013. Cost of property sales decreased by 34.6% to RMB434.0 million from RMB663.4 million in the same period of 2013 primarily due to the decreased deliveries of properties of GFA (excluding car parks). Cost of property management and hotel operation increased by 91.2% to RMB132.7 million from RMB69.4 million in the same period of 2013, primarily due to the increase of both the property management area and the hotel operation area and the fact that Jinan Sunshine 100 Real Estate Development Co., Ltd has been included in the financial statements of the Group since September 2013.

Gross Profit

As a result of the foregoing, our gross profit increased by 6.7% to RMB289.0 million in the Reporting Period from RMB270.8 million in the same period of 2013. Our gross profit margin increased to 33.8% in the Reporting Period from 27.0% in the same period of 2013 primarily due to an increase in the proportion of deliveries of commercial property sales with higher gross profit margins during the Reporting Period.

Valuation Gains on Investment Properties

During the Reporting Period, our valuation gains on investment properties increased by 112.3% to RMB115.7 million from RMB54.5 million in the same period of 2013, primarily due to the newly increased investment properties in the current period.

Selling expenses

During the Reporting Period, our selling expenses increased by 43.8% to RMB139.8 million from RMB97.2 million in the same period of 2013, primarily due to strengthened marketing and the increased contracted sales of the Group, which resulted an increase of advertising fees, promotion fees and sales commissions accordingly.

Administrative Expenses

During the Reporting Period, our administrative expenses increased by 28.7% to RMB151.5 million from RMB117.7 million in the same period of 2013, primarily due to an increase in employee salary after the listing of the Company and the consolidation of Jinan Sunshine 100 Real Estate Development Co., Ltd into the financial statement of the Group since September 2013, which increased the overall administrative expenses.

Financial Expenses

During the Reporting Period, our financial expenses increased by 23.4% to RMB63.9 million from RMB51.8 million in the same period of 2013, primarily due to the increased financing cost paid as a result of the settlement of loan from Riverside Investment Ltd.

Management Discussion and Analysis

Income Tax

During the Reporting Period, our income tax expense increased by 56.0% to RMB78.3 million from RMB50.2 million in the same period of 2013. It is primarily due to increase in the deferred income tax expense resulting from the increase in valuation gains on investment properties in the period.

Profit

During the Reporting Period, our profit increased by 17.1% to RMB12.3 million from RMB10.5 million in the same period of 2013.

Profit Attributable to Equity Shareholders of the Company

As a result of the foregoing, profit attributable to equity shareholders of the Company increased by 14.7% to RMB21.8 million for the Reporting Period from RMB19.0 million in the same period of 2013.

Working Capital, Finance & Capital Resources

Cash and Cash Equivalents

As at 30 June 2014, the Group had approximately RMB1,084.2 million in cash and cash equivalents, which decreased by RMB132.3 million compared to that of 31 December 2013. The decrease was mainly due to substantial construction payments during the Reporting Period.

Current Ratio and Gearing Ratio

As at 30 June 2014, the current ratio of the Group was 148.6%, maintaining a stable position as compared to that of 153.2% as at 31 December 2013. The Group had current assets of RMB23,242.0 million and current liabilities of RMB15,643.3 million as at 30 June 2014.

As at 30 June 2014, the gearing ratio of the Group (gearing ratio = total loans and borrowings/total assets*100%) decreased from 49.5% as at 31 December 2013 to 43.1%. The decrease in gearing ratio was due to the repayment of loans.

Contingent Liabilities

As at 30 June 2014, the Group entered into an agreement with some banks to provide guarantee for a mortgage loan for its property purchasers. As at 30 June 2014, the amount of the mortgage loan provided to the bank in respect of the agreement by the Group was approximately RMB4,055 million (31 December 2013: approximately RMB4,349 million).

Loans and Borrowings and Pledged Assets

As at 30 June 2014, the Group had total loans and borrowings of RMB12,913.5 million, of which RMB5,551.3 million, RMB4,535.3 million, RMB2,502.2 million and RMB324.7 million are payable within one year or on demand, after 1 year but within 2 years, after 2 years but within 5 years and after 5 years, respectively.

As at 30 June 2014, the Group had pledged properties and restricted deposits with a carrying value of RMB7,351.0 million (31 December 2013: RMB8,206.8 million) to secure banking facilities granted to the Group.

Management Discussion and Analysis

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.

Capital Commitment

As at 30 June 2014, the Group's contracted capital commitments for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB2,709.7 million (31 December 2013: RMB2,152.8 million). Approved but not contracted for capital commitment of the Group was approximately RMB5,411.0 million as at 30 June 2014 (31 December 2013: RMB4,232.5 million).

Significant Investments, Acquisitions and Disposals

On 6 May 2014, Sunshine 100 Real Estate Group Co., Ltd. ("**Sunshine 100 Group**"), a wholly-owned subsidiary of the Company, made a successful bid in an open tender process organized and held by Guangxi BeiBu Gulf Equity Co., Ltd, and subsequently entered into an acquisition contract with Guangxi Sanqi Investment Co., Ltd. ("**Guangxi Sanqi**"), a wholly state-owned company with limited liability established in the PRC. Pursuant to the terms of the acquisition contract, Guangxi Sanqi agreed to sell and the Company agreed to purchase, for a total consideration of RMB631,533,612.11, the 51% equity interest of Guangxi Jingqi, a joint venture company established by the Company and Guangxi Sanqi, and certain shareholder loans owed to Guangxi Sanqi by Guangxi Jingqi. For further details of this acquisition, please refer to the announcement of the Company dated 7 May 2014.

Save as disclosed above, the Company did not have any other significant investments, acquisitions and disposals during the Reporting Period.

