

The logo consists of the letters 'SS' in a bold, sans-serif font, followed by the number '100' in a larger, stylized font where the zeros are connected.

Sunshine 100 China Holdings Ltd

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

2017 INTERIM
REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yi Xiaodi (*Chairman*)
Mr. Fan Xiaochong

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. He Jie

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

Corporate Information (Continued)

HEAD OFFICE

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No. 2 Guang Hua Road
Beijing 100026
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
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Wanchai
Hong Kong

LEGAL ADVISER

Morrison & Foerster

AUDITOR

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

PRINCIPAL BANKERS

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

SMP Partners (Cayman) Limited
Royal Bank House –
3rd Floor, 24 Shedden Road
P.O. 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 2017 (the **"Reporting Period"**) to the shareholders of the Company (the **"Shareholders"**).

REVIEW ON THE FIRST HALF OF 2017

In the first half of 2017, despite tightened financial regulations, China's GDP growth were still better than the market expectation and the national economy presented a more remarkable trend of improvement amidst stabilization. As the "service + consumption" in the economic growth model became further mature, the overall economic stability was also improving. In respect of the real estate industry, with the stress on adherence to the residential attribute of housing, local regulatory policies varied greatly in the first half of the year. The real estate trading market maintained stable operation as a whole. Driven by the continuous improvement of sales performance of real estate, in particular the "destocking" policy in third and fourth-tier cities, the sales grew at obviously faster pace.

Results

In the first half of 2017, the Group realized contracted sales in the amount of RMB4,843.4 million, representing an increase of 12.8% from the corresponding period of 2016 and average price for contracted sales of RMB10,656/square metre, representing an increase of 33.6% over the corresponding period of 2016. Approximately 21 projects had recorded sales, among which, contributions from the four projects including Chongqing Sunshine 100 International New Town, Changzhou Sunshine 100 Zone 7 Upper East Side, Qingyuan Sunshine 100 Arles and Wenzhou Sunshine 100 Arles were relatively significant. Driven by significant increase in property delivery income and rise in relevant gross profit margin as well as stable administrative expenses and selling expenses, gross profit surged by 94.7% to RMB736.8 million, gross profit margin climbed to 21.3% and profit attributable to equity shareholders of the Company increased sharply by 341.1% to RMB380.2 million.

Continuously promoted the development of key products and established landmark urban cultural platforms

The Group, adhering to the direction of transformation, further developed themed town projects. The Sunshine 100 Arles Town brand has been established in the markets of certain regions, thus gradually expanding our market influence. In the operation of the town projects, the Group, upholding the positioning of "China-France Exchange, Parent-Child Friendly Community", continued to exert great efforts on community operation, establish brand image and improve customer experience, thus winning enthusiastic feedback from the market. The contracted sales of Qingyuan Sunshine 100 Arles amounted to approximately RMB730 million. For this project, the Group centered on the operation idea of "town upgrade" and vigorously built the Arles Sunflower Festival to highlight the urban recreational travel function. A warm festival atmosphere was created with the elements including Phoenix Market, Southern France Parade Team, art exhibition and parent-child classroom, forming a grand town party with characteristics at the boundary of Guangzhou and Qingyuan, which realized the happy gathering of neighbours and attracted citizens from Guangzhou and Qingyuan for visit. Chongqing Sunshine 100 Arles recorded a contracted sales of approximately RMB190 million in the first half of the year, and, in cooperation with Brain Cube Mental Enlightenment Lecturer Mission, held large public benefit lectures themed by parent-child and Sinology interesting camps. Meanwhile, eight communities covering sports, entertainment, culture, cate, health preservation, etc. also maintained operation in the long term. In the first half of the year, Wenzhou Sunshine 100 Arles achieved a contracted sales of approximately RMB560 million and cooperated with the local parent-child forum in holding various parent-child activities at weekends. The facilities in the community including Arles Life School, Kids' Picture Book Library and Kids' Playground contributed to a friendly parent-child community with a beautiful environment.

Meanwhile, we further gave play to the market advantages of its main product – Commercial Street Complex, and set up the urban cultural campaigns with the distinct characteristics of Sunshine 100 to bolster such project's position as the city's living room and cultural highland. We carried out the upgrade of residential products through extending business focus from development and sale to operation and service, and laid emphasis on the provision of diversified added value for projects.

Chairman's Report (Continued)

The development, sale and commercial operation of all key Commercial Street Complex projects of the Group advanced orderly as scheduled. In particular, in terms of commercial operation, "Phoenix Market", the landmark urban cultural campaign of Sunshine 100, was launched in a number of projects to present the local customers a number of "Share of Beauty" themed large-scale city parties integrating local traditional culture and international fashionable life style. In the first half of the year, the Phoenix Market was held at Yaobu Classic Town project which accumulatively attracted 150,000 tourists during the holidays of May Day. In addition, the opener in China of the World Triathlon was also held at the project and accumulatively received nearly 170,000 tourists. The anniversary party of Phoenix Market was held at Shenyang Project in late June with over 5,000 participants, which had further enriched the original culture features of Phoenix Market and established its popular commercial project position as the local venue for Phoenix Market. Moreover, a series of Phoenix Market campaigns were held at Changsha Project, which not only boosted the popularity of the commercial street, but also facilitated the building of cultural and creative communities and the provision of platform and service, so as to earn a positive image and make full preparations for the subsequent operation of such commercial street. At the "Second Yixing International Yacht Festival" held by Yixing Project in the first half of the year, a number of campaigns including exhibition of international fashionable yachts and sightseeing on yachts were organized and conducted in Dongjiu water area. The festival has become one of the themed campaigns in the travel season proposed by the government, gradually establishing its positioning as an urban landmark commercial project. Associated with Shuhe Ancient Town, Lijiang COART Village formed the "Shuhe Naxi Culture Town" to apply for being a state-level characteristic town and has been shortlisted. As the positioning of the project was further strengthened, in April this year, the "Snow Mountain International Youth Art Season" themed by "Bizarre and Motley" was organized and held, and the "Snow Mountain Youth Art Studio" was established, with a view to building the never-ending artistic creation scenes in Lijiang. Such campaigns had attracted 40 groups of young artists from home and abroad to reside and create for three months, which established and upgraded the culture value connotation of the project.

The Group further promoted "Phoenix Community", the key residential product of Sunshine 100 by continuously propelling the development and sales of existing Phoenix Community products in a number of cities including Qingyuan, Changsha, Shenyang, Weifang and Wuhan. Meanwhile, the Group further deepened the community operation concept of Phoenix Community to provide space and services satisfying the demands of the new generation of young customers and create the communities and campaigns with contemporary characteristics. In particular, nearly 20 "Phoenix Parties" were held at Qingyuan Phoenix Community in the first half of the year to set up an online communication platform and offline social platform with rich activities of Phoenix Community for customers, continuously winning public praise in the local market. Weifang Phoenix Community continuously carried out the building of its two campaign brands, namely, Phoenix Parties and Phoenix Workshops, and organized a number of big international and national events to consolidate Weifang Project's image and position as the best commercial complex in Weifang. Moreover, from 29 June 2017 to 2 July 2017, the Phoenix Community products of Dongying and Weifang projects were delivered to owners, and the delivery rate of both projects was above 90%.

Chairman's Report (Continued)

Acquired high quality projects to further strengthen land reserves

The Group acquired Zone 7 Upper East Side Project in Changzhou at the end of 2016. The project covers an area of approximately 73,300 square metres and has a total GFA of approximately 244,283 square metres. Positioned to be the "Central Metropolis in Eastern Changzhou", the project integrates leisure, entertainment, catering, shopping and other businesses, which can satisfy consumers' demand for delicate life and provide all-rounded and convenient services. In March this year, Changzhou Sunshine 100 City Club was officially opened. In May, the project was launched for the first time, achieving a contracted sales of approximately RMB480 million on the same date. At the end of June, the project was launched for the second time and all the products launched were sold out within one hour. In the first half of the year, the project realized an aggregate contracted sales of approximately RMB780 million. The Group acquired Tai Lake New Town Project in Wuxi in January this year. The project, located at a superior geographic location, has a site area of approximately 13,942 square metres and a total GFA of approximately 101,548 square metres. The land is planned for commercial finance use and further enriches the Group's land reserves.

