



SS100

Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2608

2016

INTERIM REPORT



Contents

Corporate Information	2
Chairman's Report	4
Management Discussion and Analysis	8
Corporate Governance	26
Disclosure of the Interests Information	28
Other Information	35
Review Report on the Interim Financial Information	37
Consolidated Statement of Comprehensive Income	38
Consolidated Statement of Financial Position	40
Consolidated Statement of Changes in Equity	42
Condensed Consolidated Cash Flow Statement	44
Notes to the Unaudited Interim Financial Report	45



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yi Xiaodi (*Chairman*)

Mr. Fan Xiaochong (*Vice Chairman*)

Non-executive Directors

Ms. Fan Xiaohua

Mr. Wang Gongquan

Independent non-executive Directors

Mr. Gu Yunchang

Mr. Ng Fook Ai, Victor

Mr. Wang Bo

AUDIT COMMITTEE

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

Mr. Gu Yunchang

Mr. Wang Bo

REMUNERATION COMMITTEE

Mr. Wang Bo (*Chairman*)

Mr. Fan Xiaochong

Mr. Gu Yunchang

NOMINATION COMMITTEE

Mr. Yi Xiaodi (*Chairman*)

Mr. Gu Yunchang

Mr. Wang Bo

JOINT COMPANY SECRETARIES

Dr. Ngai Wai Fung

Mr. Chow Chi Ming

COMPANY'S WEBSITE

www.ss100.com.cn

AUTHORISED REPRESENTATIVES

Mr. Yi Xiaodi

Dr. Ngai Wai Fung

REGISTERED OFFICE

190 Elgin Avenue

George Town, Grand Cayman

KY1-9005

Cayman Islands

HEAD OFFICE

Tower D, Floor 12
No. 2 Guang Hua Road
Beijing 100026
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Morrison & Foerster

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
China Everbright Bank
China Minsheng Banking Corp., Ltd
China CITIC Bank Corporation Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, PO Box 1586
Grand Cayman KY1-1110
Cayman Islands

LISTING INFORMATION

Place of Listing:
The Stock Exchange of Hong Kong Limited
Stock code: 2608



Chairman's Report

On behalf of Sunshine 100 China Holdings Ltd. (the **"Company"**), I am pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the **"Group"**) for the six months ended 30 June 2016 (the **"Reporting Period"**) to the shareholders of the Company (the **"Shareholders"**).

REVIEW ON THE FIRST HALF OF 2016

Achieved stable and healthy growth in overall operating results

During the first half of 2016, in view of the overall changes in the economy and the real estate market, the Group stepped up its efforts in sales by virtue of flexible and effective sales strategies. Meanwhile, it continued to promote the development and sale of the "Commercial Street Complex" projects which offer high gross profit and operate based on a sale/lease combination model, and the innovative residential product "Phoenix Community". Accordingly, our product portfolio was further optimized. The Group achieved steady growth in overall operating results during the Reporting Period. The total contracted sales amounted to RMB4,294.2 million and the total revenue amounted to RMB2,081.4 million, representing an increase of 34.1% and a decrease of 11.9% as compared with the corresponding period last year, respectively. Gross profit increased by 17.0% to RMB378.5 million and gross profit margin increased to 18.2%. Net profit increased by 64.9% to RMB90.4 million. Net profit attributable to equity shareholders of the Company increased by 20.4% from the corresponding period last year to RMB86.2 million. Total assets increased to RMB48,606.7 million and the total equity attributable to equity shareholders of the Company amounted to RMB6,138.9 million. At the same time, the Group continued to accelerate assets turnover, and recorded continuous growth in both the completed area in the first half of 2016 and the area under construction as at the end of the Reporting Period as compared to the corresponding period last year. During the Reporting Period, the total completed gross floor area ("**GFA**") amounted to approximately 778,000 square metres, representing an increase of 76.4% over the corresponding period last year. The total GFA under construction as at the end of Reporting Period amounted to approximately 3,536,000 square metres, representing an increase of 38.1% over the corresponding period last year. In terms of land reserves, the Group maintained a stable size of land reserves and had an accumulated attributable land reserves area amounting to 10,140,000 square metres as at 30 June 2016.

Continuously promoted the development of core products and optimization of operation services

The development of commercial products of the Group proceeded smoothly, with the development, sale and commercial operation of all key commercial street complex projects advancing orderly as scheduled. In particular, construction of Phases I to IV of Yaobu Town, one of our flagship projects, had been completed. The tenant recruitment exercise for the project is being carried out continually. Since the first half of the year, the Group has strengthened the commercial operation of the project, devoting more efforts in fostering favorable atmosphere in public areas and organizing themed promotional campaigns capable of attracting traffic and visitors within the commercial street. Such city-level campaigns as Trunk Fair (車尾箱市集), Iron-cage Football and Basketball Ranking Event (鐵籠足球籃球打榜賽), the "March 3rd Festival" series of activities (三月三系列活動) have been successfully held in the first half of the year and attracted over 100,000 participants in large events and around 10,000 to 20,000 participants in weekly regular activities. Such activities have won good reputation and secured solid customer base in Liuzhou. Meanwhile, the Group placed more effort in the operation of its self-owned commercial areas in Yaobu Project. In respect of the Lijiang project, the Group continuously conducted negotiations and signed contracts with a number of potential tenants in the first half of the year. Meanwhile, some themed activities with strong local characteristics such as the Torch Festival were organized in tandem for the Lijiang project, playing a positive role in attracting visitors and tenants. In respect of the Yixing project, the Group continued to vigorously work on tenant recruitment and organize customer attraction activities in the first half of the year. A tenant recruitment event themed "Lightening the Coast of the Bund" was held in the Phoenix Street in August and attracted over 160 merchants and 190 investors, thus receiving more attention from the local market and attracting a group of prospective tenants to engage in business

discussion and sign contracts. In respect of the Chongqing Ciyun Temple project, 3,200 square metres have been completed for construction of Phase I and tenant recruitment and customer attraction campaigns are being carried out on a continuous basis, attracting a large number of potential tenants. In addition, the Phoenix Street in Shenyang has currently achieved an overall occupation rate of 70% and is expected to formally open for business by the end of the year.

In respect of residential products, in an effort to provide a more cost-effective accommodation platform for the youth and provide them a brand new living experience with upgraded quality and amenities, we further promoted the concept of “common living conditions generate new social needs” (共用居住衍生新的社交需求) for Sunshine 100 “Phoenix Community”, which means to create a more lively social space through common spaces, common facilities and common services, so as to foster distinctive community culture through common services. In the first half of this year, we continued to promote the development and sale of the existing Phoenix Community products in cities including Shenyang, Weifang, Wuhan, Changsha, Chengdu, Liuzhou and Qingyuan. In particular, Qingyuan Phoenix Community, with 28,113 square metres of GFA under construction, is expected to be completed at the end of this year. While providing a space of 508 square metres for socializing as well as a full range of functional supporting facilities, Qingyuan Phoenix Community offers 24-hour hotel-style butler services and organizes regular events for young entrepreneurs to share their experience, which make it highly competitive in the local market. This Phoenix Community project started presale for the first time at the end of June and witnessed thousands of buyers flocking to purchase. On the date of the first presale, over 200 apartments were sold out in a short time. In addition, the Group attended the “IDEAT 2025” forum held in Japan with its Qingyuan Phoenix Community as one of China’s representative works, to jointly discuss future living patterns. As the practices of Sunshine 100 happened to carry the same idea as the research concept of the “HOUSE VISION” IDEAT project led by Kenyahara, both parties took the Qingyuan project as a starting point to discuss how to satisfy the living needs of the young generation through a common platform and introduce brand new environment and services. In respect of Changsha Phoenix Community project, it has a total GFA of 87,641 square metres with a completed GFA of 41,386 square metres, and four buildings have been put on sale with a sell-through rate of 100%. Another three residential buildings are expected to go on sale by the end of this year. The Shenyang Phoenix Community has an area of 88,976 square metres under construction which is planned to be completed at the end of this year. Currently, its overall sell-through rate is 97%. The Phoenix Community Villa in Wuhan, as a featured product among Sunshine 100 Phoenix Community products, has been completed. The Phoenix Community Villa combines start-up office, corporate events space and living space together in its luxury and stylish villa space and amenities while integrating entrepreneurial resources from different perspectives to provide convenience for entrepreneurs. In the first half of this year, the Phoenix Community Villa Entrepreneur Club was formally established with an aim to build an information and resource sharing social ecosystem accumulating culture among like-minded owners in the Phoenix Community.



Chairman's Report

Significantly reduced financing costs and continuously optimized financial structure

Since 2016, the Company issued several tranches of corporate bonds in China, of which RMB3 billion was issued through non-public offering at coupon rates ranging from 7.4% to 8.4% and RMB1.46 billion through public offering at a coupon rate of 6.9%. Moreover, Sunshine 100 property fee asset-backed security products were successfully issued, which is secured by the property management fee receivables of the Group's certain property service subsidiaries in China, with an issue size of approximately RMB757 million and coupon rates ranging from 6.5% to 7.5%.

In addition, on 11 August 2016, the Company successfully issued a tranche of 5-year US\$200 million convertible bonds overseas at a coupon rate of 6.5% with a yield to maturity of 8.5%. Market investors including renowned Chinese institutional investors, large-scale foreign funds and hedge funds actively participated in the issue. The coupon rate for such issue was almost halved as compared with the first issue of US\$215 million senior notes issued after the listing of the Company, thereby significantly lowering the Company's financing costs.