Management Discussion and Analysis

Future Plans for Substantial Investments or Capital Assets

Approximately 60% of the net proceeds from the listing of the Company on the Stock Exchange will be used to acquire new projects or land for development in the PRC. As of the date of this interim report, the Group entered into detailed negotiations for the acquisitions of two to three street complex projects.

Human Resources

As at 30 June 2014, the Group employed a total of 3,594 employees, of which 1,282, 2,025 and 287 employees were employed under the property development, property management and other divisions, respectively. The staff costs of the Group were RMB167.0 million during the Reporting Period (same period of 2013: RMB121.5 million). After the listing of the Company on 13 March 2014, the overall remuneration of employees has been increased. The Group has adopted a performance-based reward system to motivate its staffs. 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 staff training programs to improve their skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. We have established a regular assessment mechanism to assess the performance of our employees. The assessment results are the basis for determining salary increment, bonuses and promotions. As required by regulations in China, we 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 our employees in China. For the six months ended 30 June 2014, we made contributions in an aggregate of approximately RMB12.7 million to the employee retirement scheme.

Events After the Reporting Period

Acquisition of Guilin Sunshine 100 Real Estate

On 15 August 2014, pursuant to the exercise of the Guilin Call Option (as disclosed in the Prospectus of the Company dated 27 February 2014), Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into a share purchase agreement with Guangxi Laomumian Investment Co., Ltd (“**Guangxi Laomumian**”), pursuant to which Sunshine 100 Group has agreed to acquire, and Guangxi Laomumian has agreed to sell, 70% of the equity interest in Guilin Sunshine 100 Real Estate Co., Ltd. (“**Guilin Sunshine 100**”) and the shareholder’s loan owed to Guangxi Laomumian by Guilin Sunshine 100 for a total consideration of RMB167,826,892. For further details of this acquisition, please refer to the announcement of the Company dated 15 August 2014.

Corporate Governance

Compliance with Corporate Governance Code

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. From 13 March 2014 (the “**Listing Date**”) (being the date on which the Company became listed on the Stock Exchange) to the date of the Reporting Period, the Company has adopted all applicable code provisions (the “**Code Provision(s)**”) under the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), except for the following deviations:

Code Provision A.2.1 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 is the chairman and chief executive officer of the Company. The Board considers that this structure 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 operations of the Board, which comprises experienced and high caliber individuals meets regularly to discuss issues affecting the operations of the Company. The Board believes that the structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Yi and believes that his appointment to the positions of chairman and chief executive officer is beneficial to the business prospects of the Company.

Code Provision A.5.2(d) stipulates that the Nomination Committee should make recommendations to the Board for the appointment or re-appointment of the directors of the Company (the “**Directors**”). Pursuant to the Company’s articles of association, the relevant Directors have retired at the annual general meeting of the Company held on 19 June 2014, and be re-elected at that meeting to continue office successfully. Since those Directors’ retirement complies with the requirements under the Company’s articles of association, and the Company has only been recently listed on the Listing Date, the Board believes that the re-election of these Directors does not require recommendation by the Nomination Committee to the Board. The future re-election of the Directors will comply with the requirements of Code Provision A.5.2(d).

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on no less exacting than the terms and required standard 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**”). Having made specific enquiries with all the Directors, all the Directors confirmed that they have complied with the provisions of the Model Code since the Listing Date up to the date of this interim report.

Corporate Governance

Audit Committee

The Company has established an audit committee (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. The Audit Committee of the Company currently comprises three independent non-executive Directors, including Mr. Ng Fook Ai, Victor, Mr. Chen Jinsong and Mr. Gu Yunchang. Mr. Ng Fook Ai, Victor is 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 Company’s financial information; (iii) to supervise the Company’s financial reporting system and internal control procedures; and (iv) to perform the Company’s corporate governance procedures.

The Audit Committee has reviewed the interim results of the Group for the six months ended 30 June 2014.

Remuneration Committee

The Company has established a remuneration committee (the “**Remuneration Committee**”) in compliance with the Listing Rules. The Remuneration Committee currently comprises an executive Director, Mr. Fan Xiaochong, and two independent non-executive Directors, Mr. Chen Jinsong and Mr. Gu Yunchang. Mr. Chen Jinsong is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include (but not limited to): (i) making recommendations to the Directors in respect of the remuneration policies and structure of all Directors and senior management 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 Board’s corporate goals and objectives; and (iv) considering and approving the granting 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. The Nomination Committee currently comprises one executive Director, Mr. Yi Xiaodi, and two independent non-executive Directors, Mr. Chen Jinsong and Mr. Gu Yunchang. Mr. Yi Xiaodi is the chairman of the Nomination Committee.

The primary duty of the Nomination Committee is to make recommendations to the Board on the appointment of members of the Board.

Disclosure of the Interests Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this interim report, the interests or short positions of Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Company

Name of Director	Capacities in which interests are held	Interests in Shares	Approximate percentage of issued share capital of the Company	Notes
Yi Xiaodi	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012(L)	69.34%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012(L)	69.34%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,386,715,012(L)	69.34%	1, 2, 5

Notes:

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) 40% of the issued share capital of Joywise is held by Ming Fai International Limited (“Ming Fai”) and 60% of the issued share capital of Joywise is held by Harvest Well Holdings Limited (“Harvest Well”). Both Ming Fai and Harvest Well are deemed under the SFO to be interested in the Shares held by Joywise. 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above, Fantasy Races Limited is deemed under the SFO to be interested in the Shares held by Joywise.

Disclosure of the Interests Information

- (3) Mr. Yi Xiaodi is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Yi Xiaodi, his family members and other persons who may be joined in from time to time (the **"Yi Family Trust"**). By virtue of the SFO, he is deemed to be interested in the Shares which Fantastic Magician Limited is interested in.