Achieved initial results in light-asset operation mode through export of brand and sales

In May 2017, the Group acquired the minority interests of the Fujian Putian Project and carried out cooperation with the original shareholders of the project through brand management output in the early stage and sharing value appreciation realised by salesforce in the later stage. The project was positioned as "the City's Living Room in Putian". All 500 houses of such project had been sold out on the first day of launch, outshining its competitors in the same region. It recorded a contracted sales of approximately RMB510 million in the first half of the year. As a benchmark light-asset operation project of Sunshine 100, such project made full use of our brand value and sales capacity. Being different from the traditional property development business model, it developed an innovative profit-making mode through export and sharing of advantageous resources. In the first half of the year, the Group entered into strategic cooperation agreement with Guangxi Communications Investment Group, planning to further expand the scope of cooperation projects under light-asset operation.

FUTURE OUTLOOK

In the second half of the year, it is expected that China's economy may grow at slightly slower pace due to the slower investment in infrastructure construction and other factors. However, the trend of stabilization will remain unchanged. Given the accelerated advancement of structural reform and financial deleveraging, higher quality growth is expected for real economy. The real estate industry is expected to face more growth pressure as a result of the continued effects of industry policies, market adjustment, uncertainties in global economic development and other factors. At the same time, the competition in respect of common products will be intensified, resulting in great challenges over real estate enterprises. Therefore, the enterprises need to develop and consolidate differentiated competitive advantage.

Chairman's Report (Continued)

Looking into the second half of 2017, the Group will continue to impel the strategic deployment of differentiated real estate projects including Commercial Street Complex, Phoenix Community and Arles Towns being flagship products of the Group, to build real estate projects with characteristics that can satisfy consumer demand in the new era. In the meantime, cultural elements will be effectively integrated in our business. The culture orientation of projects will be enhanced through the specially established Cultural Tourism Business Division and Cultural Creativity Development Company of the Group, and projects will gain their distinct features relying on the influential campaigns and brands and based on local special characteristics. The future management focus of the Group will be on transformation from a development company into an operation and service company for continuous creation of high-quality commercial real estate operation to provide brand new social scenes for cities through operation. We will also continue to press ahead the light-asset operation cooperation mode, capitalize on our own brand and sales advantages and continually enhance our management operation and resource integration capabilities through projects with minority interests.

The Group will further conduct reform and innovation in respect of internal mechanism to divide large projects into different segments and delegate decision-making powers to relevant managers while streamlining performance appraisal in respect of indicators and time. Apart from continued advancement of the newly implemented project co-investment mechanism in the Group, the Group will further increase efforts for marketing and system reform to enhance management's enthusiasm and performance from a number of perspectives. Furthermore, the Group will vigorously promote talent cultivation and construction of talent team to continuously consolidate corporate soft power, and it will encourage the business innovation and offer internal platform to foster and motivate the awareness of independent operation.

Lastly, on behalf of the board of directors of the Company, I would like to express my sincere gratitude to all the employees of the Group for their relentless efforts and to all the shareholders and clients for their strong support.

Yi Xiaodi

Chairman and Executive Director

29 August 2017

Management Discussion and Analysis

BUSINESS REVIEW

(I) Property development

Contracted sales

During the Reporting Period, the Group (including a light-asset operation project) realized contracted sales in the amount of RMB4,843.4 million, representing an increase of 12.8% from the corresponding period of 2016, and an aggregate contracted sales area in the amount of 423,540 square metres, representing a decrease of 16.4% from the corresponding period of 2016. Moreover, the Group's average unit price for contracted sales was RMB10,656/square metre, representing a significant increase of 33.6% over the corresponding period of 2016. Particularly, contracted sales generated from residential properties amounted to RMB3,753.4 million, representing a slight increase of 1.3% from the corresponding period of 2016. Contracted sales were evenly distributed across the sales regions, while the proportion of the Yangtze River Delta and Pearl River Delta experienced a sustained increase, among which, contributions from the four projects including Chongqing Sunshine 100 International New Town, Changzhou Sunshine 100 Zone 7 Upper East Side, Qingyuan Sunshine 100 Arles and Wenzhou Sunshine 100 Arles were relatively significant, with the contracted sales being RMB858.9 million, RMB783.2 million, RMB734.1 million and RMB554.7 million respectively, accounting for 17.7%, 16.2%, 15.2% and 11.5% of the total contracted sales respectively.

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⁾	
			2017	2016	2017	2016	2017	2016
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	35,251	51,622	251	333	6,979	6,393
		Shenyang Sunshine 100 Golf Mansion	11,810	7,374	63	42	5,165	5,696
	Dongying	Dongying Sunshine 100 City Garden	20,429	12,520	128	85	6,168	6,709
	Weifang	Weifang Sunshine 100 City Plaza	11,941	3,339	76	18	6,365	5,391
	Tianjin	Tianjin Sunshine 100 International New Town	-	-	62	40	-	-
	Jinan	Jinan Sunshine 100 International New Town	-	6,872	55	198	-	11,205
Sub-total			79,431	81,727	635	716	6,408	6,742

Management Discussion and Analysis (Continued)

			For the six months ended 30 June					
Economic area	City	Project name	Contracted sales area (square metres) ⁽¹⁾		Contracted sales amount (RMB million) ⁽²⁾		Unit selling price (RMB/square metre) ⁽¹⁾	
			2017	2016	2017	2016	2017	2016
Yangtze River Delta	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	90,390	-	783	-	8,607	-
	Wenzhou	Wenzhou Sunshine 100 Arles	54,154	-	555	-	9,547	-
		Sunshine 100 Wenzhou Center	848	23,817	25	464	29,481	19,482
	Wuxi	Wuxi Sunshine 100 International New Town	16,087	116,854	190	810	11,749	6,932
Yixing	Yixing Sunshine 100 Phoenix Street	4,436	2,078	131	61	29,531	29,355	
Sub-total			165,915	142,749	1,684	1,335	9,885	9,352
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	67,790	135,165	734	841	9,529	6,089
	Putian	Putian Sunshine 100 Phoenix Plaza ⁽³⁾	35,870	-	514	-	14,330	-
Sub-total			103,660	135,165	1,248	841	11,190	6,089
Midwest	Chongqing	Chongqing Sunshine 100 International New Town	42,078	2,560	859	52	20,367	19,141
		Chongqing Sunshine 100 Arles	18,095	11,711	191	111	9,671	8,795
	Changsha	Changsha Sunshine 100 International New Town	8,471	28,797	114	244	10,270	8,022
	Wuhan	Wuhan Sunshine 100 Lakeside Residence	2,590	97,586	48	872	11,969	8,731
	Chengdu	Chengdu Sunshine 100 Mia Centre	2,302	3,307	40	50	15,639	12,700
	Liuzhou	Liuzhou Sunshine 100 Yaobu Classic Town	998	2,265	18	45	18,269	19,868
		Liuzhou Sunshine 100 City Plaza	-	-	3	9	-	-
	Nanning	Nanning Sunshine 100 Upper East Side International	-	-	3	10	-	-
	Guilin	Guilin Sunshine 100 Lijiang Project	-	88	-	1	-	11,364
	Lijiang	Lijiang COART Village	-	374	-	8	-	21,390
Sub-total			74,534	146,688	1,276	1,402	16,157	9,074
Total			423,540	506,329	4,843	4,294	10,656	7,979

Notes:

- (1) Excluding car parks
- (2) Including car parks
- (3) A light-asset operation project

Management Discussion and Analysis (Continued)

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⁾	
	2017	2016	2017	2016	2017	2016
Residential properties	352,900	484,823	3,753	3,705	10,635	7,642
Commercial properties and car parks	70,640	21,506	1,090	589	10,759	15,577
Total	423,540	506,329	4,843	4,294	10,656	7,979
Proportion						
Residential properties	83%	96%	77%	86%		
Commercial properties and car parks	17%	4%	23%	14%		
Total	100%	100%	100%	100%		

Notes:

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

Property Construction

During the Reporting Period, the total GFA of the Group's newly commenced construction was 601,305 square metres, representing a decrease of 34.4% from the corresponding period of 2016. The completed GFA was 427,359 square metres, representing a decrease of 45.1% from the corresponding period of 2016, mainly because in accordance with the project development timeline of the Company, a large number of projects which commenced construction in prior years were completed in 2016.