The successful issues mentioned above expanded the Group's direct financing channels and enabled the Group to carry out financing activities more effectively in the capital market. Such issues also helped the Group further improve its financial position, optimize its debt structure, reduce its financial costs and enhance its anti-risk capability.

For the first half of 2016, the Group's overall financing costs declined considerably with its financial structure further improving. The overall funding cost was approximately 9.8%, representing a decrease as compared with the end of last year. Moreover, the short-term loans and borrowings amounted to RMB6,921.4 million, representing a decrease of 8.7% as compared to the end of last year; the short-term loans and borrowings accounted for 29.3% of the total interest-bearing debts, representing a decrease of approximately 9 percentage points as compared to the end of last year.

OUTLOOK OF SECOND HALF OF THE YEAR AND THE FUTURE

In the first half of 2016, China's economy progressed while maintaining stability. Nevertheless, the uncertainties affecting the economic trend in the second half of the year such as Brexit, interest rate hike of the Federal Reserve and rising debt defaults in China, will sustain the downward pressure on the economy for the second half of the year. The real estate market has been continuously picking up since the second half of last year, especially in first and second-tier cities. However, the uncertainties at home and abroad and the pressure arising from oversupply are expected to pose certain challenges to the real estate market in the second half of the year.

In such economic environment, the Group believes that the ability to innovate and advance is the key to addressing challenges for real estate enterprises. Looking into the second half of 2016 and the future, the Group will focus on its core products, continue putting great efforts in developing Commercial Street Complex and Phoenix Community products. Leveraging on its capabilities in real estate development accumulated in the past two decades and advantages in land scale and costs, it will continually launch highly cost-effective products with investment value while enhancing its competitiveness.

Meanwhile, the Group will allocate more resources for promoting the development of our advantageous core products – Commercial Street Complex and Phoenix Community, so as to enhance competitiveness beyond its peers while constantly increasing profitability. As for our Phoenix Community products, we will provide standardized supporting facilities and build up our service reputation, and foster high-quality service personnel and systems, thereby forming a competition threshold. As for commercial street complex, we will further give play to the strong investment value and city upgrade demands of such products to increase the sell-through rate of commercial properties while constantly enhancing our follow-up business operation ability and enhance the brand image. Meanwhile, the Group will further improve its marketing and consolidate its marketing advantages as one of our core competitiveness. In addition to constantly strengthening marketing and system reform, we will continue to enhance the quality of sales personnel and the overall marketing capabilities of our sales team. While expanding our team, we will enhance the cohesion of our team so as to keep sharpening our cutting-edge in competition. Moreover, we will continue to promote system reform across the Group by optimizing corporate structure and management pattern, so as to enhance our comprehensive operation capability and efficiency.

Yi Xiaodi

Chairman and Executive Director

29 August 2016

Management Discussion and Analysis

Business Review

(I) Property development

Contracted sales

During the Reporting Period, the Group realized contracted sales in the amount of RMB4,294.2 million, representing an increase of 34.1% from the corresponding period of 2015, and an aggregate contracted sales area in the amount of 506,329 square metres, representing an increase of 19.2% from the corresponding period of 2015. Particularly, contracted sales generated from residential properties and car parks amounted to RMB3,959.2 million, representing an increase of 45.0% from the corresponding period of 2015, and the aggregate contracted sales area amounted to 484,823 square metres, representing an increase of 23.0% from the corresponding period of 2015. Contracted sales were evenly distributed across the sales regions, among which, contributions from Wuhan, Qingyuan, Wuxi and Wenzhou projects were relatively significant, with the contracted sales being RMB872.2 million, RMB841.3 million, RMB810.3 million, and RMB463.6 million respectively, accounting for 20.3%, 19.6%, 18.9% and 10.8% of the total contracted sales, respectively. Moreover, the Group's average unit price for contracted sales was RMB7,979/square metre, representing an increase over the corresponding period of 2015 which was mainly due to the increase in the proportion of contracted sales of products with higher price during the Reporting Period benefiting from the overall recovery in the property market.

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

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area (square metres) ⁽¹⁾		Contracted sales amount (RMB million) ⁽²⁾		Unit selling price (RMB/square metre) ⁽¹⁾	
			2016	2015	2016	2015	2016	2015
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	6,872	73,087	198	685	11,205	9,320
		Weifang	Weifang Sunshine 100 City Plaza	3,339	10,290	18	51	5,391
	Shenyang	Shenyang Sunshine 100 International New Town	51,622	73,488	333	486	6,393	6,529
		Shenyang	Shenyang Sunshine 100 Golf Mansion	7,374	14,686	42	69	5,696
	Dongying	Dongying Sunshine 100 City Garden	12,520	19,042	85	114	6,709	5,987
	Tianjin	Tianjin Sunshine 100 International New Town	-	220	40	10	-	23,466
		Sub-total		81,727	190,813	716	1,415	6,742
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	116,854	64,787	810	452	6,932	6,976
		Wenzhou	Wenzhou Center	23,817	-	464	-	19,482
	Yixing	Yixing Phoenix Street	2,078	-	61	-	29,355	-
	Sub-total		142,749	64,787	1,335	452	9,352	6,976

Management Discussion and Analysis

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area (square metres) ⁽¹⁾		Contracted sales amount (RMB million) ⁽²⁾		Unit selling price (RMB/square metre) ⁽¹⁾	
			2016	2015	2016	2015	2016	2015
Pearl River Delta	Qingyuan	Qingyuan Mango Town	135,165	76,232	841	419	6,089	5,437
	Sub-total		135,165	76,232	841	419	6,089	5,437
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	97,586	56,158	872	381	8,731	6,781
	Chengdu	Chengdu Sunshine 100 Mia Centre	3,307	14,436	50	160	12,700	11,051
	Changsha	Changsha Sunshine 100 International New Town	28,797	13,814	244	151	8,022	10,389
	Chongqing	Chongqing Sunshine 100 International New Town	2,560	2,579	52	47	19,141	16,014
		Chongqing Banan Arles	11,711	-	111	-	8,795	-
	Guilin	Guilin Lijiang River Town	88	-	1	-	11,364	-
	Lijiang	Lijiang COART Village	374	-	8	-	21,390	-
	Liuzhou	Liuzhou Yaobu Classic Town	2,265	5,638	45	168	19,868	29,364
		Liuzhou Sunshine 100 City Plaza	-	217	19	8	-	20,457
	Sub-total		146,688	92,842	1,402	915	9,074	9,641
Total			506,329	424,674	4,294	3,201	7,979	7,440

Notes:

- (1) Excluding car parks
- (2) Including car parks

Management Discussion and Analysis

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

Type	For the six months ended 30 June					
	Contracted sales area (square metres) ⁽¹⁾		Contracted sales amount (RMB million) ⁽²⁾		Unit selling price (RMB/square metre) ⁽¹⁾	
	2016	2015	2016	2015	2016	2015
Commercial Properties	21,506	30,560	335	471	15,577	15,397
Residential and car parks	484,823	394,114	3,959	2,730	7,642	6,823
Total	506,329	424,674	4,294	3,201	7,979	7,440
Proportion						
Commercial Properties	4%	7%	8%	15%		
Residential and car parks	96%	93%	92%	85%		
Total	100%	100%	100%	100%		

Notes:

(1) Excluding car parks

(2) Including car parks

Property Construction

During the Reporting Period, the Group's newly-started total GFA was 917,193 square metres, representing an increase of 26.0% from the corresponding period of 2015. The completed GFA was 778,329 square metres, representing an increase of 76.4% from the corresponding period of 2015, mainly due to the acceleration of asset turnover by the Company and the completion of certain projects which commenced construction in prior years in the first half of 2016.

Management Discussion and Analysis

The status of property construction of the Group during the Reporting Period was as follows:

		For the six months ended 30 June 2016		
Economic area	City	Newly-started total GFA (square metres)	Completed total GFA (square metres)	Total GFA under construction at the end of the period (square metres)
Bohai Rim	Jinan	–	39,667	221,996
	Shenyang	7,770	–	368,810
	Dongying	1,113	65,915	80,208
	Weifang	–	–	151,827
	Sub-total	8,883	105,582	822,841
Yangtze River Delta	Wuxi	130,914	–	456,236
	Wenzhou	666,380	–	1,143,603
	Yixing	1,140	–	110,611
	Sub-total	798,434	–	1,710,450
Pearl River Delta	Qingyuan	102,972	155,547	510,490
	Sub-total	102,972	155,547	510,490
Midwest	Wuhan	–	312,895	120,316
	Chongqing	–	–	174,315
	Chengdu	–	143,978	–
	Changsha	–	–	70,942
	Guilin	6,904	–	58,247
	Liuzhou	–	60,327	–
	Lijiang	–	–	68,293
	Sub-total	6,904	517,200	492,113
Total		917,193	778,329	3,535,894