Mr. Yi Xiaodi is also one of the founders of the discretionary investment collective trust established by Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Ms. Liu Chaozhui, Mr. Tian Feng, Mr. Li Mingqiang (the **"Individual Controlling Shareholders"**), the discretionary beneficiaries of which are the Individual Controlling Shareholders and other persons who may be joined in from time to time (the **"Sunshine Trust I"**). By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Yi Xiaodi is one of the parties to each of the concert party agreement dated 12 August 2010 entered into between Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua and Mr. Liao Chimei (the **"2010 Agreement"**) and the concert party agreement dated 1 August 2013 entered into among the Individual Controlling Shareholders (the **"2013 Agreement"**). By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Yi Xiaodi is deemed under the SFO to be interested in the Shares held by Joywise.

- (4) Mr. Fan Xiaochong is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Fan Xiaochong, his family members and other persons who may be joined in from time to time (the **"FXC Family Trust"**). By virtue of the SFO, he is deemed to be interested in the Shares which True Passion Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of the Sunshine Trust I. By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of the discretionary collective trust established by the Individual Controlling Shareholders, the discretionary beneficiaries of which are three persons and other persons who may be joined in from time to time (the **"Sunshine Trust II"**). By virtue of the SFO, he is deemed to be interested in the Shares which Floral Crystal Limited is interested in.

Mr. Fan Xiaochong is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Fan Xiaochong is deemed to be interested in the Shares held by Joywise under the SFO.

- (5) Ms. Fan Xiaohua is the founder of the discretionary family trust, the discretionary beneficiaries of which are Ms. Fan Xiaohua, his family members and other persons who may be joined in from time to time (the **"FXH Family Trust"**). By virtue of the SFO, she is deemed to be interested in the Shares which Glorious Glory Limited is interested in.

Ms. Fan Xiaohua is also one of the founders of the Sunshine Trust I. By virtue of the SFO, she is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Ms. Fan Xiaohua is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Ms. Fan Xiaohua is deemed to be interested in the Shares held by Joywise under the SFO.

Disclosure of the Interests Information

(ii) Interests in associated corporations

Name of Director	Capacities in which interests are held	Name of associated corporation	Interests in Shares	Percentage of shareholding	Notes
Yi Xiaodi	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	1
Fan Xiaochong	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	2
Fan Xiaohua	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	3
Yi Xiaodi	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	4
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	5
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	6
Yi Xiaodi	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	1
Fan Xiaochong	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	2
Fan Xiaohua	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	3

Notes:

- (1) Please refer to Note 3 in the sub-section above headed "(i) Interest in the Company".
- (2) Please refer to Note 4 in the sub-section above headed "(i) Interest in the Company".
- (3) Please refer to Note 5 in the sub-section above headed "(i) Interest in the Company".
- (4) Please refer to Notes 2 and 3 in the sub-section above headed "(i) Interest in the Company".
- (5) Please refer to Notes 2 and 4 in the sub-section above headed "(i) Interest in the Company".
- (6) Please refer to Notes 2 and 5 in the sub-section above headed "(i) Interest in the Company".

Save as disclosed above, as at the date of this interim report, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Disclosure of the Interests Information

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this interim report, at no time during the six months ended 30 June 2014 and up to the date of this interim report, were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this interim report, to the best of the knowledge of the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Joywise	Beneficial owner	1,386,715,012 (L)	69.34%	1
Ming Fai	Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 2
Harvest Well	Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 3
Fantasy Races Limited	Interest of a controlled corporation	1,386,715,012 (L)	69.34%	1, 4
Jin Xiangfei	Persons acting in concert	1,386,715,012 (L)	69.34%	1, 5
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Liu Chaohui	Persons acting in concert	1,386,715,012 (L)	69.34%	1, 6
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Tian Feng	Persons acting in concert	1,386,715,012 (L)	69.34%	1, 7
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Li Mingqiang	Persons acting in concert	1,386,715,012 (L)	69.34%	1, 8
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Cititrust Private Trust (Cayman) Limited	Trustee	1,386,715,012 (L)	69.34%	1, 9
	Interest of a controlled corporation			
Liao Chimei	Persons acting in concert	1,386,715,012 (L)	69.34%	1, 10
	Interest of a controlled corporation			
Riverside 100 Holdings A LLC	Beneficial owner	113,284,988 (L)	5.66%	1, 11
Warburg Pincus & Co.	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
Warburg Pincus Partners LLC	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
Warburg Pincus Real Estate I GP, LLC	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
Warburg Pincus Real Estate I, L.P.	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11
WP RE Alpine International Ltd	Interest of a controlled corporation	113,284,988 (L)	5.66%	1, 11

Disclosure of the Interests Information

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) 40% of the issued share capital of Joywise is held by Ming Fai. Ming Fai is deemed under the SFO to be interested in the Shares held by Joywise.
- (3) 60% of the issued share capital of Joywise is held by Harvest Well. Harvest Well is deemed to be interested in the Shares held by Joywise under the SFO.
- (4) 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited.

In light of the above and notes 2 and 3, Fantasy Races Limited is deemed to be interested in the Shares held by Joywise under the SFO.

- (5) Mr. Jin Xiangfei is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Jin Xiangfei, his family members and other persons who may be joined in from time to time (the "**Jin Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Creative Goal Limited is interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

Mr. Jin Xiangfei is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in.

In light of the above and the other notes, Mr. Jin Xiangfei is deemed to be interested in the Shares held by Joywise under the SFO.

- (6) Ms. Liu Chaohui is the founder of the discretionary family trust, the discretionary beneficiaries of which are Ms. Liu Chaohui, her family members and other persons who may be joined in from time to time (the "**Liu Family Trust**"). By virtue of the SFO, she is deemed to be interested in the Shares which Butterfly Fairy Limited is interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

Ms. Liu Chaohui is one of the parties to the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to that agreement are interested in.

In light of the above and the other notes, Ms. Liu Chaohui is deemed under the SFO to be interested in the Shares held by Joywise.