Management Discussion and Analysis (Continued)

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

		For the six months ended 30 June 2017		
Economic area	City	Newly-started total GFA (square metres)	Completed total GFA (square metres)	Total GFA under construction as at the end of the period (square metres)
Bohai Rim	Jinan	122,608	115,701	122,608
	Shenyang	37,765	51,482	273,016
	Dongying	–	20,919	59,289
	Weifang	–	75,426	76,401
	Sub-total	160,373	263,528	531,314
Yangtze River Delta	Wuxi	–	–	363,651
	Wenzhou	192,332	–	1,339,276
	Changzhou	202,444	–	202,444
	Sub-total	394,776	–	1,905,371
Pearl River Delta	Qingyuan	–	–	713,261
	Putian	–	–	337,278
	Sub-total	–	–	1,050,539
Midwest	Wuhan	–	120,316	–
	Chongqing	44,136	–	218,450
	Changsha	2,020	42,373	78,202
	Guilin	–	1,142	40,974
	Lijiang	–	–	32,932
	Sub-total	46,156	163,831	370,558
Total		601,305	427,359	3,857,782

Management Discussion and Analysis (Continued)

Breakdown of Major Properties

Economic area	City	Project	Address	Expected	Completion	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project	
				completion date of properties under development ⁽¹⁾	progress of properties under development ⁽¹⁾⁽²⁾					
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	No. 19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province			81,388	122,608	123,438	49.00%	
						1,246	-	-		
						4,705	-	-		
						14,539	-	-		
						23,730	-	-		
					2020	5%	37,168	122,608	-	
							-	-	123,438	
	Shenyang	Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province			160,454	254,340	341,146	100.00%	
						24,081	-	-		
						64,535	-	-		
					2018	67%	71,838	254,340	341,146	
							87,263	18,676	18,456	51.00%
							43,289	-	-	
	Tianjin	Tianjin Sunshine 100 International New Town	No. 18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province			43,974	18,676	18,456		
					2018	79%	43,974	18,676	18,456	
	Dongying	Dongying Sunshine 100 City Garden	No. 248 North 1st Road, Dongying District, Dongying City, Shandong Province			110,251	-	-	86.00%	
						31,637	59,289	8,384	100.00%	
						3,144	-	-		
				2018	75%	10,716	59,289	8,384		

Management Discussion and Analysis (Continued)

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	GFA under development	Planned GFA	Our attributable interest in the project
						(square metres)	(square metres)	(square metres)	
	Weifang	Weifang Sunshine 100 City Plaza	No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province			73,792	76,401	1,364,936	100.00%
		Phase I				37,953	-	-	
		Phase II		2018	75%	35,839	76,401	-	
		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			15,939	-	327,249	100.00%
		Phase I				15,939	-	-	
		Phase II				-	-	327,249	
	Sub-total					560,724	531,314	2,183,609	
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province			120,461	-	-	100.00%
		Phase I				463	-	-	
		Phase II				10,952	-	-	
		Phase III				8,816	-	-	
		Phase IV				8,621	-	-	
		Phase V				17,796	-	-	
		Phase VI				54,327	-	-	
		Phase VII				19,486	-	-	
	Chongqing	Chongqing Sunshine 100 International New Town	Nanbin Road, Nan'an District, Chongqing City			6,071	120,814	716,880	100.00%
		Phase I				6,071	-	-	
		Phase II		2017	89%	-	120,814	716,880	
		Chongqing Sunshine 100 Arles	No. 163 Yunan Road, Banan District, Chongqing City			19,588	97,636	181,835	45.00%
		Phase I				19,588	-	-	
		Phase II		2018	49%	-	97,636	135,494	
		Phase III				-	-	46,341	

Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected	Completion	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
				completion date of properties under development ⁽¹⁾	progress of properties under development ⁽¹⁾⁽²⁾				
	Chengdu	Chengdu Sunshine 100 Mia Centre	No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province			69,556	-	-	100.00%
		Phase I				28,065	-	-	
		Phase II				41,491	-	-	
		Xin Sheng Yuan Project	Keyuan South 2nd Road, Gaoxin District, Chengdu City, Sichuan Province			-	-	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			45,515	78,202	153,153	100.00%
		Phase I				6,804	-	-	
		Phase II				29,460	-	-	
		Phase III				9,251	-	-	
		Phase IV		2018	65%	-	78,202	153,153	
	Guilin	Guilin Sunshine 100 Lijiang Project	Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region			1,142	38,638	83,163	75.00%
		Phase I		2017	97%	-	529	54,121	
		Phase II		2018	88%	1,142	19,757	3,882	
		Phase II		2018	75%	-	18,353	25,160	
		Guilin Sunshine 100 Scape Project	Ertang Township, Xiangshan District, Guilin City, Guangxi Zhuang Autonomous Region			-	2,336	236,722	100.00%
	Liuzhou	Liuzhou Sunshine 100 City Plaza	No. 2 Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region			46,271	-	-	75.00%
		Phase I				9,743	-	-	
		Phase II				14,386	-	-	
		Phase III				4,194	-	-	
		Phase IV				17,948	-	-	

Management Discussion and Analysis (Continued)

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	GFA under development	Planned GFA	Our attributable interest in the project
						(square metres)	(square metres)	(square metres)	
		Liuzhou Sunshine 100 Yaobu Classic Town	No. 9 Panlong Road, Liuzhou City, Guangxi Zhuang Autonomous Region			121,619	-	-	98.75%
		Phase I				40,360	-	-	
		Phase II				10,817	-	-	
		Phase III				70,442	-	-	
	Nanning	Nanning Sunshine 100 City Plaza	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			22,680	-	92,230	100.00%
		Phase I				22,680	-	-	
		Phase II				-	-	92,230	
		Nanning Sunshine 100 Upper East Side International	No. 166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			49,291	-	-	26.01%
		Nanning Vantone Air Garden	No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region			2,751	-	-	100.00%
		Nanning Sunshine 100 Mountainside Garden	Nos. 1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region			10,612	-	-	51.00%
		Nanning Sunshine 100 Australian Garden	No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region			518	-	-	50.00%
	Lijiang	Lijiang COART Village	Kaiwen and Longquan Communities, Shuhe Street, Lijiang City, Yunnan Province	2018	55%	31,500	32,932	135,874	51.00%
		Sub-total				547,575	370,558	1,619,857	

Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected	Completion	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project	
				completion date of properties under development ⁽¹⁾	progress of properties under development ⁽¹⁾⁽²⁾					
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	No. 1 Tianyi New Street, Xizhang, Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province			328,328	363,651	411,044	100.00%	
				Phase I	88,998	-	-			
				Phase II	64,070	-	-			
				Phase III	16,505	-	-			
				Phase IV	128,333	-	132,171			
				Phase V	2019	21%	27,210	161,692	-	
				Phase VI	2018	62%	3,212	201,959	278,873	
		Wuxi Tai Lake New Town Project	No. 8 of 8th Financial Street, Tai Lake New Town, Wuxi, Jiangsu Province			-	-	101,548	100.00%	
		Yixing	Yixing Sunshine 100 Phoenix Street	East Jiefang Road, Chengdong New District, Yixing City, Jiangsu Province			60,265	-	-	80.00%
		Wenzhou	Sunshine 100 Wenzhou Center	Binjiang Qidu, Lucheng District, Wenzhou City, Zhejiang Province			-	479,742	-	51.00%
	Phase I				2018	65%	-	82,909	-	
	Phase III(A)				2021	22%	-	268,090	-	
		Phase II(B)	2019	22%	-	128,743	-			
		Wenzhou Sunshine 100 Arles	Yangyi Road, Lucheng District, Wenzhou City, Zhejiang Province			-	859,534	178,439	51.00%	
		Phase I	2019	37%	-	227,590	-			
		Phase II	2020	14%	-	631,944	178,439			
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	East of Dongcheng Road and North of Dongfang East Road, Economic Development Zone, Changzhou City Jiangsu Province	2019	14%	-	202,444	45,877	51.00%	
Subtotal						388,593	1,905,371	736,908		

Management Discussion and Analysis (Continued)

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
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	N24 Area, Po Keng Lian Tai Industry City, Long Tang Town, Qing Cheng District, Qingyuan City, Guangdong Province			94,434	713,261	2,069,004	55.00%
						29,507	-	-	
				2017	88%	64,927	198,684	-	
				2018	62%	-	514,577	97,156	
						-	-	1,971,848	
	Putian	Putian Sunshine 100 Phoenix Plaza	No. 1069 Wenxian East Road, Licheng District, Putian, Fujian Province	2018	82%	-	337,278	-	49.00%
	Subtotal					94,434	1,050,539	2,069,004	
Overseas	Saipan	Saipan Wing Beach Project	Wing Beach, Saipan, Northern Mariana Islands			-	-	120,000	51.00%
	Subtotal					-	-	120,000	
Total						1,591,326	3,857,782	6,729,378	

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 2017.
- (3) The completed investment properties with a gross total GFA of approximately 428,159 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 15,735 square metres, the self-operated hotels of Jinan Sunshine 100 International New Town, Liuzhou Sunshine 100 City Plaza, Yangshuo Sunshine 100 West Street Square and Shenyang Sunshine 100 Golf Mansion Sunshine with a total GFA of approximately 78,392 square metres and the shared office space of Wuxi Sunshine 100 International New Town and Chengdu Sunshine 100 Mia Centre with a total GFA of approximately 13,977 square metres were not included in this table.

Management Discussion and Analysis (Continued)

(II) Investment Properties

During the Reporting Period, the GFA of the completed investment properties sold by the Group amounted to 2,576 square metres and the GFA of the completed investment properties transferred to fixed assets amounted to 6,284 square metres. As at 30 June 2017, the GFA of investment properties completed and under construction held by the Group was 516,136 square metres and the planned GFA of investment properties held for future development was approximately 120,000 square metres. Moreover, during the Reporting Period, the rental income was RMB52.5 million, remaining relatively stable as compared with the corresponding period of 2016.

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	Short, medium and long term
	Tianjin	Tianjin Sunshine 100 International New Town	Part of community commercial portion	Commercial	Short, medium and long 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	

Management Discussion and Analysis (Continued)

Economic area	City	Project	Properties	Use	Leasing period	
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	Part of commercial portion, Block F53, Phase IV	Commercial	Medium and long term	
	Chongqing	Chongqing Sunshine 100 International New Town	Part of community commercial portion Himalayan Block E2	Commercial	Short and medium term	
	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, medium and long term	
	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 Part of Land Parcel B reserved	Commercial	Commercial	Short and medium term Vacant
		Liuzhou Sunshine 100 Classical Era	Kindergarten	Kindergarten	Long term	
	Guilin	Yangshuo Sunshine 100 West Street Square ⁽¹⁾	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	
			Nanning Vantone Air Garden	Part of commercial portion	Commercial	Short term
		Nanning Sunshine 100 Mountainside Garden ⁽²⁾	Clubhouse	Commercial	Medium term	
		Nanning Sunshine 100 Australian Garden ⁽³⁾	Clubhouse, club	Commercial	Medium term	
		Nanning Sunshine 100 European Garden	Clubhouse	Commercial, Kindergarten	Medium term	
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	Medium and long term
	Wenzhou	Wenzhou Center	Part of aboveground commercial portion	Commercial	Under development	
Overseas	Saipan	Saipan Wing Beach Project	Whole project	Commercial	Held for future development	

Note:

- (1) The interest attributable to the Group was 75%.
- (2) The interest attributable to the Group was 51%.
- (3) The interest attributable to the Group was 50%.

Management Discussion and Analysis (Continued)

(III) Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of approximately RMB243.4 million for various land acquisitions and equity transfers in project acquisitions, which included the land payment for Changzhou Sunshine 100 Zone 7 Upper East Side project in the amount of RMB57.6 million, the payment for equity transfer consideration of Wuxi Tai Lake New Town project in the amount of RMB57.0 million and the payment for equity transfer consideration of Putian Sunshine 100 Phoenix Plaza in the amount of RMB50.0 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)	Proportion	Attributable GFA (square metres)	Proportion
Bohai Rim	Weifang	1,535,232	12%	1,535,232	16%
	Shenyang	982,234	8%	911,234	10%
	Yantai	403,028	3%	403,028	4%
	Jinan	400,286	3%	196,140	2%
	Tianjin	125,712	1%	108,113	1%
	Dongying	101,404	1%	101,403	1%
	Sub-total	3,547,896	28%	3,255,150	34%
Midwest	Chongqing	1,162,450	9%	997,968	10%
	Guilin	374,421	3%	340,582	3%
	Changsha	279,542	2%	279,541	3%
	Liuzhou	279,430	2%	246,535	3%
	Nanning	213,953	2%	169,299	2%
	Wuhan	125,440	1%	125,440	1%
	Chengdu	103,260	1%	103,260	1%
	Lijiang	200,306	2%	102,156	1%
	Sub-total	2,738,802	22%	2,364,781	24%
Yangtze River Delta	Wenzhou	1,517,715	12%	774,035	8%
	Wuxi	1,231,969	10%	1,231,970	13%
	Changzhou	248,321	2%	126,644	1%
	Yixing	96,535	0%	77,228	1%
	Sub-total	3,094,540	24%	2,209,877	23%
Pearl River Delta	Qingyuan	2,876,699	22%	1,582,184	16%
	Putian	337,278	3%	165,266	2%
	Sub-total	3,213,977	25%	1,747,450	18%

Management Discussion and Analysis (Continued)

Economic area	City	Total GFA (square metres)	Proportion	Attributable GFA (square metres)	Proportion
Northern Mariana Islands	Saipan	120,000	1%	61,200	1%
Sub-total		120,000	1%	61,200	1%
Total		12,715,215	100%	9,638,458	100%

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group increased by 66.0% to RMB3,455.1 million from RMB2,081.4 million in the corresponding period of 2016, mainly attributable to the significant increase in income from sale of properties.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties increased by 73.6% to RMB3,217.7 million from RMB1,853.4 million in the corresponding period of 2016, mainly attributable to the significant increase in the delivered area of properties.