Management Discussion and Analysis

Breakdown of Major Properties

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	No. 19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province			101,311	221,996	244,106	49.00%
		Phase I			1,769	-	-		
		Phase II			14,223	-	-		
		Phase III			32,980	-	-		
		Phase IV			23,009	-	-		
		Phase V		2017	78%	29,330	221,996	181,200	
	Phase VI		-	-	62,906				
	Shenyang	Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province			167,193	327,900	426,911	100.00%
		Phase I			26,130	-	-		
		Phase II			62,738	-	-		
	Shenyang	Shenyang Sunshine 100 Golf Mansion	No. 18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province			74,944	40,910	18,456	51.00%
		Phase I			65,244	-	-		
Phase II, III		2018		81%	9,700	40,910	18,456		
Tianjin	Tianjin Sunshine 100 International New Town	Hongqi South Road, Nankai District, Tianjin City			178,710	-	-	86.00%	
Dongying	Dongying Sunshine 100 City Garden	No. 248 North 1st Road, Dongying District, Dongying City, Shandong Province			45,152	80,208	8,384	100.00%	
	Phase I			5,251	-	-			
	Phase II			24,638	-	-			
		Phase III	2018	42%	15,263	80,208	8,384		

Management Discussion and Analysis

Economic area	City	Project	Address	Expected	Completion	Saleable GFA		Planned GFA (square metres)	Our attributable interest in the project
				completion date of properties under development ⁽¹⁾	progress of properties under development ⁽¹⁾⁽²⁾	remaining unsold (square metres)	GFA under development (square metres)		
	Weifang	Weifang Sunshine 100 City Plaza	No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province			38,491	151,827	1,364,936	100.00%
		Phase I				38,491	-	-	
		Phase II		2017	73%	-	151,827	-	
		Phase III				-	-	478,382	
		Phase IV				-	-	423,573	
		Phase V				-	-	462,981	
	Yantai	Yantai Sunshine 100 City Plaza	Nos. 25-27 Haigang Road, Zhifu District, Yantai City, Shandong Province			10,313	-	327,249	100.00%
		Phase I				10,313	-	-	
		Phase II				-	-	327,249	
	Sub-total					616,114	822,841	2,390,042	

Management Discussion and Analysis

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province			171,997	120,316	-	100.00%
						2,311	-	-	
						31,926	-	-	
						10,176	-	-	
						12,951	-	-	
						48,561	-	-	
						66,072	-	-	
				2017	54%	-	120,316	-	
	Chongqing	Chongqing Sunshine 100 International New Town	Nanbin Road, Nan'an District, Chongqing City			8,263	120,814	716,880	100.00%
						8,263	-	-	
				2022	68%	-	120,814	716,880	
						82,296	53,500	236,122	
						82,296	-	-	45.00%
				2017	27%	-	53,500	184,325	
		-	-	51,797					
Chengdu	Chengdu Sunshine 100 Mia Centre	No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province			83,601	-	-	100.00%	
					34,122	-	-		
					49,479	-	-		
					-	-	20,000	100.00%	
		-	-	20,000	100.00%				
Changsha	Changsha Sunshine 100 International New Town	No. 518 Section One, 2nd South Ring Road, Yuelu District, Changsha City, Hunan Province			60,481	70,942	193,423	100.00%	
					7,464	-	-		
					29,010	-	-		
					21,406	-	-		
			2018	36%	2,601	70,942	193,423		

Management Discussion and Analysis

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
	Guilin	Guilin Lijiang Project	Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region			-	55,912	83,162	75.00%
		Phase I, II		2016	89%	-	27,352	58,003	
		Phase III		2016	83%	-	28,560	25,160	
		Guilin Scape Project				-	2,336	236,722	100.00%
	Liuzhou	Liuzhou Sunshine 100 City Plaza	No. 2 Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region			49,768	-	-	75.00%
		Phase I				10,338	-	-	
		Phase II				16,486	-	-	
		Phase III				4,984	-	-	
		Phase IV				17,960	-	-	
		Liuzhou Yaobu Classic Town	No. 9 Panlong Road, Liuzhou City, Guangxi Zhuang Autonomous Region			126,710	-	-	98.75%
		Phase I				39,500	-	-	
		Phase II				10,723	-	-	
		Phase III				76,487	-	-	
		Liuzhou Sunshine 100 Classical Era	No. 11 Haiguan Road, Liuzhou City, Guangxi Zhuang Autonomous Region			-	-	-	100.00%
	Nanning	Nanning Sunshine 100 City Plaza	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			24,372	-	92,230	100.00%
		Phase I				24,372	-	-	
		Phase II				-	-	92,230	
		Nanning Sunshine 100 Upper East Side International	No. 166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			51,761	-	-	26.01%
		Vantone Air Garden	No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region			2,751	-	-	100.00%

Management Discussion and Analysis

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA remaining (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
		Nanning Sunshine 100 Mountainside Garden	Nos. 1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region			10,167	-	-	51.00%
		Nanning Sunshine 100 Australian Garden	No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region			518	-	-	50.00%
		Nanning Sunshine 100 European Garden	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			-	-	-	100.00%
	Lijiang	Lijiang COART Village	Kaiwen and Longquan Communities, Shuhe Town, Lijiang City, Yunnan Province	2018	66%	-	68,293	135,874	51.00%
		Sub-total				672,685	492,113	1,714,413	
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	No. 1 Tianyi New Street, Xizhang, Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province			331,904	456,236	567,564	100.00%
		Phase I				89,096	-	-	
		Phase II				64,269	-	-	
		Phase III				24,057	-	-	
		Phase IV				126,741	-	132,171	
		Phase V				27,741	-	156,520	
		Phase VI		2018	73%	-	456,236	278,873	
	Yixing	Yixing Sunshine 100 Phoneix Street	East Jiefang Road, Chengdong New District, Yixing City, Jiangsu Province	2017	45%	-	110,611	-	80.00%
	Wenzhou	Wenzhou Center	Binjiang Qidu, Lucheng District, Wenzhou City, Zhejiang Province			-	477,223	-	51.00%
		Phase I		2018	33%	-	82,909	-	
		Phase II		2021	6%	-	394,314	-	

Management Discussion and Analysis

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Completion progress of properties under development ⁽¹⁾⁽²⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
		Wenzhou Shengtaicheng	Yangyi Street, Lucheng District, Wenzhou City, Zhejiang Province			-	666,380	-	51.00%
		Phase I		2019	2%	-	226,768	-	
		Phase II				-	439,612	-	
		Subtotal				331,904	1,710,450	567,564	
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			109,120	510,489	2,437,451	55.00%
		Phase I				38,271	-	-	
		Phase II		2016	85%	70,849	373,459	-	
		Phase III		2018	38%	-	137,030	462,081	
		Phase IV				-	-	1,975,370	
		Subtotal				109,120	510,489	2,437,451	
Overseas	Saipan	Saipan Wing Beach Project	Wing Beach, Saipan, Northern Mariana Islands			-	-	120,000	51.00%
		Subtotal				-	-	120,000	
		Total				1,729,823	3,535,893	7,229,470	

Notes:

- (1) Expected completion date and completion progress are applicable to projects under development, but not applicable to completed projects or projects to be developed.
- (2) Completion progress reflects the overall completion progress as at 30 June 2016.
- (3) The completed investment properties with a gross total GFA of approximately 408,186 square metres were not included in this table.
- (4) The self-operated commercial areas of Weifang Sunshine 100 City Plaza and Shenyang Sunshine 100 Golf Mansion with a total GFA of approximately 15,355 square metres, the self-operated hotels of Jinan Sunshine 100 International New Town and Liuzhou Sunshine 100 City Plaza with a total GFA of approximately 59,951 and the shared office space of Wuxi Sunshine 100 International New Town, Chengdu Sunshine 100 Mia Centre and Yantai Sunshine 100 City Plaza with a total GFA of approximately 20,120 square metres were not included in this table.

Management Discussion and Analysis

(II) Investment Properties

During the Reporting Period, the GFA of the completed investment properties sold by the Group amounted to 478 square metres and the GFA of newly completed investment properties amounted to 32,479 square metres. As at 30 June 2016, the GFA of investment properties completed and under construction held by the Group was 529,289 square metres and the planned GFA of investment properties held for future development was 120,000 square metres. Moreover, during the Reporting Period, the rental income was RMB52.8 million, representing an increase of 4.1% as compared to the corresponding period of 2015.

Breakdown of Investment Properties

Economic area	City	Project	Properties	Use	Leasing period
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	Part of shopping mall, Phase IV	Commercial	Short, medium and long term
			Kindergarten, Phase III	Kindergarten	Long term
	Shenyang	Shenyang Sunshine 100 International New Town	Part of commercial portion, Phase I	Commercial	Medium term
			Part of commercial portion, Phase II	Commercial	Short, medium and long term
			Kindergarten, D13 building, Phase II	Kindergarten	Long term
			Part of commercial portion, Phase III	Commercial	Vacant
	Tianjin	Tianjin Sunshine 100 International New Town	Part of community commercial portion	Commercial	Short and medium term
	Dongying	Dongying Sunshine 100 City Garden	A4 Kindergarten	Kindergarten	Long term
	Weifang	Weifang Sunshine 100 City Plaza	Part of commercial portion, Blocks 5-8, Phase I	Commercial	Short, medium and long term
			Part of office portion, Block 8, Phase I	Office	Short and medium term
Yantai	Yantai Sunshine 100 City Plaza	Unsold part of office portion	Office	Medium term	
		Part of shopping mall	Commercial	Short, medium and long term	
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	Part of commercial portion, Block F53, Phase IV	Commercial	Vacant
	Chongqing	Chongqing Sunshine 100 International New Town	Part of community commercial portion	Commercial	Short and medium term
			Himalayan Block E2	Service Apartment	Under development
	Chengdu	Chengdu Sunshine 100 Mia Centre	Part of underground commercial portion	Commercial	Medium term
	Changsha	Changsha Sunshine 100 International New Town	Part of commercial portion, Blocks 52-56, Phase III	Commercial	Short and medium term