- (7) Mr. Tian Feng is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Tian Feng, his family members and other persons who may be joined in from time to time (the "**Tian Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Happy Sunshine Limited is interested in.

Mr. Tian Feng is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Tian Feng is deemed to be interested in the Shares held by Joywise under the SFO.

Disclosure of the Interests Information

- (8) Mr. Li Mingqiang is the founder of the discretionary family trust, the discretionary beneficiaries of which are Mr. Li Mingqiang, his family members and other persons who may be joined in from time to time (the “**Li Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Ultimate Triumph Investments Limited is interested in.

Mr. Li Mingqiang is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Li Mingqiang is deemed to be interested in the Shares held by Joywise under the SFO.

- (9) Cititrust Private Trust (Cayman) Limited (the “**Trustee**”) is the trustee under the Yi Family Trust, the FXC Family Trust, the FXH Family Trust, the Jin Family Trust, the Tian Family Trust, the Liu Family Trust, the Li Family Trust, the Sunshine Trust I and the Sunshine Trust II. For details of these trusts, see “History, Reorganization and Group Structure — Establishment of Offshore Trusts” from page 121 to page 122 of the prospectus.

In light of the above and notes 2 and 3, the Trustee is deemed to be interested in the Shares held by Joywise under the SFO.

- (10) Mr. Liao Chimei is one of the parties to the 2010 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement (namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua) are interested in. By virtue of the 2013 Agreement, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua are deemed to be interested in the Shares which Mr. Jin Xiangfei, Ms. Liu Chaohui, Mr. Tian Feng and Mr. Li Mingqiang are interested in.

In light of the above and the other notes, Mr. Liao Chimei is deemed to be interested in the Shares held by Joywise under the SFO.

- (11) Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus Real Estate I GP, LLC, Warburg Pincus Real Estate I, L.P. and WP RE Alpine International Ltd hold, directly or indirectly, one-third or above interests in Riverside 100 Holdings A LLC, respectively. Therefore, Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus Real Estate I GP, LLC, Warburg Pincus Real Estate I, L.P. and WP RE Alpine International Ltd are deemed to be interested in the Shares held by Riverside 100 Holdings A LLC under the SFO.

Save as disclosed above, as at the date of this interim report, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Other Information

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the period from the Listing Date up to the date of this interim report, there were no changes to the information which are required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2014.

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

There was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed securities during the period from the Listing Date up to the date of this interim report.

APPLICATION OF THE PROCEEDS RAISED

The Company completed the Global Offering (as defined in the prospectus of the Company dated 27 February 2014 of the Company) at the Listing Date, and after deducting the offering expenses, the net proceeds raised amounted to HK\$1,876.1 million. As at the date of the interim report, HK\$1,752.3 million of the proceeds raised has been applied to the purposes disclosed in the prospectus.

SHARE OPTION SCHEME

The Company had adopted a Post-IPO Share Option Scheme "Share Option Scheme" on 17 February 2014. The Share Option Scheme is a share incentive scheme and is established to enable our Company to grant options to the eligible participants as incentives or rewards for the contribution they had or may have made to the Group. The eligible participants for the Share Option Scheme includes any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries; any directors (including independent non-executive directors) of our Company or any of its subsidiaries; any advisers, consultants, suppliers, customers, distributors and agents to our Company or any of its subsidiaries; and such other persons who in the sole opinion of the Board, will contribute or have contributed to our Company and/or any of its subsidiaries. The Share Option Scheme will be effective on the Listing Date. None options have been granted under the Share Option Scheme since the Company adopted the Share Option Scheme.

Review Report on the Interim Financial Information



Review report to the Board of Directors of Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 31 to 58, which comprises the consolidated balance sheet of Sunshine 100 China Holdings Ltd ("the Company") as of 30 June 2014, the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standards on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

29 August 2014

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2014 RMB'000	2013 RMB'000
Revenue	4	855,748	1,003,548
Cost of sales		(566,742)	(732,769)
Gross profit		289,006	270,779
Valuation gains on investment properties	9	115,740	54,544
Other income		2,861	2,678
Selling expenses		(139,809)	(97,214)
Administrative expenses		(151,485)	(117,706)
Other operating expenses		(19,313)	(36,870)
Profit from operations		97,000	76,211
Financial income	5(a)	48,426	24,008
Financial expenses	5(a)	(63,944)	(51,808)
Share of profits less losses of associates		9,126	12,302
Profit before taxation	5	90,608	60,713
Income tax	6	(78,302)	(50,187)
Profit and total comprehensive income for the period		12,306	10,526
Profit and total comprehensive income attributable to:			
Equity shareholders of the Company		21,781	19,036
Non-controlling interests		(9,475)	(8,510)
Profit and total comprehensive income for the period		12,306	10,526
Basic and diluted earnings per share (RMB)	7	0.01	0.01

The notes on pages 36 to 58 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 17(a).

Consolidated Balance Sheet

At 30 June 2014 — unaudited
(Expressed in Renminbi)

		At 30 June 2014	At 31 December 2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property and equipment	8	756,011	763,345
Investment properties	9	4,803,769	4,392,572
Restricted deposits		428,233	402,771
Other financial assets		45,417	—
Investments in associates		170,677	163,162
Deferred tax assets		490,402	466,448
Total non-current assets		6,694,509	6,188,298
Current assets			
Properties under development and completed properties held for sale	10	17,495,492	15,521,469
Land development for sale	11	776,354	680,006
Trade and other receivables	12	3,441,841	2,739,095
Restricted deposits		444,082	1,557,354
Cash and cash equivalents	13	1,084,205	1,216,524
Total current assets		23,241,974	21,714,448
Current liabilities			
Loans and borrowings	14	5,551,321	5,050,302
Trade and other payables	15	3,352,823	3,737,109
Contract retention payables		108,963	54,380
Sales deposits	16	5,891,805	4,477,771
Current tax liabilities		738,366	850,990
Total current liabilities		15,643,278	14,170,552
Net current assets		7,598,696	7,543,896
Total assets less current liabilities		14,293,205	13,732,194

The notes on pages 36 to 58 form part of this interim financial report.