Type	For the six months ended 30 June					
	Sales areas (square metres) ⁽¹⁾		Sales amount (RMB million) ⁽²⁾		Unit selling price (RMB/square metre) ⁽¹⁾	
	2017	2016	2017	2016	2017	2016
Residential Properties	343,300	171,638	2,568	1,544	7,408	8,998
Commercial and car parks	32,927	12,854	650	309	14,057	14,277
Total	376,227	184,492	3,218	1,853	7,990	9,366
Proportion						
Residential Properties	91%	93%	80%	83%		
Commercial and car parks	9%	7%	20%	17%		
Total	100%	100%	100%	100%		

Notes:

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

Management Discussion and Analysis (Continued)

Property management and hotel operation income

During the Reporting Period, the revenue generated from property management and hotel operation of the Group increased by 5.5% to RMB184.9 million from RMB175.2 million in the corresponding period of 2016, mainly attributable to the 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 decreased by 0.5% to RMB52.5 million from RMB52.8 million in the corresponding period of 2016, remaining relatively stable over the same period of last year.

Cost of sales

During the Reporting Period, the cost of sales of the Group increased by 59.6% to RMB2,718.3 million from RMB1,702.9 million in the corresponding period of 2016. Particularly, the cost of property sales increased by 66.6% to RMB2,556.0 million from RMB1,533.9 million in the corresponding period of 2016, mainly attributable to the significant increase in the delivery area of properties.

Gross profit

As a result of the above factors, during the Reporting Period, the gross profit of the Group increased by 94.7% to RMB736.8 million from RMB378.5 million in the corresponding period of 2016, and the gross profit margin increased to 21.3% from 18.2% in the corresponding period of 2016.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group decreased by 32.3% to RMB286.5 million from RMB423.4 million in the corresponding period of 2016, mainly attributable to the lower completion progress of properties under construction in 2017.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 2.8% to RMB325.3 million from RMB334.7 million in the corresponding period of 2016, mainly attributable to relatively stable selling expenses due to that the amount of contracted sales (excluding a light-asset operation project) remains the same as compared with the corresponding period of last year in general.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by 5.9% to RMB215.8 million from RMB203.7 million in the corresponding period of 2016, mainly attributable to the increase in staff remuneration and benefits paid by the Group as a result of the commencement of operation for newly-acquired projects in the first half of 2017.

Financial income

During the Reporting Period, financial income of the Group increased by 255.0% to RMB272.2 million from RMB76.7 million in the corresponding period of 2016, mainly attributable to fair value gain of derivative components of convertible bonds.

Management Discussion and Analysis (Continued)

Financial costs

During the Reporting Period, financial costs of the Group increased by 13.3% to RMB141.3 million from RMB124.7 million in the corresponding period of 2016, mainly attributable to the increase in interest-bearing liabilities of the Group over the corresponding period of last year.

Income tax

During the Reporting Period, the income tax expenses of the Group increased by 86.3% to RMB153.9 million from RMB82.7 million in the corresponding period of 2016, mainly attributable to the increase in the profit before taxation of the Group.

Profit

During the Reporting Period, the profit of the Group increased significantly by 403.8% to RMB455.4 million from RMB90.4 million in the corresponding period of 2016.

Profit attributable to equity shareholders of the Company

Based on the above mentioned factors, the profit attributable to equity shareholders of the Company significantly increased by 341.1% to RMB380.2 million from RMB86.2 million in the corresponding period of 2016.

WORKING CAPITAL, FINANCE AND CAPITAL RESOURCES

Cash and cash equivalents

As at 30 June 2017, the Group had RMB3,366.1 million of cash and cash equivalents, representing a decrease of RMB1,101.6 million as compared to 31 December 2016, mainly due to the repayment of loans and borrowings by the Group in the first half of 2017.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2017, the Group's current ratio was 173.6%, remaining stable as compared with that as at 31 December 2016. As at 30 June 2017, the Group's current assets and current liabilities amounted to RMB40,704.2 million and RMB23,450.6 million, respectively.

As at 30 June 2017, the Group's gearing ratio (which is total loans and borrowings divided by total assets) decreased to 48.2% from 50.4% as at 31 December 2016. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) decreased to 255.8% from 264.6% as at 31 December 2016, mainly attributable to the decrease in total loans and borrowings as compared with that as at 31 December 2016.

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 2017, the Group provided guarantees for mortgage loans in an amount of RMB7,859.1 million (31 December 2016: RMB5,774.2 million) to banks in respect of such agreements.

Management Discussion and Analysis (Continued)

Loans and borrowings and pledged assets

As at 30 June 2017, the Group's total loans and borrowings amounted to RMB25,458.4 million. In particular, RMB8,528.3 million, RMB6,580.8 million, RMB7,895.1 million and RMB2,454.2 million were repayable within one year or on demand, after one year but within two years, after two years but within five years and after five years, respectively.

As at 30 June 2017, the Group's pledged properties and restricted deposits with a carrying value of RMB13,662.9 million (31 December 2016: RMB14,789.0 million) to secure banking facilities granted to the Group.

Capital commitments

As at 30 June 2017, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB4,233.7million (31 December 2016: RMB3,355.9 million). As at 30 June 2017, the Group's capital commitment approved but not contracted for amounted to RMB5,940.7 million (31 December 2016: RMB5,939.0 million).

Foreign exchange exposure

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

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

MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Company had no major investments, acquisitions and disposals during the Reporting Period.

HUMAN RESOURCES

As at 30 June 2017, the Group employed a total of 4,491 employees (corresponding period of 2016: 4,520 employees). The staff costs of the Group were RMB246.0 million during the Reporting Period (corresponding period of 2016: RMB216.8 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 2017, we made contributions in an aggregate of approximately RMB16.6 million to the employee retirement scheme.

EVENTS AFTER THE REPORTING PERIOD

From 30 June 2017 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 2017, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

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 we issue 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 2017.

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 2017).

Corporate Governance (Continued)

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	1,381,375,012 (L)	58.16%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,381,375,012 (L)	58.16%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,381,375,012 (L)	58.16%	1, 2, 5

Disclosure of the Interests Information (Continued)

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 (Continued)

(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 (Continued)

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 2017 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 (Continued)

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	1,381,375,012 (L)	58.16%	1
Ming Fai	Interest of a controlled corporation	1,381,375,012 (L)	58.16%	1, 2
Harvest Well	Interest of a controlled corporation	1,381,375,012 (L)	58.16%	1, 3
Fantasy Races Limited	Interest of a controlled corporation	1,381,375,012 (L)	58.16%	1, 4
Jin Xiangfei	Persons acting in concert	1,381,375,012 (L)	58.16%	1, 5
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Liu Chaohui	Persons acting in concert	1,381,375,012 (L)	58.16%	1, 6
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Tian Feng	Persons acting in concert	1,381,375,012 (L)	58.16%	1, 7
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Li Mingqiang	Persons acting in concert	1,381,375,012 (L)	58.16%	1, 8
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Cititrust Private Trust (Cayman) Limited	Trustee Interest of a controlled corporation	1,381,375,012 (L)	58.16%	1, 9
Central New Ventures Limited	Beneficial owner	214,355,000 (L)	9.03%	1, 10
China Everbright Limited	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 Group Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 10
Central Huijin Investment Ltd.	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 10
Beijing Fudingxin Investment and Management Co., Ltd. (北京富鼎信投資管理有限公司)	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 11
FDH PE Investment Fund Management (Tianjin) Co., Ltd. (富鼎和股權投資基金管理(天津)有限公司)	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 11
Shanghai Libo Investment Center (LP)	Interest of a controlled corporation	214,355,000 (L)	9.03%	1, 11
CITIC Securities Company Limited	Interest of a controlled corporation	123,048,957 (L)	5.18%	1, 12

Disclosure of the Interests Information (Continued)

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 (Continued)

- (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) Shanghai Libo Investment Center (LP), Shanghai Everbright Jiaxin Equity Investment and Management Co., Ltd. (上海光控嘉鑫股權投資管理有限公司), China Everbright Limited, China Everbright Holdings Company Limited, China Everbright Group Ltd. and Central Huijin Investment Ltd are deemed to be interested in the Shares held by Central New Ventures Limited under the SFO.
- (11) Shanghai Libo Investment Center (LP), Beijing Fudingxin Investment and Management Co., Ltd. (北京富鼎信投資管理有限公司) and FDH PE Investment Fund Management (Tianjin) Co., Ltd. (富鼎和股權投資基金管理(天津)有限公司) are deemed to be interested in the Shares held by Central New Ventures Limited under the SFO.
- (12) CITIC Securities Company Limited holds 100% equity interests in CITIC Securities International Company Limited, which in turn holds 100% equity interests in CSI Capital Management Limited. Therefore, CITIC Securities Company Limited and CITIC Securities International Company Limited are deemed to be interested in the Shares held by CSI Capital Management 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.