Management Discussion and Analysis

Economic area	City	Project	Properties	Use	Leasing period
	Liuzhou	Liuzhou Sunshine 100 City Plaza	Part of commercial portion	Commercial	Long term
			Level 1, Block 33	Kindergarten	Long term
		Liuzhou Sunshine 100 Yaobu Classic Town	Part of Land Parcel A reserved	Commercial	Vacant
			Part of Land Parcel B reserved	Commercial	Vacant
		Liuzhou Sunshine 100 Classical Era	Kindergarten	Kindergarten	Short term
	Guilin	Yangshuo Sunshine 100 City Plaza	Part of commercial portion	Commercial	Short, medium and long term
	Nanning	Nanning Sunshine 100 City Plaza	Part of commercial portion	Commercial	Short, medium and long term
		Vantone Air Garden	Part of commercial portion	Commercial	Short term
		Nanning Sunshine 100 Mountainside Garden ⁽¹⁾	Clubhouse	Commercial	Medium term
		Nanning Sunshine 100 Australian Garden ⁽²⁾	Clubhouse	Commercial	Short and medium term
		Nanning Sunshine 100 European Garden	Clubhouse	Commercial	Vacant
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	Part of Commercial portion, Tianyi Street, Phase V	Commercial	Long term
	Yixing	Yixing Sunshine 100 Phoenix Street	Part of aboveground commercial portion	Commercial	Under development
	Wenzhou	Wenzhou Center	Part of aboveground commercial portion	Commercial	Under development
Overseas	Saipan	Saipan Wing Beach Project	Whole project	Commercial	Held for future development

Notes:

- (1) The interest attributable to the Group was 51%.
- (2) The interest attributable to the Group was 50%.

Management Discussion and Analysis

(III) Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB91.3 million for various land acquisitions, which included the land payment for Chongqing Sunshine 100 International New Town in the amount of RMB60.7 million and for Yantai Sunshine 100 City Plaza in the amount of RMB21.0 million.

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

Economic area	City	Total GFA (square metres)	Percentage	Attributable GFA (square metres)	Percentage
Bohai Rim	Weifang	1,578,281	12%	1,578,281	16%
	Shenyang	1,149,347	9%	1,078,493	11%
	Jinan	640,986	5%	314,083	3%
	Yantai	403,080	3%	403,080	4%
	Dongying	135,838	1%	135,838	1%
	Tianjin	193,877	1%	166,734	2%
	Sub-total		4,101,409	31%	3,676,509
Midwest	Chongqing	1,237,596	9%	1,033,041	10%
	Wuhan	295,648	2%	295,648	3%
	Guilin	390,554	3%	352,680	4%
	Changsha	333,178	3%	333,178	3%
	Liuzhou	286,861	2%	253,101	2%
	Nanning	217,670	2%	179,372	2%
	Chengdu	117,358	1%	117,358	1%
	Lijiang	204,167	2%	104,125	1%
Sub-total		3,083,032	24%	2,668,503	26%
Yangtze River Delta	Wuxi	1,383,085	10%	1,383,085	13%
	Wenzhou	1,143,603	9%	583,238	6%
	Yixing	110,611	1%	88,489	1%
	Sub-total		2,637,299	20%	2,054,812
Pearl River Delta	Qingyuan	3,057,060	24%	1,681,383	17%
	Sub-total		3,057,060	24%	1,681,383
Northern Mariana Islands	Saipan	120,000	1%	61,200	0%
	Sub-total		120,000	1%	61,200
Total		12,998,800	100%	10,142,407	100%

Management Discussion and Analysis

Financial Review

Revenue

During the Reporting Period, the revenue of the Group decreased by 11.9% to RMB2,081.4 million from RMB2,363.8 million in the corresponding period of 2015, mainly attributable to the decrease in income from our property sales.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties decreased by 13.5% to RMB1,853.4 million from RMB2,143.3 million in the corresponding period of 2015, mainly attributable to a decrease in the total GFA delivered.

Use	For the six months ended 30 June					
	Sales areas (square metres) ⁽¹⁾		Sales amount (RMB million) ⁽²⁾		Unit selling price (RMB/square metre) ⁽¹⁾	
	2016	2015	2016	2015	2016	2015
Commercial Properties	12,854	15,318	183	251	14,277	16,388
Residential and car parks	171,638	305,063	1,670	1,892	8,998	6,110
Total	184,492	320,381	1,853	2,143	9,366	6,601
Proportion						
Commercial Properties	7%	5%	10%	12%		
Residential and car parks	93%	95%	90%	88%		
Total	100%	100%	100%	100%		

Notes:

- (1) Excluding car parks
- (2) Including car parks

Property management and hotel operation income

During the Reporting Period, the revenue generated from property management and hotel operation of the Group increased by 3.2% to RMB175.2 million from RMB169.8 million in the corresponding period of 2015, mainly attributable to an increase in the area under property management by the Group.

Rental income from investment properties

During the Reporting Period, the rental income from investment properties of the Group increased by 4.1% to RMB52.8 million from RMB50.7 million in the corresponding period of 2015, mainly attributable to an increase in the unit rental rate and an increase in the GFA for rental.



Management Discussion and Analysis

Cost of sales

During the Reporting Period, the cost of sales of the Group decreased by 16.5% to RMB1,702.9 million from RMB2,040.2 million in the corresponding period of 2015. The cost of property sales decreased by 17.3% to RMB1,533.9 million from RMB1,853.8 million in the corresponding period of 2015, mainly attributable to a decrease in GFA of properties delivered. Cost of property management and hotel operation decreased by 9.3% to RMB169.0 million from RMB186.4 million in the corresponding period of 2015, mainly attributable to the decrease in cost of hotel operation as a result of strengthened management by the Group.

Gross profit

As a result of the above factors, during the Reporting Period, the gross profit of the Group increased by 17.0% to RMB378.5 million from RMB323.6 million in the corresponding period of 2015, and the gross profit margin increased to 18.2% from 13.7% in the corresponding period of 2015. If the non-recurring inventory impairment loss provided for during the Reporting Period in the amount of RMB22.8 million was excluded, the adjusted gross profit margin of the Group would be 19.3%, almost unchanged from that of the corresponding period of 2015.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group increased by 59.9% to RMB423.4 million from RMB264.8 million in the corresponding period of 2015, mainly attributable to the increase in the valuation of existing investment properties under construction as they progressed to completion.

Selling expenses

During the Reporting Period, the Group's selling expenses increased by 25.8% to RMB334.7 million from RMB266.1 million in the corresponding period of 2015, mainly attributable to an increase in incentives for the sales team due to the increase in the contracted sales as compared to the corresponding period of 2015 and an increase in advertising and marketing expenses as a result of the Group's increased efforts in promotion during the Reporting Period.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by 14.8% to RMB203.7 million from RMB177.4 million in the corresponding period of 2015, mainly attributable to an increase in expenses such as staff remuneration, audit fee and tax.

Financial expenses

During the Reporting Period, financial expenses of the Group increased by 11.6% to RMB124.7 million from RMB111.7 million in the corresponding period of 2015, mainly attributable to an increase in the scale of interest bearing liabilities of the Group.

Income tax

During the Reporting Period, the income tax expenses of the Group decreased by 9.5% to RMB82.7 million from RMB91.4 million in the corresponding period of 2015, mainly attributable to the reversal of excess provisions for PRC Corporate Income Tax in respect of prior year.

Profit

During the Reporting Period, the profit of the Group increased by 65.0% to RMB90.4 million from RMB54.8 million in the corresponding period of 2015.

Management Discussion and Analysis

Profit attributable to equity shareholders of the Company

Based on the above mentioned factors, the profit attributable to equity shareholders of the Company increased by 20.4% to RMB86.2 million from RMB71.6 million in the corresponding period of 2015.

Working capital, finance and capital resources

Cash and cash equivalents

As at 30 June 2016, the Group had RMB2,804.5 million of cash and cash equivalents, representing an increase of RMB1,479.3 million as compared to 31 December 2015, mainly due to an increase in the advances from customers and newly issued domestic corporate bonds during the Reporting Period.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2016, the Group's current ratio increased to 186.4% from 167.7% as at 31 December 2015. As at 30 June 2016, the Group's current assets and current liabilities amounted to RMB37,362.3 million and RMB20,046.3 million, respectively.

As at 30 June 2016, the Group's gearing ratio (which is total interest-bearing liabilities divided by total assets) increased to 48.6% from 45.8% as at 31 December 2015. Net gearing ratio (which is total interest-bearing liabilities minus cash and cash equivalents and current restricted deposits, divided by total equity) increased to 257.5% from 236.5% as at 31 December 2015, mainly attributable to an increase in the amount of interest bearing liabilities of the Group.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchasers of its properties. As at 30 June 2016, the Group provided guarantees for mortgage loans in an amount of RMB5,866.1 million (31 December 2015: RMB5,317.6 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 30 June 2016, the Group's total loans and borrowings amounted to RMB23,627.2 million. In particular, RMB6,921.4 million, RMB6,539.1 million, RMB8,294.4 million and RMB1,872.3 million were repayable within one year or on demand, after one year but within two years, after two years but within 5 years and after five years, respectively.

As at 30 June 2016, the Group's pledged properties and restricted deposits with a carrying value of RMB14,905.3 million (31 December 2015: RMB12,514.7 million) to secure banking facilities granted to the Group.