Consolidated Balance Sheet (continued)

At 30 June 2014 — unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current liabilities			
Loans and borrowings	14	7,362,176	8,751,735
Contract retention payables		221,880	209,712
Trade and other payables	15	1,143,015	1,131,264
Deferred tax liabilities		941,162	888,090
Total non-current liabilities		9,668,233	10,980,801
<hr/>			
NET ASSETS		4,624,972	2,751,393
<hr/>			
CAPITAL AND RESERVES			
Share capital	17	15,760	376
Reserves		3,859,353	1,991,683
Total equity attributable to equity shareholders of the Company		3,875,113	1,992,059
Non-controlling interests		749,859	759,334
TOTAL EQUITY		4,624,972	2,751,393

Approved and authorised for issue by the board of directors on 29 August 2014.

YI Xiaodi)
)
) Directors
)
 FAN Xiaochong)

The notes on pages 36 to 58 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Note	Share	Share	General	Property	Retained	Non-		Total
		capital	premium	reserve	revaluation	profits	Sub-total	controlling	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2013		376	—	336,364	9,865	973,404	1,320,009	520,152	1,840,161
Changes in equity for the six months ended 30 June 2013:									
Profit and total comprehensive income for the period		—	—	—	—	19,036	19,036	(8,510)	10,526
Transfer to general reserve fund		—	—	9,872	—	(9,872)	—	—	—
Balance at 30 June 2013		376	—	346,236	9,865	982,568	1,339,045	511,642	1,850,687
Balance at 1 January 2014		376	—	406,601	9,865	1,575,217	1,992,059	759,334	2,751,393
Changes in equity for the six months ended 30 June 2014:									
Profit and total comprehensive income for the period		—	—	—	—	21,781	21,781	(9,475)	12,306
Split and repurchase of shares	17(b)(i)	(69)	—	—	—	—	(69)	—	(69)
Initial public offering	17(b)(ii)	3,949	1,499,317	—	—	—	1,503,266	—	1,503,266
Conversion of Loans from Riverside	17(b)(iii)	895	357,181	—	—	—	358,076	—	358,076
Capitalisation of shares	17(b)(iv)	10,609	(10,609)	—	—	—	—	—	—
Balance at 30 June 2014		15,760	1,845,889	406,601	9,865	1,596,998	3,875,113	749,859	4,624,972

The notes on pages 36 to 58 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2014 RMB'000	2013 RMB'000
Operating activities			
Cash used in operations		(1,103,560)	(134,267)
Income tax paid		(159,750)	(212,387)
Net cash used in operating activities		(1,263,310)	(346,654)
Investing activities			
Financial income received		48,426	18,851
Acquisition of subsidiaries		(428,419)	—
Advances to related parties		(204,857)	(180,673)
Other cash flows arising from investing activities		(9,949)	27,184
Net cash used in investing activities		(594,799)	(134,638)
Financing activities			
Proceeds from loans and borrowings		2,306,714	3,262,405
Repayment of loans and borrowings		(2,776,390)	(3,351,091)
Proceeds from initial public offering, net of listing expenses		1,504,323	—
Decrease/(increase) in restricted deposits		1,117,681	(166,819)
Other cash flows arising from financing activities		(426,538)	(40,604)
Net cash generated from/(used in) financing activities		1,725,790	(296,109)
Net decrease in cash and cash equivalent		(132,319)	(777,401)
Cash and cash equivalents at 1 January	13	1,216,524	1,108,320
Cash and cash equivalents at 30 June	13	1,084,205	330,919

The notes on pages 36 to 58 form part of this interim financial report.

Notes to the Unaudited Interim Financial Statements

(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, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 29 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year 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 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). KPMG’s independent review report to the Board of Directors is included on page 30.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2014.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*
- IFRIC 21, *Levies*

None of these developments 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. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 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, and property management and hotel 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, the Group has presented the following four 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, commercial premises and hotels; and
- (d) the property management and hotel operation segment that provides property management service and hotel accommodation services.

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

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

The basis of segmentation or measurement of segment profit or loss for the current period is not different from the last annual consolidated financial statements.

	Six months ended 30 June 2014				
	Mixed-use business complexes <i>RMB'000</i>	Multi- functional residential communities <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Property management and hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	183,582	518,268	36,990	133,723	872,563
Reportable segment gross profit	79,979	168,926	36,990	1,023	286,918
Reportable segment profit/(loss)	3,623	(40,235)	99,894	(8,617)	54,665

	Six months ended 30 June 2013				
	Mixed-use business complexes <i>RMB'000</i>	Multi- functional residential communities <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Property management and hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	210,069	693,418	25,842	83,449	1,012,778
Reportable segment gross profit	75,285	164,820	25,842	14,062	280,009
Reportable segment profit/(loss)	26,806	(27,212)	51,601	(24,575)	26,620

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

	At 30 June 2014				
	Mixed-use business complexes RMB'000	Multi- functional residential communities RMB'000	Investment properties RMB'000	Property management and hotel operation RMB'000	Total RMB'000
Loans and borrowings	3,465,744	6,505,097	18,499	—	9,989,340
Reportable segment assets	10,871,589	16,657,345	4,934,086	750,358	33,213,378
Reportable segment liabilities	10,787,147	14,972,330	401,524	447,437	26,608,438

	At 31 December 2013				
	Mixed-use business complexes RMB'000	Multi- functional residential communities RMB'000	Investment properties RMB'000	Property management and hotel operation RMB'000	Total RMB'000
Loans and borrowings	3,246,718	6,024,038	37,999	—	9,308,755
Reportable segment assets	9,522,503	19,735,889	4,535,930	892,557	34,686,879
Reportable segment liabilities	10,246,021	16,878,657	388,221	552,962	28,065,861