Other Information

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 2016 annual report are set out as follows:

Mr. Ng Fook Ai, Victor

Mr. Ng Fook Ai, Victor was appointed as a director of Sun Resources Holdings Pte Ltd. (a private company established in Singapore) on 20 July 2017.

Mr. Ng Fook Ai, Victor resigned as a director of Cityneon Holdings Limited (a company listed on the Singapore Exchange (Stock Code: 5HJ)) on 11 August 2017.

Mr. Ng Fook Ai, Victor was appointed as a director of Star Publications (Singapore) Pte Ltd. (a private company established in Singapore) on 16 August 2017.

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 DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2017.

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

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 2017.

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 36 to 64, which comprises the consolidated statement of financial position of Sunshine 100 China Holdings Ltd as of 30 June 2017 and 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 2017 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 2017

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Revenue	4	3,455,079	2,081,359
Cost of sales		(2,718,259)	(1,702,851)
Gross profit		736,820	378,508
Valuation gains on investment properties	9	286,546	423,392
Other income		17,779	5,670
Selling expenses		(325,349)	(334,710)
Administrative expenses		(215,781)	(203,701)
Other operating expenses		(22,101)	(56,253)
Profit from operations		477,914	212,906
Financial income	5(a)	272,199	76,678
Financial costs	5(a)	(141,348)	(124,728)
Share of profits less losses of associates and a joint venture		573	8,197
Profit before taxation	5	609,338	173,053
Income tax	6	(153,949)	(82,655)
Profit for the period		455,389	90,398
Other comprehensive income for the period (after tax and reclassification adjustments):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		5,510	(3,429)
Total comprehensive income for the period		460,899	86,969

The notes on pages 43 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 Comprehensive Income (Continued)

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	Six months ended 30 June	
		2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit attributable to:			
Equity shareholders of the Company		380,209	86,201
Non-controlling interests		75,180	4,197
Profit for the period		455,389	90,398
Total comprehensive income attributable to:			
Equity shareholders of the Company		385,719	82,772
Non-controlling interests		75,180	4,197
Total comprehensive income for the period		460,899	86,969
Earnings per share (RMB)			
Basic	7	0.16	0.04
Diluted		0.11	0.04

The notes on pages 43 to 64 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2017 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current assets			
Property and equipment	8	801,714	745,980
Investment properties	9	9,323,760	9,111,522
Restricted deposits		141,686	338,871
Investments in associates and a joint venture		638,545	642,004
Trade and other receivables	12	160,422	137,348
Deferred tax assets		1,057,195	1,010,103
Total non-current assets		12,123,322	11,985,828
Current assets			
Properties under development and completed properties held for sale	10	28,404,447	28,362,478
Land development for sale	11	788,774	784,398
Trade and other receivables	12	6,741,767	5,531,218
Restricted deposits		1,259,890	1,956,703
Cash and cash equivalents	13	3,366,082	4,467,731
Trading securities		143,203	–
Total current assets		40,704,163	41,102,528
Current liabilities			
Loans and borrowings	14	8,528,320	8,551,448
Trade and other payables	15	5,509,472	6,714,767
Contract retention payables		223,696	253,256
Sales deposits	16	8,141,172	6,615,966
Current tax liabilities		1,047,978	1,020,852
Total current liabilities		23,450,638	23,156,289
Net current assets		17,253,525	17,946,239
Total assets less current liabilities		29,376,847	29,932,067

The notes on pages 43 to 64 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

at 30 June 2017 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Non-current liabilities			
Loans and borrowings	14	16,930,048	18,201,011
Contract retention payables		217,247	235,268
Trade and other payables	15	678,265	463,996
Deferred tax liabilities		3,405,700	3,350,153
Total non-current liabilities		21,231,260	22,250,428
NET ASSETS		8,145,587	7,681,639
CAPITAL AND RESERVES			
Share capital		18,718	18,718
Reserves		6,606,053	6,220,334
Total equity attributable to equity shareholders of the Company		6,624,771	6,239,052
Non-controlling interests		1,520,816	1,442,587
TOTAL EQUITY		8,145,587	7,681,639

Approved and authorised for issue by the board of directors on 29 August 2017.

YI Xiaodi)	
)	
)	Directors
)	
FAN Xiaochong)	

The notes on pages 43 to 64 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								Non-controlling interests RMB'000	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			
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)	-	-	-	-	-	(139,910)	(139,910)	-	(139,910)	
Distribution to non-controlling interests	-	-	-	-	-	-	-	(7,000)	(7,000)	
Balance at 30 June 2016 and 1 July 2016	18,718	2,821,330	(6,209)	559,638	9,865	2,735,605	6,138,947	1,261,741	7,400,688	
Changes in equity for the six months ended 31 December 2016:										
Profit for the period	-	-	-	-	-	109,204	109,204	31,765	140,969	
Other comprehensive income	-	-	(9,099)	-	-	-	(9,099)	-	(9,099)	
Total comprehensive income	-	-	(9,099)	-	-	109,204	100,105	31,765	131,870	
Acquisition of subsidiaries	-	-	-	-	-	-	-	57,581	57,581	
Equity transaction with non-controlling interests	-	-	-	-	-	-	-	91,500	91,500	
Transfer to general reserve fund	-	-	-	69,399	-	(69,399)	-	-	-	
Balance at 31 December 2016	18,718	2,821,330	(15,308)	629,037	9,865	2,775,410	6,239,052	1,442,587	7,681,639	

The notes on pages 43 to 64 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2017 – 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 2017	18,718	2,821,330	(15,308)	629,037	9,865	2,775,410	6,239,052	1,442,587	7,681,639
Changes in equity for the six months ended 30 June 2017:									
Profit for the period	-	-	-	-	-	380,209	380,209	75,180	455,389
Other comprehensive income	-	-	5,510	-	-	-	5,510	-	5,510
Total comprehensive income	-	-	5,510	-	-	380,209	385,719	75,180	460,899
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	6,430	6,430
Capital return to non-controlling interests	-	-	-	-	-	-	-	(3,381)	(3,381)
Balance at 30 June 2017	18,718	2,821,330	(9,798)	629,037	9,865	3,155,619	6,624,771	1,520,816	8,145,587

The notes on pages 43 to 64 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2017 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2017 RMB'000	2016 RMB'000
Operating activities			
Cash generated from operations		2,035,234	661,811
Income tax paid		(189,214)	(184,954)
Net cash generated from operating activities		1,846,020	476,857
Investing activities			
Acquisition of subsidiaries, net of cash acquired		(174,895)	18,766
Acquisition of trading securities		(133,941)	–
Acquisition of investment properties		(39,374)	(173,035)
Advances to third parties		(996,070)	(156,000)
Repayment from third parties		35,000	93,107
Other cash flows arising from investing activities		56,121	1,008
Net cash used in investing activities		(1,253,159)	(216,154)
Financing activities			
Proceeds from loans and borrowings		2,684,870	4,433,616
Repayment of loans and borrowings		(3,857,929)	(5,258,721)
Proceeds from issue of corporate bonds		–	3,495,760
Interest paid		(1,223,715)	(808,698)
Decrease/(increase) in restricted deposits		745,343	(653,145)
Other cash flows (used in)/arising from financing activities		(28,081)	9,075
Net cash (used in)/generated from financing activities		(1,679,512)	1,217,887
Net (decrease)/increase in cash and cash equivalent		(1,086,651)	1,478,590
Cash and cash equivalents at 1 January	13	4,467,731	1,325,221
Effect of foreign exchange rate changes		(14,998)	691
Cash and cash equivalents at 30 June	13	3,366,082	2,804,502

The notes on pages 43 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”). It was authorized for issue on 29 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 35.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

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.