Capital commitments

As at 30 June 2016, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB3,186.6 million (31 December 2015: RMB2,686.0 million). As at 30 June 2016, the Group's capital commitment approved but not contracted for amounted to RMB6,018.8 million (31 December 2015: RMB4,300.2 million).



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.

Major investments, acquisitions and disposals

Deemed acquisition of Chongqing Jiadao Real Estate Development Co., Ltd. ("Chongqing Jiadao") and shareholders' loan thereof

On 24 June 2015, Sunshine 100 Real Estate Group Co., Ltd. ("**Sunshine 100 Group**"), a wholly-owned subsidiary of the Company, Zhuhai Kaixin Nongpi Investment Partnership (Limited Partnership), Chongqing Jufu Investment Holding (Group) Co., Ltd. and Chongqing Jiadao entered into an equity transfer agreement, pursuant to which, Chongqing Jufu Investment Holding (Group) Co., Ltd. agreed to sell and Sunshine 100 Group and Zhuhai Kaixin Nongpi Investment Partnership (Limited Partnership) agreed to buy 45% and 15% interest in Chongqing Jiadao, respectively. The total consideration paid by Sunshine 100 Group for the acquisition of the interest in Chongqing Jiadao is RMB9,000,000. Meanwhile, Sunshine 100 Group agreed to provide Chongqing Jiadao with RMB210,000,000 of shareholder's loan. Since the equity transfer agreement was completed in August 2015, Chongqing Jiadao has become an associate (rather than a subsidiary) of the Company. On 21 March 2016, Chongqing Jiadao amended its articles of association, pursuant to which, Sunshine 100 Group was entitled to appoint three out of five directors of the board of directors of Chongqing Jiadao. Upon the appointment of the additional director by Sunshine 100 Group, the Group controls the composition of the majority of the members of the board of directors of Chongqing Jiadao. As a result, Chongqing Jiadao became a subsidiary of the Company. No additional consideration was given by Sunshine 100 Group in this regard. When aggregated together with the equity transfer agreement, the consolidation of Chongqing Jiadao into the Group as a subsidiary shall be a deemed acquisition by the Company. For further details on the deemed acquisition, please refer to the announcement of the Company dated 21 March 2016.

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



Management Discussion and Analysis

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group employed a total of 4,520 employees (same period of 2015: 3,979 employees). The staff costs of the Group were RMB216.8 million during the Reporting Period (corresponding period of 2015: RMB195.0 million). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. We have established a regular assessment mechanism to assess the performance of our employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by laws and 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 2016, we made contributions in an aggregate of approximately RMB12.5 million to the employee retirement scheme.

EVENTS AFTER THE REPORTING PERIOD

On 28 July 2016, the Company, and Guotai Junan Securities (Hong Kong) Limited, Orient Securities (Hong Kong) Limited, Zhongtai International Securities Limited, ABCI Securities Company Limited and Haitong International Securities Company Limited (the "Joint Lead Managers") entered into a subscription agreement, pursuant to which the Company has conditionally agreed to issue, and the Joint Lead Managers have conditionally agreed to subscribe and pay for, or procure subscribers to subscribe and pay for, the bonds in an aggregate principal amount of US\$200,000,000. The issue price is 100% of the principal amount of the bonds. The maturity date is 11 August 2021 and the interest rate is 6.50%. The bonds are convertible in the circumstances set out in the terms and conditions into shares of HK\$0.01 each in the issued share capital of the Company at an initial Conversion Price of HK\$3.69 per Share (subject to adjustments). The bonds are listed on The Stock Exchange of Hong Kong Limited. The issue was completed on 11 August 2016. For details, please refer to the announcements of the Company dated 29 July 2016 and 11 August 2016.

On 4 August 2016 and 5 August 2016, Wenzhou Shihe Shengtaicheng Development Co. Ltd.* (溫州世和生態城開發有限公司), a non wholly-owned subsidiary of the Company, successfully bid for the land use rights of three land lots located at Linli, Lucheng District, Wenzhou, Zhejiang Province at a consideration of RMB212.13 million, RMB21.28 million and RMB483.52 million respectively, through the listing-for-sale process held by Wenzhou Administration Public Resources Exchange and Management Centre* (溫州市行政審批與公共資源交易服務管理中心) for transfer of state-owned land use rights. For details, please refer to the announcements of the Company dated 4 August 2016 and 5 August 2016.

Save as disclosed above, from 30 June 2016 to the date of this interim report, there were no other events after the Reporting Period which had material effect on the Group.



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 of the Company and to enhance corporate value and accountability of the Company. For the six months ended 30 June 2016, the Company has adopted and complied with all applicable code provisions (the “**Code Provisions**”) under the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except for the following deviation:

Code Provision 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 was the Chairman and Chief Executive Officer of the Company during the Reporting Period. This deviates from the practice in A.2.1 of the Corporate Governance Code where the two positions should be held by different individuals. However, the Board considers that the roles of chairman and chief executive officer assumed by Mr. Yi Xiaodi did 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 calibre individuals and meets regularly to discuss issues affecting the operations of the Group.

On 25 August 2016, Mr. Lin Shaozhou was appointed as the Chief Executive Officer of the Company. At the same time, Mr. Yi Xiaodi resigned as the Chief Executive Officer of the Company but remained as the Chairman of the Board, executive Director and the Chairman of the Company’s Nomination Committee. With the roles of chairman and chief executive officer served by two individuals, the Company is in compliance with Code Provision A.2.1 from 25 August 2016.

As at the date of this report, the Company has fully complied with the provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”). Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results, reminding the Directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods in which the Directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code. Having made specific enquiries by the Company with all Directors, all of the Directors confirmed that they have complied with the provisions of the Model Code during the six months ended 30 June 2016.

AUDIT COMMITTEE

The Company has established the Audit Committee (“**Audit Committee**”) in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. At the time when this interim report was approved by the Board, the Audit Committee comprised three independent non-executive Directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Ng Fook Ai, Victor was at such time the Chairman of the Audit Committee.

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters of the Group (including reviewing the interim results of the Group for the six months ended 30 June 2016).

REMUNERATION COMMITTEE

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

The primary duties of the Remuneration Committee include (but are not limited to): (i) making recommendations to the Directors in respect of the remuneration policies and structure of Directors and senior management of the Company and the formal and transparent procedures in the formulation of remuneration policies; (ii) providing recommendations to the Board in respect of the remuneration packages of the Directors and senior management; (iii) reviewing and approving the remuneration packages of the management with reference to the Group's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants under the share option scheme adopted by the Company on 17 February 2014.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. At the time when this interim report was approved by the Board, the Nomination Committee comprised one executive Director, Mr. Yi Xiaodi, and two independent non-executive Directors, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Yi Xiaodi was at such time 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 POSITIONS 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	1,382,335,012 (L)	58.20%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,382,335,012 (L)	58.20%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,382,335,012 (L)	58.20%	1, 2, 5

Disclosure of the Interests Information

Notes:

- (1) The letter "L" denotes the person's long positions in the Shares.
- (2) 40% of the issued share capital of Joywise Holdings Limited ("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.
- (3) Mr. Yi Xiaodi is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Yi Xiaodi, his family members and other persons who may join in from time to time (the "Yi Family Trust"). By virtue of the SFO, Mr. Yi Xiaodi 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 a discretionary investment collective trust established by Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Ms. Liu Chaohui, 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 join in from time to time (the "Sunshine Trust I"). By virtue of the SFO, Mr. Yi Xiaodi 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 among 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, Mr. Yi Xiaodi 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 a discretionary family trust, the discretionary beneficiaries of which are Mr. Fan Xiaochong, his family members and other persons who may join in from time to time (the "FXC Family Trust"). By virtue of the SFO, Mr. Fan Xiaochong 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, Mr. Fan Xiaochong 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 a discretionary collective trust established by the Individual Controlling Shareholders, the discretionary beneficiaries of which are three persons and other persons who may join in from time to time (the "Sunshine Trust II"). By virtue of the SFO, Mr. Fan Xiaochong 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, Mr. Fan Xiaochong 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 a discretionary family trust, the discretionary beneficiaries of which are Ms. Fan Xiaohua, her family members and other persons who may join in from time to time (the "FXH Family Trust"). By virtue of the SFO, Ms. Fan Xiaohua 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, Ms. Fan Xiaohua 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, Ms. Fan Xiaohua 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

Disclosure of the Interests Information

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.

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 2016 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.