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue and profit

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Revenue		
Reportable segment revenue	872,563	1,012,778
Elimination of intra-group revenue	(16,815)	(9,230)
Consolidated revenue	855,748	1,003,548
Profit		
Reportable segment profit	54,665	26,620
Elimination of intra-group profit	(9,077)	(2,308)
Unallocated head office and corporate expenses	(33,282)	(13,786)
Consolidated profit	12,306	10,526

4 REVENUE

The principal activities of the Group are property and land development, property investment and property management and hotel operation. Revenue represents sale of properties, rental income from investment properties and property management and hotel operation income, net of business tax, analyzed as follows:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Sale of properties	701,850	903,487
Rental income from investment properties	36,990	25,842
Property management and hotel operation income	116,908	74,219
Consolidated revenue	855,748	1,003,548

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Financial income and financial expenses

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Financial income		
Interest income	(43,822)	(18,851)
Net foreign exchange gain	(4,604)	—
Net change in fair value of Loans from Riverside	—	(5,157)
	(48,426)	(24,008)
Financial expenses		
Interest on loans and borrowings measured at amortized cost	606,764	354,468
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	(576,176)	(328,340)
	30,588	26,128
Net change in fair value of Loans from Riverside	30,086	—
Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust	126	21,910
Bank charges and others	3,144	3,770
	63,944	51,808

(b) Other items

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Depreciation	22,516	12,744

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Provision for the period		
– PRC Corporate Income Tax	16,276	19,020
– Land Appreciation Tax	32,908	36,181
Deferred tax	29,118	(5,014)
	78,302	50,187

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 of the PRC, 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.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB21,781,000 for the six months ended 30 June 2014 (Six months ended 30 June 2013: RMB19,036,000) and the weighted average of 1,744,464,588 ordinary shares (Six months ended 30 June 2013: 1,386,715,012 shares, after adjusting for the share split and capitalisation issue in 2014) in issue during the interim period.

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding during the periods ended 30 June 2014 and 2013.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

8 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2014, the Group incurred capital expenditure of property and equipment with a cost of RMB16,755,000 (Six months ended 30 June 2013: RMB6,672,000). Items of property and equipment with a net book value of RMB1,572,000 were disposed of during the six months ended 30 June 2014 (Six months ended 30 June 2013: RMB1,491,000), resulting in a loss on disposal of RMB55,000 (Six months ended 30 June 2013: RMB133,000).

9 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2014 by CB Richard Ellis Ltd., the Group's independent valuer, using the same valuation techniques as were used by this valuer when carrying out the 31 December 2013 valuations. As a result of the update, a net gain of RMB115,740,000 (Six months ended 30 June 2013: RMB54,544,000), and deferred tax thereon of RMB28,935,000 (Six months ended 30 June 2013: RMB13,636,000), has been recognised in profit or loss for the period in respect of investment properties.

10 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Properties under development	13,246,659	11,059,693
Completed properties held for sale	4,248,833	4,461,776
	17,495,492	15,521,469

11 LAND DEVELOPMENT FOR SALE

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Land development for sale	776,354	680,006

Land development for sale mainly represents the cost of land development for the Group's land development projects. Though the Group does not have ownership title or land use rights to the land, the Group is given the right to carry out preparation works in respect of land infrastructure in those projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 LAND DEVELOPMENT FOR SALE (Continued)

Land development for sale is expected to be realized in the normal operating cycle, which is longer than twelve months.

In accordance with the accounting policy of the Group, revenue in relation to land development for sale is recognized depending on the timing of sales of related land plots by the government to third parties.

12 TRADE AND OTHER RECEIVABLES

As at the balance sheet date, the ageing analysis of trade receivables based on due date, is as follow:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
<i>Note</i>		
Current	22,764	157,562
1 to 6 months past due	78,194	68,570
6 months to 1 year past due	29,936	582
More than 1 year past due	607,402	609,695
Amounts past due	715,532	678,847
Trade receivables	738,296	836,409
Amounts due from related parties	636,534	481,677
Other receivables	722,847	638,130
Loans and receivables	2,097,677	1,956,216
Deposits and prepayments	1,344,164	782,879
	3,441,841	2,739,095

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (Continued)

Note:

- (i) The balance of deposits and prepayments as at 30 June 2014 mainly included the prepayment amounted to RMB311,100,000 to Guangxi Sanqi Investment Co., Ltd., the other original equity holder of Guangxi Jingqi Investment Co., Ltd. ("Guangxi Jingqi"), an associate of the Group, for the acquisition of remaining equity interests of Guangxi Jingqi. As at 30 June 2014, the acquisition above had not been completed.

13 CASH AND CASH EQUIVALENTS

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Cash on hand	510	426
Cash at bank	1,083,695	1,216,098
	1,084,205	1,216,524

14 LOANS AND BORROWINGS

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Loans and borrowings at amortized cost		
— Long-term	11,798,624	10,875,094
— Short-term	1,077,462	2,302,462
	12,876,086	13,177,556
Loans at fair value through profit or loss:		
— Loans from Riverside	—	587,196
— Loans from Hangzhou Industrial and Commerce Trust	37,411	37,285
	37,411	624,481
	12,913,497	13,802,037

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (Continued)