(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 2017				Total RMB'000
	Mixed-use business complexes RMB'000	Multi- functional residential communities RMB'000	Investment properties RMB'000	Property management and hotel operation RMB'000	
Reportable segment revenue	944,130	2,273,588	52,472	222,493	3,492,683
Reportable segment gross profit	108,823	497,681	52,472	60,157	719,133
Reportable segment (loss)/profit	(5,074)	(12,585)	293,473	8,959	284,773

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (CONTINUED)

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

	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

	At 30 June 2017				
	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	3,992,488	17,275,146	–	644,447	21,912,081
Reportable segment assets	11,799,088	29,184,480	9,597,660	1,488,340	52,069,568
Reportable segment liabilities	12,540,907	30,465,796	358,252	826,536	44,191,491

	At 31 December 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	4,201,498	17,268,645	–	728,170	22,198,313
Reportable segment assets	11,425,130	28,786,048	9,433,109	1,082,233	50,726,520
Reportable segment liabilities	12,203,037	29,427,459	375,439	789,089	42,795,024

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue and profit

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Revenue		
Reportable segment revenue	3,492,683	2,117,537
Elimination of intra-group revenue	(37,604)	(36,178)
Consolidated revenue	3,455,079	2,081,359
Profit		
Reportable segment profit	284,773	126,592
Elimination of intra-group profit	(4,724)	(260)
Unallocated head office and corporate income/(expenses)	175,340	(35,934)
Consolidated profit for the period	455,389	90,398

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	
	2017	2016
	RMB'000	RMB'000
Sale of properties	3,217,718	1,853,368
Rental income from investment properties	52,472	52,756
Property management and hotel operation income	184,889	175,235
	3,455,079	2,081,359

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

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

(a) Financial income and financial costs

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Financial income		
Interest income on financial assets not at fair value through profit or loss	(112,775)	(76,678)
Net foreign exchange gain	(30,590)	–
Net change in fair value of the derivative components of convertible bonds	(118,790)	–
Net change in fair value of trading securities	(10,044)	–
	(272,199)	(76,678)
Financial costs		
Interest on loans and borrowings not at fair value through profit or loss	1,236,442	1,059,915
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	(1,099,036)	(991,093)
	137,406	68,822
Net foreign exchange loss	–	17,408
Bank charges and others	3,942	38,498
	141,348	124,728

(b) Other items

	Six months ended 30 June	
	2017 RMB'000	2016 RMB'000
Depreciation	21,415	28,275
Impairment loss of trade and other receivables	74	3,416
Properties under development and completed properties held for sale write-down net of reversal (<i>Note 10</i>)	(66,681)	22,837

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Current tax		
– PRC Corporate Income Tax	68,557	65,157
– Land Appreciation Tax	76,937	23,542
Over-provision of PRC Corporate Income Tax in respect of prior years	–	(18,730)
Deferred taxation	8,455	12,686
	153,949	82,655

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 3% to 7% based on types of properties.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB380,209,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB86,201,000) and the weighted average of 2,375,000,000 ordinary shares (six months ended 30 June 2016: 2,375,000,000 ordinary shares) in issue during the interim period.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

7 EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the six months ended 30 June 2017, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB312,555,000 and the weighted average number of ordinary shares of 2,795,406,000, after adjusting for convertible bonds.

There was no difference between basic and diluted earnings per share for the six months ended 30 June 2016 since the convertible bonds did not have diluted effect.

8 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2017, the Group incurred capital expenditure of property and equipment with a cost of RMB6,180,000 (six months ended 30 June 2016: RMB4,430,000). Items of property and equipment with a net book value of RMB2,387,000 were disposed of during the six months ended 30 June 2017 (six months ended 30 June 2016: RMB2,643,000), resulting in a loss on disposal of RMB887,000 (six months ended 30 June 2016: RMB114,000).

9 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2017 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 December 2016 valuations. As a result of the update, a net gain of RMB286,546,000 (six months ended 30 June 2016: RMB423,392,000), and deferred tax thereon of RMB29,100,000 (six months ended 30 June 2016: RMB105,848,000), 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

During the six months ended 30 June 2017, a reversal of write-down of properties under development and completed properties held for sale of RMB66,681,000 has been credited to profit or loss during the period, due to an increase in the estimated net realisable value of certain properties as a result of increased price in certain properties.

During the six months ended 30 June 2016, RMB22,837,000 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 (Continued)

(Expressed in Renminbi unless otherwise indicated)

11 LAND DEVELOPMENT FOR SALE

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 period, the ageing analysis of trade debtors based on the revenue recognition date and net of allowance for doubtful debts, is as follows:

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Within 6 months		115,617	159,637
6 months to 1 year		37,249	26,081
Over 1 year	(i)	751,844	748,652
Trade receivables, net of allowance for doubtful debts of RMB Nil		904,710	934,370
Advances provided to third parties		3,648,128	2,743,437
Amounts due from associates		3,000	1,500
Other receivables		385,194	300,917
		4,941,032	3,980,224
Less: allowance for doubtful debts		9,610	9,536
Loans and receivables		4,931,422	3,970,688
Deposits and prepayments		1,970,767	1,697,878
		6,902,189	5,668,566
Less: Non-current portion of other receivables		160,422	137,348
Total		6,741,767	5,531,218

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (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 2017 and 31 December 2016 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 February 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 2017 and 31 December 2016, 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 fulfil 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.

Trade debtors are due from the date of revenue recognition date. The remaining receivables that were past due but not impaired mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Of the remaining balances that were past due but not impaired, the Group holds the title of the property units as collateral over the balance of trade receivables of RMB261,677,000 (2016: RMB188,270,000).

13 CASH AND CASH EQUIVALENTS

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Cash on hand	1,181	671
Cash at bank	3,364,901	4,467,060
	3,366,082	4,467,731

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Loans and borrowings at amortized cost			
– Long-term		12,936,373	13,367,094
– Short-term		1,821,234	2,565,627
– Senior notes		1,448,253	1,469,315
– Corporate bonds		7,900,499	7,888,445
		24,106,359	25,290,481
Convertible bonds	(a)	1,352,009	1,461,978
		25,458,368	26,752,459

(a) Convertible bonds

As the convertible bonds do not contain an equity component, the derivative component of the convertible bonds is measured at fair value and the liability component is carried at amortized cost. As at 30 June 2017, the carrying amounts of liability and derivative components of the convertible bonds were RMB955,655,000 and RMB396,354,000, respectively. No conversion or redemption of the convertible bonds has occurred up to 30 June 2017.