Disclosure of the Interests Information

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	1,382,335,012 (L)	58.20%	1
Ming Fai	Interest of a controlled corporation	1,382,335,012 (L)	58.20%	1, 2
Harvest Well	Interest of a controlled corporation	1,382,335,012 (L)	58.20%	1, 3
Fantasy Races Limited	Interest of a controlled corporation	1,382,335,012 (L)	58.20%	1, 4
Jin Xiangfei	Persons acting in concert	1,382,335,012 (L)	58.20%	1, 5
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Liu Chaohui	Persons acting in concert	1,382,335,012 (L)	58.20%	1, 6
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Tian Feng	Persons acting in concert	1,382,335,012 (L)	58.20%	1, 7
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Li Mingqiang	Persons acting in concert	1,382,335,012 (L)	58.20%	1, 8
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Cititrust Private Trust (Cayman) Limited	Trustee Interest of a controlled corporation	1,382,335,012 (L)	58.20%	1, 9
Central Huijin Investment Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 10
Central New Ventures Limited	Beneficial owner	214,355,000 (L)	9.03%	1, 10
China Everbright Group Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 10
China Everbright Holdings Company Limited	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 10
China Everbright Limited	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 10
Shanghai Libo Investment Center (LP)	Interest of a controlled corporation	214,355,000 (L)	9.03%	1
CEL Capital Prestige Asset Management Co., Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1
China Post & Capital Fund Management Co., Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1
Capital Securities Co., Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1
Beijing Capital Group Co., Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1

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 a discretionary family trust, the discretionary beneficiaries of which are Mr. Jin Xiangfei, his family members and other persons who may join in from time to time (the "**Jin Family Trust**"). By virtue of the SFO, Mr. Jin Xiangfei 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, Mr. Jin Xiangfei 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 a discretionary family trust, the discretionary beneficiaries of which are Ms. Liu Chaohui, her family members and other persons who may join in from time to time (the "**Liu Family Trust**"). By virtue of the SFO, Ms. Liu Chaohui 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, Ms. Liu Chaohui 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 a discretionary family trust, the discretionary beneficiaries of which are Mr. Tian Feng, his family members and other persons who may join in from time to time (the "**Tian Family Trust**"). By virtue of the SFO, Mr. Tian Feng 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, Mr. Tian Feng 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.

- (8) Mr. Li Mingqiang is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Li Mingqiang, his family members and other persons who may join in from time to time (the "**Li Family Trust**"). By virtue of the SFO, Mr. Li Mingqiang 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, Mr. Li Mingqiang 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.



Disclosure of the Interests Information

- (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) One-third or more of the equity interests of Central New Ventures Limited are directly or indirectly held by Central Huijin Investment Ltd., China Everbright Group Ltd., China Everbright Holdings Company Limited and China Everbright Limited respectively. Therefore, Central Huijin Investment Ltd., China Everbright Group Ltd., China Everbright Holdings Company Limited and China Everbright Limited are deemed to be interested in the Shares held by Central New Ventures Limited 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 Executives 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.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

The changes to the information in respect of the Directors of the Company after the publication of the 2015 annual report are set out as follows:

Mr. Yi Xiaodi

Mr. Yi Xiaodi resigned as the Chief Executive Officer of the Company on 25 August 2016.

Mr. Fan Xiaochong

Mr. Fan Xiaochong was appointed as the Vice Chairman of the Company and has stepped down from his position as the Executive Vice President of the Group on 25 August 2016.

Mr. Ng Fook Ai, Victor

Mr. Ng Fook Ai, Victor was appointed as a director of SHC Capital Asia Limited (a company listed on the Singapore Exchange (Stock Code: 5UE)) on 1 August 2014 and was reappointed as the director of this company on 30 April 2015.

Mr. Ng Fook Ai, Victor was appointed as a director of Futsalarena@Yishun Limited (a public company limited by guarantee established in Singapore) on 1 April 2016.

Mr. Ng Fook Ai, Victor was appointed as an independent director and the chairman of the audit committee of Cityneon Holdings Limited (a company listed on the Singapore Exchange (Stock Code: 5HJ)) on 6 June 2016.

Mr. Lin Shaozhou

Mr. Lin Shaozhou was appointed as the Chief Executive Officer of the Company on 25 August 2016.

Save as disclosed above, there is no other information in respect of the Directors and the Chief Executive Officer required to be disclosed under Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016.

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

For the six months ended 30 June 2016, the Group had issued three tranches of domestic corporate bonds. Guangxi Vantone Real Estate Co., Ltd. (廣西萬通房地產有限公司) (the "Issuer"), a subsidiary of the Company, completed a public issuance of a tranche of domestic corporate bonds of RMB1.46 billion with a term of 5 years and an annual coupon rate of 6.9% which were listed on the Shanghai Stock Exchange. The Issuer has the option to raise the coupon rate and the investors have the option to sell back at the end of the third year. The Domestic Bonds issued by the Issuer are secured by a guarantee provided by the Company. The Issuer also completed a non-public issuance of a tranche of domestic corporate bonds of RMB560 million with a term of 5 years and an annual coupon rate of 7.5% which were listed on the Shenzhen Stock Exchange. The Issuer has the option to adjust the coupon rate and the investors have the option to sell back at the end of the third year. During the Reporting Period, the Issuer issued a non-public domestic corporate bonds of RMB1.5 billion with a term of 7 years and a coupon rate of 8.4% which will be listed on the Shenzhen Stock Exchange. The Issuer has the option to raise the coupon rate and the investors have the option to sell back at the end of the fourth year. The bonds issued by the Issuer are fully and unconditionally secured by the Company.



Other Information

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

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 the Company to grant share 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 the Company or any of its subsidiaries; any directors (including independent non-executive directors) of the Company or any of its subsidiaries; any advisers, consultants, suppliers, customers, distributors and agents to the Company or any of its subsidiaries; and such other persons who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries. The Share Option Scheme has been effective since the date on which the Company was listed on the Stock Exchange. No share options have been granted under the Share Option Scheme since the Company adopted the Share Option Scheme.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules for the six months ended 30 June 2016.

Review Report on the Interim Financial Information



**Review report to the Board of Directors of
Sunshine 100 China Holdings Ltd**
(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 38 to 64, which comprises the consolidated statement of financial position of Sunshine 100 China Holdings Ltd as of 30 June 2016, 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 2016 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 2016

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenue	4	2,081,359	2,363,792
Cost of sales		(1,702,851)	(2,040,199)
Gross profit		378,508	323,593
Valuation gains on investment properties	9	423,392	264,754
Other income		5,670	5,454
Selling expenses		(334,710)	(266,145)
Administrative expenses		(203,701)	(177,444)
Other operating expenses		(56,253)	(36,478)
Profit from operations		212,906	113,734
Financial income	5(a)	76,678	25,803
Financial expenses	5(a)	(124,728)	(111,656)
Share of profits less losses of associates and a joint venture		8,197	118,287
Profit before taxation	5	173,053	146,168
Income tax	6	(82,655)	(91,364)
Profit for the period		90,398	54,804
Other comprehensive income for the period (after tax and reclassification adjustments)			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(3,429)	–
Total comprehensive income for the period		86,969	54,804

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Profit attributable to:			
Equity shareholders of the Company		86,201	71,604
Non-controlling interests		4,197	(16,800)
Profit for the period		90,398	54,804
Total comprehensive income attributable to:			
Equity shareholders of the Company		82,772	71,604
Non-controlling interests		4,197	(16,800)
Total comprehensive income for the period		86,969	54,804
Basic and diluted earnings per share (RMB)	7	0.04	0.04

The notes on pages 45 to 64 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 17.

Consolidated Statement of Financial Position

At 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Property and equipment	8	758,487	784,100
Investment properties	9	8,537,355	7,964,552
Restricted deposits		306,825	405,019
Trade and other receivables	12	307,537	294,300
Investments in associates and a joint venture		517,599	536,496
Deferred tax assets		800,555	730,423
Other financial assets		16,000	–
Total non-current assets		11,244,358	10,714,890
Current assets			
Properties under development and completed properties held for sale	10	26,960,519	24,541,073
Land development for sale	11	769,501	767,869
Trade and other receivables	12	5,058,022	5,091,648
Restricted deposits		1,769,795	698,178
Cash and cash equivalents	13	2,804,502	1,325,221
Total current assets		37,362,339	32,423,989
Current liabilities			
Loans and borrowings	14	6,921,385	7,577,551
Trade and other payables	15	5,526,088	6,166,680
Contract retention payables		214,504	161,917
Sales deposits	16	6,412,941	4,408,362
Current tax liabilities		971,422	1,025,252
Total current liabilities		20,046,340	19,339,762
Net current assets		17,315,999	13,084,227
Total assets less current liabilities		28,560,357	23,799,117

The notes on pages 45 to 64 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2016 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Non-current liabilities			
Loans and borrowings	14	16,705,830	12,190,959
Contract retention payables		249,462	216,139
Trade and other payables	15	1,095,954	880,943
Deferred tax liabilities		3,108,423	3,008,661
Total non-current liabilities		21,159,669	16,296,702
NET ASSETS			
		7,400,688	7,502,415
CAPITAL AND RESERVES			
	17		
Share capital		18,718	18,718
Reserves		6,120,229	6,177,367
Total equity attributable to equity shareholders of the Company		6,138,947	6,196,085
Non-controlling interests		1,261,741	1,306,330
TOTAL EQUITY		7,400,688	7,502,415

Approved and authorised for issue by the board of directors on 29 August 2016.