(a) The Group's long-term loans and borrowings comprise:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Loans at fair value through profit or loss:		
Loans from Riverside	—	587,196
Loans from Hangzhou Industrial and Commerce Trust	37,411	37,285
Sub-total	37,411	624,481
Loans and borrowings at amortized cost:		
Bank loans — secured	4,106,475	4,111,625
Loans from other financial institutions		
— secured	7,416,293	5,999,737
Loans from third parties		
— secured	—	70,000
— unsecured	275,856	693,732
Sub-total	11,798,624	10,875,094
Less: Current portion of long-term loans and borrowings:		
Loans from Riverside	—	587,196
Bank loans	1,541,215	1,104,767
Loans from other financial institutions	2,932,644	1,006,000
Loans from third parties	—	49,877
Sub-total	4,473,859	2,747,840
	7,362,176	8,751,735

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (Continued)

(b) The Group's short-term loans and borrowings comprise:

	<i>Note</i>	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Loans and borrowings at amortized cost:			
Bank loans			
– secured		310,500	1,495,500
Loans from other financial institutions			
– secured		230,000	230,000
Loans from related parties			
– unsecured	20(b)	20,817	20,817
Loans from third parties			
– secured		20,000	20,000
– unsecured		496,145	536,145
<hr/>			
Sub-total		1,077,462	2,302,462
<hr/>			
Current portion of long-term loans and borrowings		4,473,859	2,747,840
<hr/>			
		5,551,321	5,050,302

- (c) As at 30 June 2014, loans and borrowings amounted to RMB nil (2013: RMB215,180,000) were reclassified as loans and borrowings payable on demand as certain subsidiaries of the Group breached certain loan covenants which permitted the lender to demand immediate repayments.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

15 TRADE AND OTHER PAYABLES

As at the balance sheet date, the ageing analysis of trade payables based on due date, is as follow:

		At 30 June 2014	At 31 December 2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due within 1 year or on demand		2,154,344	2,614,445
Due after 1 year but within 2 years		583,659	717,959
Due after 2 years but within 5 years		454,532	308,481
Trade payables		3,192,535	3,640,885
Amounts due to related parties	20(b)	236,972	69,165
Other payables		1,009,989	1,034,500
Financial liabilities measured at amortized cost		4,439,496	4,744,550
Receipts in advance		14,955	18,995
Other taxes payable		41,387	104,828
		4,495,838	4,868,373
Less: non-current portion of trade payables		1,038,191	1,026,440
non-current portion of other payables		104,824	104,824
Sub-total		1,143,015	1,131,264
		3,352,823	3,737,109

16 SALES DEPOSITS

Sales deposits represented proceeds received on property unit sales that have not been recognized as revenue in accordance with the Group's revenue recognition policy.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Company did not declare any dividends during the periods presented.

(b) Share capital

	Note	Six months ended 30 June 2014		Year end 31 December 2013	
		No of shares	HKD'000	No of shares	USD'000
Authorised:					
Ordinary shares	(i)	3,000,000,000	30,000	50,000	50

		Six months ended 30 June 2014		Year end 31 December 2013	
		No of shares	RMB'000	No of shares	RMB'000
Issued and fully paid					
At 1 January		50,000	376	50,000	376
Split and repurchase of shares	(i)	38,950,000	(69)	—	—
Initial public offering	(ii)	500,000,000	3,949	—	—
Conversion of Loans from Riverside	(iii)	113,284,988	895	—	—
Capitalisation of shares	(iv)	1,347,715,012	10,609	—	—
At 30 June/31 December		2,000,000,000	15,760	50,000	376

(i) Split and repurchase of shares

Pursuant to a written resolution of all the directors of the Company passed on 14 February 2014, it was resolved that the authorised share capital of the Company increased to Hong Kong Dollar (“HKD”) 30,000,000 by the creation of 3,000,000,000 shares of a nominal or par value of HKD0.01 each (the “Increase”). Following the Increase, the Company issued 39,000,000 new shares at par value of HKD0.01 each fully paid to Joywise Holdings Limited (“Joywise”), the parent company of the Company, and repurchased existing 50,000 issued shares at par value of United States Dollar (“USD”) 1.00 each held by Joywise.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

17 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Share capital (Continued)

(ii) Initial public offering

On 13 March 2014, the Company issued 500,000,000 shares with a par value of HKD0.01 each, at a price of HKD4.00 per share by way of an initial public offering (the "IPO").

(iii) Conversion of Loans from Riverside

Pursuant to the certain agreements entered into by 8 individuals namely Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Mr Liao Chimei, Mr. Tian Feng, Mr. Li Mingqiang and Ms. Liu Chaohui (collectively referred to as the "8 individuals"), Sunshine 100 Real Estate Group Co., Ltd. and Riverside Investment Limited, in relation to a convertible note issued by the Company, a total amount of RMB358,076,000, of which were converted into 113,284,988 ordinary shares of the Company at HKD4.00, the IPO price.

(iv) Capitalisation of shares

Pursuant to a resolution of shareholders of the Company dated 17 February 2014, the number of capitalization shares is equal to 1,347,715,012 shares. A sum of HKD13,477,150.12 is capitalized from the amount standing to the credit of the share premium account of the Company and that the said sum is applied in paying up in full at par 1,347,715,012 new capitalization shares. The capitalization shares were allotted on 13 March 2014 and distributed, credited as fully paid at par.

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of financial instruments measured at the balance sheet dates on a recurring loans, categorised into the three level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

The Group has a team headed by the finance manager who is responsible for engaging external valuers to perform valuations for the financial instruments, including unlisted available-for-sale investment and loans at fair value through profit or loss which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the external valuers at each annual reporting date and by the team at each interim reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

	Fair value at 30 June 2014 RMB'000	Fair value measurements as at 30 June 2014		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
	Recurring fair value measurement			
Financial assets:				
Available-for-sale investment	45,417	—	—	45,417
Financial liabilities:				
Loans at fair value through profit or loss:				
— Loans from Hangzhou Industrial and Commerce Trust	37,411	—	—	37,411

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at	Fair value measurements		
	31 December	as at 31 December 2013		
	2013	Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial liabilities:				
Loans at fair value through profit or loss:				
— Loans from Riverside	587,196	—	—	587,196
— Loans from Hangzhou Industrial and Commerce Trust	37,285	—	—	37,285
At 31 December 2013	624,481	—	—	624,481

During the six months ended 30 June 2014, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the balance sheet date on which they occur.