	Derivative component RMB'000	Liabilities component RMB'000	Total RMB'000
At 1 January 2017	527,894	934,084	1,461,978
Fair value adjustment credited to profit or loss	(118,790)	–	(118,790)
Accrued interest	–	88,166	88,166
Interest paid	–	(44,034)	(44,034)
Foreign exchange gain	(12,750)	(22,561)	(35,311)
At 30 June 2017	396,354	955,655	1,352,009

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (CONTINUED)

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

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Loans and borrowings at amortized cost:		
Bank loans – secured	4,090,169	3,691,958
Loans from other financial institutions – secured	8,626,204	9,455,136
Loans from third parties	220,000	220,000
Senior notes	1,448,253	1,469,315
Corporate bonds	7,900,499	7,888,445
Sub-total	22,285,125	22,724,854
Convertible bonds	1,352,009	1,461,978
	23,637,134	24,186,832
Less: Current portion of long-term loans and borrowings:		
Bank loans – secured	1,515,469	1,274,170
Loans from other financial institutions – secured	3,523,364	3,022,336
Loans from third parties – secured	220,000	220,000
Senior notes	1,448,253	1,469,315
Sub-total	6,707,086	5,985,821
Total	16,930,048	18,201,011

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (CONTINUED)

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

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Loans and borrowings at amortized cost:			
Bank loans			
– secured		675,409	1,406,958
– unsecured		23,500	–
Loans from other financial institutions			
– secured		519,459	400,000
Loans from related parties			
– unsecured	(i)	57,866	57,866
Loans from third parties			
– secured		180,000	245,803
– unsecured		365,000	455,000
Sub-total		1,821,234	2,565,627
Current portion of long-term loans and borrowings		6,707,086	5,985,821
Total		8,528,320	8,551,448

- (i) The balance as at 30 June 2017 represented loans amounting to RMB20,817,000 (2016: 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 the loans amounting to RMB37,049,000 (2016: RMB37,049,000) borrowed from Wenzhou Zhongxin Haoyuan Investment Co., Ltd, bearing an interest rate at 12% per annum and had no fixed terms of repayment.

Notes to the Unaudited Interim Financial Report (Continued)

(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:

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Due within 1 year or on demand		3,278,435	4,358,278
Due after 1 year but within 2 years		436,015	235,072
Due after 2 years but within 5 years		242,250	228,924
Trade payables		3,956,700	4,822,274
Advances received from third parties		903,947	898,502
Consideration payables		6,000	114,226
Amounts due to related parties	(i)	128,982	147,614
Other payables		1,010,521	1,022,852
Financial liabilities measured at amortized cost		6,006,150	7,005,468
Receipts in advance		130,238	118,272
Other taxes payable		51,349	55,023
		6,187,737	7,178,763
Less: Non-current portion of trade payables		678,265	463,996
Total		5,509,472	6,714,767

(i) Amounts due to related parties

	<i>Note</i>	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Amounts due to			
– Entities under control of Ms. Fan Xiaohua	(a)	1,220	29,300
– Associates	(b)	127,762	118,314
		128,982	147,614

(a) The balance as at 30 June 2017 represented loans amounting to RMB497,000 received from a related party (2016: RMB28,709,000), bearing an interest rate at 14% per annum, unsecured and had no fixed terms of repayment, and advances received from a related party amounting to RMB723,000 (2016: RMB591,000), which was interest-free, unsecured and had no fixed terms of repayment.

(b) The balance as at 31 December 2016 mainly represented interest payables to associates amounting to RMB108,922,000 (2016: RMB98,819,000) and advances received from associates amounting to RMB18,840,000 (2016: RMB19,495,000), which were interest-free, unsecured and had no fixed terms of repayment.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

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 DIVIDENDS

(i) Dividends payable to equity shareholders attributable to the interim period

The Company did not declare any dividends for the six months ended 30 June 2017 and 2016.

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB Nil (six months ended 30 June 2016):		
RMB5.89 cents per ordinary share)	–	139,910

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair valued hierarchy

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair valued hierarchy (Continued)

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

	Fair value measurements as at 30 June 2017 categorised into			
	Fair value at 30 June 2017 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
– Trading securities	143,203	143,203	–	–
Financial liabilities:				
– Derivative component of convertible bonds	396,354	–	–	396,354

	Fair value measurements as at 31 December 2016 categorised into			
	Fair value at 31 December 2016 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial liabilities:				
– Derivative component of convertible bonds	527,894	–	–	527,894

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair valued hierarchy (Continued)

During the period ended 30 June 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (for the six months ended 30 June 2016: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Derivative component of convertible bonds	Binomial Tree model	Expected volatility	36.65%– 37.65%	37.15%

The fair value of derivative component of convertible bonds is determined by Binomial Tree model and the significant unobservable input used in fair value measurement is expected volatility. The fair value measurement is positively correlated to the expected volatility. As at 30 June 2017, it is measured that all other variables held constant, and increase/decrease in the expected volatility by 0.5% would have increased/decreased the Group's profit by RMB2,638,000/RMB2,638,000 (2016: decreased/increased the Group's profit by RMB2,960,000/RMB1,599,000).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

The movements during the period in the balance of these Level 3 fair value measurements are as followings:

	At 30 June 2017 RMB'000	At 30 June 2016 RMB'000
Derivative component of convertible bonds		
At 1 January	527,894	–
Fair value adjustment credited to profit or loss	(118,790)	–
Foreign exchange gain	(12,750)	–
At 30 June	396,354	–
Total gains for the period included in profit or loss for convertible bonds held at the end of the reporting period	118,790	–

The gains arising from the remeasurement of the conversion option embedded in the convertible bonds are presented in “Financial income” in the consolidated statement of comprehensive income.

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

The carrying amounts of the Group’s financial instruments carried at cost or amortized cost are not materially different from their fair value as at 30 June 2017 and 31 December 2016.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2017 and 31 December 2016, 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 2017 RMB'000	At 31 December 2016 RMB'000
Contracted for	4,233,736	3,355,926
Approved but not contracted for	5,940,704	5,938,997
	10,174,440	9,294,923

(b) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within two years after the property units are delivered to the buyers. The total amounts of mortgages outstanding which are guaranteed by the Group, were RMB7,859,148,000 as at 30 June 2017 (2016: RMB5,774,209,000).

(c) 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.

(d) 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 (Continued)

(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:

	At 30 June 2017 RMB'000	At 30 June 2016 RMB'000
Advances provided to		
– Associates	–	209,090
Repayment of advances from		
– Associates	–	(192,000)
Loan repaid to		
– An associate	28,212	100,564
Loan provided to		
– An associate	1,500	–
Rental charged by		
– An associate	4,327	1,804

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD ENDED 30 JUNE 2017

A number of amendments and new standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD ENDED 30 JUNE 2017 (CONTINUED)

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting IFRS15 on its financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

(a) *Timing of revenue recognition*

Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD ENDED 30 JUNE 2017 (CONTINUED)

IFRS 15, Revenue from contracts with customers (Continued)

(a) *Timing of revenue recognition (Continued)*

As a result of this change from the risk-and-reward approach to the contract-by contract transfer-of-control approach, it is possible that once the Group adopts IFRS 15 some of the Group's contract manufacturing and residential property development activities that are currently recognised at a point in time may meet the IFRS 15 criteria for revenue recognition over time. This will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

(b) *Significant financing component*

IFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears.

Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group's arrangements with its customers. Currently, the Group does not apply such a policy when payments are received in advance.

Advance payments are not common in the Group's arrangements with its customers, with the exception of when residential properties are marketed by the Group while the property is still under construction. In this situation, the Group may offer buyers a discount compared to the sales price payable, provided the buyer agrees to pay the balance of the purchase price early.

Currently, the revenue from property sales is recognised when the property is complete, measured at the amount received from the customer, irrespective of whether the customer pays early or on completion. However, under IFRS 15 such advance payment schemes are likely to be regarded as including a financing component.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE PERIOD ENDED 30 JUNE 2017 (CONTINUED)

IFRS 15, Revenue from contracts with customers (Continued)

(b) *Significant financing component (Continued)*

The Group is in the process of assessing whether this component in the Group's advance payment schemes would be significant to the contract and therefore whether, once IFRS 15 is adopted, the transaction price would need to be adjusted for the purposes of recognising revenue. Any adjustment to the transaction price under IFRS 15, if considered necessary, would result in interest expense being recognised while the construction work is still in progress to reflect the effect of the financing benefit obtained from the customers, with a corresponding increase to revenue on sale of properties recognised when control of the completed property is transferred to the customer.

(c) *Sales with a right of return*

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales.

The Group expects that the adoption of IFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.