YI Xiaodi)	
)	
)	Directors
)	
FAN Xiaochong)	

The notes on pages 45 to 64 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Exchange reserve	General reserve fund	Property revaluation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	15,760	1,845,889	-	501,913	9,865	2,246,448	4,619,875	896,153	5,516,028
Changes in equity for the six months ended 30 June 2015:									
Profit/(loss) and total comprehensive income for the period	-	-	-	-	-	71,604	71,604	(16,800)	54,804
Acquisition of non-controlling interests	-	-	-	-	-	-	-	(50,400)	(50,400)
Acquisition of subsidiaries	-	-	-	-	-	-	-	104,201	104,201
Issuance of shares	2,958	1,002,524	-	-	-	-	1,005,482	-	1,005,482
Cost of issuance of shares	-	(9,633)	-	-	-	-	(9,633)	-	(9,633)
Balance at 30 June 2015 and 1 July 2015	18,718	2,838,780	-	501,913	9,865	2,318,052	5,687,328	933,154	6,620,482
Changes in equity for the six months ended 31 December 2015:									
Profit for the period	-	-	-	-	-	528,987	528,987	29,168	558,155
Other comprehensive income	-	-	(2,780)	-	-	-	(2,780)	-	(2,780)
Total comprehensive income	-	-	(2,780)	-	-	528,987	526,207	29,168	555,375
Acquisition of subsidiaries	-	-	-	-	-	-	-	348,981	348,981
Disposal of subsidiaries	-	-	-	-	-	-	-	(4,973)	(4,973)
Cost of issuance of shares	-	(17,450)	-	-	-	-	(17,450)	-	(17,450)
Transfer to general reserve fund	-	-	-	57,725	-	(57,725)	-	-	-
Balance at 31 December 2015	18,718	2,821,330	(2,780)	559,638	9,865	2,789,314	6,196,085	1,306,330	7,502,415

The notes on pages 45 to 64 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	General reserve fund RMB'000	Property revaluation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	
Balance at 1 January 2016	18,718	2,821,330	(2,780)	559,638	9,865	2,789,314	6,196,085	1,306,330	7,502,415
Changes in equity for the six months ended 30 June 2016:									
Profit for the period	-	-	-	-	-	86,201	86,201	4,197	90,398
Other comprehensive income	-	-	(3,429)	-	-	-	(3,429)	-	(3,429)
Total comprehensive income	-	-	(3,429)	-	-	86,201	82,772	4,197	86,969
Acquisition of a subsidiary	-	-	-	-	-	-	-	(41,786)	(41,786)
Dividends approved in respect of the previous year (note 17(a))	-	-	-	-	-	(139,910)	(139,910)	-	(139,910)
Distribution to non-controlling interests	-	-	-	-	-	-	-	(7,000)	(7,000)
Balance at 30 June 2016	18,718	2,821,330	(6,209)	559,638	9,865	2,735,605	6,138,947	1,261,741	7,400,688

The notes on pages 45 to 64 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Operating activities			
Cash generated from/(used in) operations		661,811	(955,561)
Income tax paid		(184,954)	(185,410)
Net cash generated from/(used in) operating activities		476,857	(1,140,971)
Investing activities			
Acquisition of associates		(50,430)	(215,238)
Financial income received		33,207	20,747
Acquisition of subsidiaries and non-controlling interests, net of cash acquired		18,766	(153,633)
Acquisition of investment properties		(173,035)	(226,478)
Other cash flows arising from investing activities		(44,662)	(8,058)
Net cash used in investing activities		(216,154)	(582,660)
Financing activities			
Proceeds from loans and borrowings		4,433,616	4,830,965
Repayment of loans and borrowings		(5,258,721)	(4,273,920)
Proceeds from issue of corporate bonds		3,495,760	–
Interest paid		(808,698)	(814,411)
Proceeds from issue of subscription share		–	995,849
(Increase)/decrease in restricted deposits		(653,145)	153,839
Other cash flows arising from financing activities		9,075	15,714
Net cash generated from financing activities		1,217,887	908,036
Net increase/(decrease) in cash and cash equivalent		1,478,590	(815,595)
Cash and cash equivalents at 1 January	13	1,325,221	2,557,846
Effect of foreign exchange rate changes		691	–
Cash and cash equivalents at 30 June	13	2,804,502	1,742,251

The notes on pages 45 to 64 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 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 2015 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 the audit committee of the Company and approved for issue by the Board of Directors on 29 August 2016. The interim financial report has also 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 37.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2015 are available from the Company’s registered office.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012–2014 Cycle*
- *Amendments to IAS 1, Presentation of financial statements: Disclosure initiative*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Annual Improvements to IFRSs 2012–2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, Interim financial reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group's interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group's interim financial report.

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 and commercial premises; 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 Report

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

Six months ended 30 June 2016					
	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	922,055	931,313	52,756	211,413	2,117,537
Reportable segment gross profit	147,898	88,611	52,756	57,721	346,986
Reportable segment profit/(loss)	44,503	(281,611)	362,811	889	126,592

Six months ended 30 June 2015					
	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	148,517	1,994,772	50,678	183,210	2,377,177
Reportable segment gross profit	3,109	240,127	50,678	(3,152)	290,762
Reportable segment (loss)/profit	(51,672)	(175,695)	219,702	(33,181)	(40,846)

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

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

At 30 June 2016					
	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>
Loans and borrowings	3,229,778	17,119,992	–	821,196	21,170,966
Reportable segment assets	8,438,970	27,508,379	8,862,585	1,430,055	46,239,989
Reportable segment liabilities	9,168,483	26,759,330	372,886	1,070,166	37,370,865

At 31 December 2015					
	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>
Loans and borrowings	3,607,798	13,140,305	19,799	–	16,767,902
Reportable segment assets	9,117,447	23,337,855	8,339,808	579,454	41,374,564
Reportable segment liabilities	9,585,967	22,296,462	376,171	220,456	32,479,056

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue and profit

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	2,117,537	2,377,177
Elimination of intra-group revenue	(36,178)	(13,385)
Consolidated revenue	2,081,359	2,363,792
Profit		
Reportable segment profit/(loss)	126,592	(40,846)
Elimination of intra-group profit	(260)	(11,072)
Unallocated head office and corporate (expenses)/income	(35,934)	106,722
Consolidated profit for the period	90,398	54,804

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	
	2016	2015
	RMB'000	RMB'000
Sale of properties	1,853,368	2,143,289
Rental income from investment properties	52,756	50,678
Property management and hotel operation income	175,235	169,825
	2,081,359	2,363,792

Notes to the Unaudited Interim Financial Report

(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	
	2016 RMB'000	2015 RMB'000
Financial income		
Interest income on financial assets not at fair value through profit or loss	(76,678)	(20,747)
Net foreign exchange gain	–	(5,056)
	(76,678)	(25,803)
Financial expenses		
Interest on loans and borrowings	1,059,915	847,823
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	(991,093)	(741,216)
	68,822	106,607
Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust	–	1,429
Net foreign exchange loss	17,408	–
Bank charges and others	38,498	3,620
	124,728	111,656

(b) Other items

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Depreciation	28,275	28,253
Impairment loss of trade and other receivables	3,416	–
Properties under development and completed properties held for sale write-down and losses net of reversals (Note 10)	22,837	128,404

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Provision for the period		
– PRC Corporate Income Tax	65,157	53,231
– Land Appreciation Tax	23,542	37,735
(Over-provision)/under-provision of PRC Corporate Income Tax in respect of prior years	(18,730)	10,445
Deferred tax	12,686	(10,047)
	82,655	91,364

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 equity shareholders of the Company of RMB86,201,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB71,604,000) and the weighted average of 2,375,000,000 ordinary shares (six months ended 30 June 2015: 2,014,583,333 shares) 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 2016 and 2015.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2016, the Group incurred capital expenditure of property and equipment with a cost of RMB4,430,000 (six months ended 30 June 2015: RMB15,012,000). Items of property and equipment with a net book value of RMB2,643,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB1,343,000), resulting in a loss on disposal of RMB114,000 (six months ended 30 June 2015: RMB358,000).

9 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2016 by Crowe Horwath (HK) Consulting & Valuation Limited ("Crowe Horwath"), the Group's independent valuer, using the same valuation techniques as were used by this valuer when carrying out the valuations as 31 December 2015. As a result of the update, a net gain of RMB423,392,000 (six months ended 30 June 2015: RMB264,754,000), and deferred tax thereon of RMB105,848,000 (six months ended 30 June 2015: RMB66,621,000), 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 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Properties under development	18,860,352	17,295,305
Completed properties held for sale	8,100,167	7,245,768
	26,960,519	24,541,073

During the six months ended 30 June 2016, RMB22,837,000 (six months ended 30 June 2015: RMB128,404,000) has been recognised as a reduction in the amount of properties under development and completed properties held for sale recognised as an expense in profit or loss during the period, being the amount of a write-down netting off a reversal of properties under development and completed properties held for sale to estimated net realisable value.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 LAND DEVELOPMENT FOR SALE

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Land development for sale	769,501	767,869

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.

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 of the end of the reporting date, the ageing analysis of trade receivables (which are included in trade and other receivables), based on due date and net of allowance for doubtful debts, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current	154,189	369,931
1 to 6 months past due	110,607	34,161
6 months to 1 year past due	16,317	28,214
More than 1 year past due	731,300	720,884
Amounts past due	858,224	783,259

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (Continued)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade receivables, net of allowance for doubtful debts of RMB nil		1,012,413	1,153,190
Advances provided to third parties		2,462,640	2,282,067
Amounts due from associates and a joint venture	(ii)	1,500	404,849
Other receivables		295,547	193,813
		3,772,100	4,033,919
Less: allowance for doubtful debts		12,091	8,675
Loans and receivables		3,760,009	4,025,244
Deposits and prepayments		1,605,550	1,360,704
		5,365,559	5,385,948
Less: non-current portion of trade receivables		12,052	16,661
non-current portion of other receivables		295,485	277,639
Sub-total		307,537	294,300
Total		5,058,022	5,091,648

Note (i): Receivables that were past due but not impaired mainly included revenue from land development for sale of RMB581,089,000 as at 30 June 2016 and 31 December 2015 from the government of Chenghua District, Chengdu. Based on a series of agreements entered into by the Group and the government of Chenghua District, Chengdu, the Group is entitled to receive RMB581,089,000 and the government issued a notice to confirm this amount on 2 July 2013. Considering the long ageing of the receivables, in January 2015, the Group sued and asked for the repayment of RMB581,089,000 as well as a penalty of RMB15,000,000. The first trial was called in court on 17 June 2015. During the first trial, the judge asked the Group and the government of Chenghua District, Chengdu to further negotiate about the settlement of the receivables. As of the date of this report, the Group is still negotiating with the government of Chenghua District, Chengdu.