(ii) Information about Level 3 fair value measurements

	Six months ended 30 June 2014			
	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Loans at fair value through profit or loss:				
— Loans from Hangzhou Industrial and Commerce Trust	Binomial Tree model	Expected volatility	27.91% to 68.46%	44.08%

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The fair value of loans from Hangzhou Industrial and Commerce Trust is determined using binomial tree model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. For the six months ended 30 June 2014, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 1% would have no material impact on the Group's net profit.

The movement during the period in the balance of loans from Hangzhou Industrial and Commerce Trust is as follows:

Loans at fair value through profit or loss:

	At 30 June 2014 RMB'000	At 30 June 2013 RMB'000
At 1 January	624,481	933,475
Proceeds	—	15,000
Change in fair value recognized in profit or loss during the period	30,212	16,753
Conversion of Loans from Riverside	(358,076)	—
Repayment	(259,206)	(300,000)
At 30 June	37,411	665,228

During the six months ended 30 June 2014, the Group acquired an available-for-sale investment amounted to RMB45,417,000, which approximated the fair value as at 30 June 2014.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at 30 June 2014 and 31 December 2013.

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

19 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2014 and 31 December 2013, the Group has the following commitments in respect of properties under development, land development for sale and investment properties under construction not provided for in the financial statements:

	At 30 June 2014 <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
Contracted for	2,709,682	2,152,759
Approved but not contracted for	5,410,995	4,232,463
	8,120,677	6,385,222

The Group's share of its associates' own capital commitment, which is not included above, is as follows:

	At 30 June 2014 <i>RMB'000</i>	At 31 December 2013 <i>RMB'000</i>
Contracted for	209,429	81,205
Approved but not contracted for	299,325	169,936
	508,754	251,141

(b) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within two years after the property units are delivered to the buyers. The total amounts of mortgages outstanding which are guaranteed by the Group, were RMB4,054,989,000 as at 30 June 2014 (2013: RMB4,349,233,000).

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

19 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(c) Operating lease commitments

As at 30 June 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	14,751	15,275
After 1 year but within 5 years	29,747	28,489
After 5 years	9,857	17,325
	54,355	61,089

(d) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the relevant PRC laws and regulations, and these warranties are covered by back-to-back warranties provided by the relevant contractors of the projects.

(e) Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity, or operating results of the Group.

(f) Investment properties and properties held for sale

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	95,283	76,280
After 1 year but within 5 years	268,370	292,142
After 5 years	501,746	486,782
	865,399	855,204

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The principal transactions which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Advances provided to/(received from)		
– Associates	9,204	(8,875)
– Entities controlled by the 8 individuals	–	41,243
– Entities under control of Ms. Fan Xiaohua, a non-executive director of the Company (“Ms. Fan”)	–	(179,317)
– Entities under significant influence of the 8 individuals	–	(49,000)
– Entities under control of the key management personnel of the Group	–	34,347
Repayment of advances (from)/to		
– Associates	–	1,593
– Entities controlled by the 8 individuals	–	(3,627)
– Entities under control of Ms. Fan	(32,154)	(174,867)
– Entities under significant influence of the 8 individuals	12,835	(2,518)
Interest repaid to		
– An associate	–	678
– Member of the key management personnel of the Group	–	1,020
Interest expense charged by		
– An associate	1,361	1,378
– Member of the key management personnel of the Group	–	928
Consideration on disposal of a subsidiary		
– Entities under control of Ms. Fan	–	10,000
Consideration on acquisition of an associate		
– Entities controlled by the 8 individuals	–	300,000

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Rental charged by		
– Entities under significant influence of the 8 individuals	2,835	1,343
Property management income charged to		
– Entity under significant influence of the 8 individuals	228	751
Late payment penalty charged by		
– Entity under significant influence of the 8 individuals	–	3,650
Rental charged to		
– Entities under control of Ms. Fan	6,100	6,129
– Entity under significant influence of the 8 individuals	1,201	–

(b) Outstanding balances with related parties

	Note	At 30 June	At 31 December
		2014 RMB'000	2013 RMB'000
Amounts due from			
– Associates		636,534	431,677
– Entities under control of Ms. Fan		–	50,000
	12/(i)	636,534	481,677
Amounts due to			
– Associates		207,578	11,925
– Entities under control of Ms. Fan		–	17,846
– Entity under significant influence of the 8 individuals		29,394	39,394
	15/(ii)	236,972	69,165
Loans payable to			
– An associate	14(b)/(iii)	20,817	20,817

Notes to the Unaudited Interim Financial Statements

(Expressed in Renminbi unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Outstanding balances with related parties (Continued)

Notes:

- (i) The balances as at the balance sheet dates mainly represented the advances provided to related parties, which were interest-free, unsecured and had no fixed terms of repayment.
- (ii) The balances as at the balance sheet dates mainly represented the advances obtained from related parties, which were interest-free, unsecured and had no fixed terms of repayment.
- (iii) The loan was borrowed from an associate of the Group, bearing an interest rate at 10% per annum.

21 SUBSEQUENT EVENTS

On 15 August 2014, the Group entered into an acquisition agreement with Guangxi Laomumian Investment Co., Ltd, the original shareholder of Guilin Sunshine 100 Real Estate Co., Ltd. ("Guilin Sunshine 100"), to acquire 70% equity interest of Guilin Sunshine 100 at a consideration of RMB117,319,289 and assumed the shareholder's loan of RMB50,507,603. Guilin Sunshine 100 is a project company which develops Guilin Scape Project. As at 30 June 2014, Guilin Scape Project was under development.