As at 30 June 2016 and 31 December 2015, the directors of the Group were of the opinion that no provision on the receivables of RMB581,089,000 due from the government of Chenghua District, Chengdu was required, as supported by a legal opinion on the result of the lawsuit received by the Group, and there is no indication that the government of Chenghua District, Chengdu will not, or will have financial difficulties to fulfill its obligation to settle the balance.

Accordingly, the management believes that no impairment allowance is necessary in respect of these balances and the balances are still considered fully recoverable.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (Continued)

Note (ii): Amounts due from associates and a joint venture

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due from			
– A joint venture	(a)	–	362,235
– Associates	(b)	1,500	42,614
		1,500	404,849

(a) The balance amounting to RMB362,235,000 as at 31 December 2015 represented loans provided to a joint venture, Chongqing Jiadao Real Estate Co., Ltd. (“Chongqing Jiadao”), bearing an interest rate at 13% per annum. During the six months ended 30 June 2016, Chongqing Jiadao was acquired by the Group and was accounted for as a subsidiary from then on.

(b) The balance amounting to RMB41,114,000 as at 31 December 2015 represented loans provided to an associate, Wenzhou Zhongxin Haoyuan Investment Co., Ltd., bearing an interest rate at 12% per annum, unsecured and was repaid on 29 February 2016.

The remaining balance of amounting to RMB1,500,000 as at 30 June 2016 (2015: RMB1,500,000) represented loans provided to an associate, bearing an interest rate at 4.85% per annum and has been matured on 20 August 2016.

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. With respect to credit risk arising from trade receivables, the Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

With respect to credit risk arising from advances to third parties and amounts due from associates, the Group’s exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and has further business with the Group and the Group does not expect to incur a significant loss for uncollected advances to these parties.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

13 CASH AND CASH EQUIVALENTS

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Cash on hand	1,188	805
Cash at bank	2,803,314	1,324,416
	2,804,502	1,325,221

14 LOANS AND BORROWINGS

	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Loans and borrowings at amortized cost		
– Long-term	13,171,457	12,563,180
– Short-term	1,790,235	2,292,927
– Senior notes	1,405,423	1,370,087
– Corporate bonds	7,260,100	3,519,095
	23,627,215	19,745,289
Loans at fair value through profit or loss:		
– Loans from Hangzhou Industrial and Commerce Trust	–	23,221
	23,627,215	19,768,510

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (Continued)

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

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Loans at fair value through profit or loss:		
Loans from Hangzhou Industrial and Commerce Trust	–	23,221
Loans and borrowings at amortized cost:		
Bank loans		
– secured	3,965,525	4,806,785
Loans from other financial institutions		
– secured	8,735,932	7,506,395
Loans from third parties	470,000	250,000
Senior notes	1,405,423	1,370,087
Corporate bonds	7,260,100	3,519,095
Sub-total	21,836,980	17,452,362
Less: Current portion of long-term loans and borrowings:		
Loans from Hangzhou Industrial and Commerce Trust	–	23,221
Bank loans	1,798,670	2,144,000
Loans from other financial institutions	3,082,480	2,867,403
Loans from third parties	250,000	250,000
Sub-total	5,131,150	5,284,624
Total	16,705,830	12,190,959

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (Continued)

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

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Loans and borrowings at amortized cost:			
Bank loans			
– secured		1,038,064	860,006
Loans from other financial institutions			
– secured		–	68,800
Loans from related parties			
– unsecured	(i)	340,012	420,577
Loans from third parties			
– secured		280,001	290,001
– unsecured		132,158	653,543
Sub-total		1,790,235	2,292,927
Current portion of long-term loans and borrowings		5,131,150	5,284,624
Total		6,921,385	7,577,551

(i) Loans from related parties

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Loans from:			
– Associates	(a)	320,012	420,577
– An entity under control of a non-executive director of the Company	(b)	20,000	–
		340,012	420,577

(a) The balance as at 30 June 2016 represented loans amounting to RMB20,817,000 (2015: RMB20,817,000) borrowed from an associate, Chongqing Yuneng Wanyi Real Estate Co., Ltd., bearing an interest rate at 10% per annum and was matured on 15 December 2014, and loans amounting to RMB299,195,000 (2015: RMB399,760,000) borrowed from Wenzhou Zhongxin Haoyuan Investment Co., Ltd, bearing an interest rate at 12% per annum and had no fixed terms of repayment.

(b) The balance as at 30 June 2016 represented loans amounting to RMB20,000,000 (2015: RMB nil) borrowed from Guangxi Vantone Pharmaceutical Co., Ltd, an entity under control of Ms. Fan Xiaohua, a non-executive director ("Ms. Fan") bearing an interest rate at 10% per annum and had no fixed terms of repayment.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 TRADE AND OTHER PAYABLES

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

		At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
	<i>Note</i>		
Due within 1 year or on demand		3,202,591	3,735,352
Due after 1 year but within 2 years		942,193	737,141
Due after 2 years but within 5 years		153,761	143,802
Trade payables		4,298,545	4,616,295
Advances received from third parties		1,117,212	1,362,291
Consideration payables for acquisition of subsidiaries and non-controlling interests		162,799	211,799
Amounts due to related parties	(i)	122,311	84,828
Other payables		811,189	683,001
Financial liabilities measured at amortized cost		6,512,056	6,958,214
Receipts in advance		71,594	37,354
Other taxes payable		38,392	52,055
		6,622,042	7,047,623
Less: non-current portion of trade payables		1,095,954	880,943
Sub-total		1,095,954	880,943
Total		5,526,088	6,166,680

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

15 TRADE AND OTHER PAYABLES (Continued)

(i) Amounts due to related parties

	<i>Note</i>	At 30 June 2016 <i>RMB'000</i>	At 31 December 2015 <i>RMB'000</i>
Amounts due to			
– Entities under control of Ms. Fan	(a)	29,100	30,094
– Associates	(b)	93,211	54,734
		122,311	84,828

(a) The balance as at 30 June 2016 represented loans amounting to RMB28,709,000 received from Guangxi Vantone Pharmaceutical Co., Ltd (2015: RMB28,709,000), an entity under control of Ms. Fan, bearing an interest rate at 14% per annum, unsecured and had no fixed terms of repayment, and advances received from related parties amounting to RMB391,000, which were interest-free, unsecured and had no fixed terms of repayment (2015: RMB1,385,000).

(b) The balance as at 30 June 2016 represented interest payables to associates amounting to RMB74,338,000 (2015: RMB54,734,000), and advances received from associates amounting to RMB18,873,000 (2015: RMB nil), which were interest-free, unsecured and had no fixed terms of repayments.

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.

17 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) The Company did not declare any dividends for the six months ended 30 June 2016 and 2015.
- (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period.

	Six months ended 30 June 2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the following interim period of 5.89 cents per ordinary share (six months ended 30 June 2015: RMB nil)	139,910	–

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The Group does not have any financial instruments measured at fair value at the end of the reporting period.

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 31 December 2015 and 30 June 2016.

19 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2016 and 31 December 2015, 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 2016 RMB'000	At 31 December 2015 RMB'000
Contracted for	3,186,629	2,686,005
Approved but not contracted for	6,018,753	4,300,189
	9,205,382	6,986,194

(b) Operating lease commitments

As at 30 June 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year	11,147	9,536
After 1 year but within 5 years	31,437	20,662
After 5 years	2,089	6,324
	44,673	36,522

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

19 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(c) 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 RMB5,866,082,000 as at 30 June 2016 (2015: RMB5,317,632,000).

(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.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Advances received from		
– Associates	209,090	–
– Joywise Holdings Limited, the immediate holding company of the Company	–	15,772
– Entities under control of Ms. Fan	320	–
Repayment of advances (from)/to		
– Associates	(192,000)	–
– Entities under control of Ms. Fan	(1,314)	58
Loan received from		
– Entities under control of Ms. Fan	20,000	–
Loan repaid to		
– An associate	100,564	–
Interest income charged to		
– A joint venture	11,700	–
Interest expense charged by		
– Associates	19,604	1,047
Consideration paid on acquisition of an associate		
– Entities under significant influence of the 8 individuals	–	110,488
Consideration on acquisition of a subsidiary		
– Entities under control of Ms. Fan	–	7,755
Loans acquired on acquisition of a subsidiary		
– Entities under control of Ms. Fan	–	20,954
Rental charged by		
– Associates	1,804	2,835
Rental charged to		
– Entities under control of Ms. Fan	–	6,103

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

21 SUBSEQUENT EVENTS

On 11 August 2016, the Company issued convertible bonds (the “Convertible Bonds”) due 2021, bearing an interest rate at 6.5% per annum. The aggregate principal amount of the Convertible Bonds issued is US\$200,000,000 (equivalent to approximately RMB1,332,300,000). Each bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 9 December 2016 until and including the day falling ten days prior to 11 August 2021 into fully paid ordinary shares with a par value of HK\$0.01 each in the issued and paid up capital of the Company at an initial conversion price of HK\$3.69 per share. The Convertible Bonds are listed on The Stock Exchange of Hong Kong Limited.