SS100

Sunshine 100 China Holdings Ltd

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

2018 | Interim Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Ms. Fan Xiaohua
Mr. Wang Gongquan

Independent non-executive Directors

Mr. Gu Yunchang
Mr. Ng Fook Ai, Victor
Mr. Wang Bo

AUDIT COMMITTEE

Mr. Ng Fook Ai, Victor *(Chairman)*
Mr. Gu Yunchang
Mr. Wang Bo

REMUNERATION COMMITTEE

Mr. Wang Bo (Chairman)
Mr. Fan Xiaochong
Mr. Gu Yunchang

NOMINATION COMMITTEE

Mr. Yi Xiaodi *(Chairman)*
Mr. Gu Yunchang
Mr. Wang Bo

JOINT COMPANY SECRETARIES

Dr. Ngai Wai Fung
Mr. He Jie

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Dr. Ngai Wai Fung

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China CITIC Bank Corporation Limited
China Everbright Bank
Agricultural Bank of China
Huaxia Bank

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LISTING INFORMATION

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

Chairman's Report

I am pleased to present the business review for the six months ended 30 June 2018 (the "**Reporting Period**") and outlook of Sunshine 100 China Holdings Ltd (the "**Company**" or "**Sunshine 100**", together with its subsidiaries collectively the "**Group**") to the shareholders of the Company.

RESULTS

In the first half of 2018, the Group's contracted sales amounted to RMB4,410.2 million, and the average price for contracted sales increased by approximately 13.5% to RMB12,097 per square metre. The Group's revenue was RMB3,704.1 million, representing an increase of 7.2% as compared with the corresponding period of the previous year. Despite a decrease in the gross profit of 8.4% to RMB674.7 million as compared with the corresponding period of the previous year due to delivery of certain properties with lower gross profit margin during the Reporting Period, the Group's net profit remained relatively stable at RMB447.0 million as compared with the corresponding period of the previous year through reasonable control over various expenses, as well as resulting from the appreciation of investment properties held by the Group.

REVIEW ON THE FIRST HALF OF 2018

In the first half of 2018, China's economic situation remained stable overall and the economic transformation realised remarkable achievements. In respect of the real estate market, the central government has repeatedly emphasized that "houses are for living in, not for speculation", and the "four limits" were escalated at the provincial and municipal level and the property regulation in hot-spot cities was tightened continuously. In the first half of 2018, in light of the continuously tightening financial trend, more housing enterprises begun to emphasize operations and transform into comprehensive developers and enterprises with diversified business.

In the challenging external environment, we consistently pursue business transformation within real estate industry, steadily transformed from a residential developer to an enterprise specialised in the development of Commercial Street Complexes, Serviced Apartments, and large-scale Multi-functional Residential Communities, and strived to become a high value-added operating service provider. Upholding the principle of maintaining the professionalism in the industry, we focused on the products with future market growth potential, aimed to upgrade our products and business model, and continued to improve our capabilities in platform resource integration and market innovation. In the first half of 2018, the Group achieved good operating results overall.

CONTINUOUSLY ENHANCED AND UPGRADED THE THREE HIGHLY DIFFERENTIATED CORE PRODUCT LINES

Currently, the Group's presence has reached all central cities within the core economic circles in China. We have three product lines: original Commercial Street Complexes, Serviced Apartments represented by Hima Alaya series and Arles Themed Towns.

- **Strong advantage of Commercial Street Complex as an innovative business model**

  In the first half of this year, Sunshine 100 Commercial Street Complexes continued to expand operations in Liuzhou, Changsha, Weifang, Chongqing and other places, and achieved good results. Liuzhou Yaobu held 40 activities with a total of 1.65 million tourists; Yixing Sunshine 100 Phoenix Street held 32 activities with a total of 1.3 million visitors; and Shenyang Phoenix Street and Wuxi Sunshine Lane received a total of 600,000 and 145,000 visitors, respectively. While enhancing popularity for the streets by operating featured activities in cities, we were committed to upgrading our products of "development + operation + original IP" through cultural upgrading with an aim to establish our own thematic features and cultural attributes. In the first half of this year, Chongqing Ciyun Temple Old Street project signed a contract with Gugong Institute (Chongqing) and held a series of Palace Museum cultural heritage activities. By seizing the opportunity to develop deep cooperation with the Palace Museum, Chongqing Ciyun Temple Old Street project will become a new cultural landmark and urban reception hall of Chongqing. The newly launched commercial products continued to gain market recognition. Changsha Phoenix Street was launched for sale in April with sales amount of RMB177 million, which was still at the top of the commercial sales list in Changsha. The selling price and de-stocking rate of the Commercial Street Complex products higher than the market level demonstrated the value of the business circles and the investment value of Phoenix Street.

- **Accelerated the expansion of Hima Alaya product line**

  The Group further stressed the positioning of the Hima Alaya product line, and overset the traditional hardware marketing ideas in real estate industry in terms of product logic and business model. Focusing on the needs of mobile business trip, the Group created new scenes and new experiences with unique cultural characteristics. We are accelerating the deployment of this product line and have received positive responses from certain local markets. Under the strict purchase restriction of residential products, apartment products with stable returns have become more and more popular among investors.

Currently, we have deployed a total of five Hima Alaya projects in Chongqing, Wenzhou, Tianjin and Wuxi, which have entered the sales phase and achieved expected results. Most of these projects are located in the downtown area of the city and were obtained through acquisition. At the beginning of acquisitions, we proposed the "Hima Alaya standard", and made overall planning and transformation or redesign according to local characteristics. Additionally, the acquired projects can be pre-sold to the market in about four months after acquisition. As an open operating platform, Hima Alaya broadly links the primary content resources to provide high-end services and create social circles according to customer's needs. We addressed the issue of establishing the source of rent income at the beginning of a new project to ensure the subsequent continuous operations. As a flagship project of the Hima Alaya product line, among the total 535 units of Chongqing Hima Alaya Serviced Apartment project, 511 units were delivered in the first batch at the end of June, representing a total delivery rate of 95.51%.

In respect of the service apartment product line, we are currently developing more than 10,000 apartments and expect that we will have a capacity of 30,000 apartments in three years. As the scale expands, the Hima Alaya will also establish an online chain operation service system to capture the top position in the high-end business apartment market.

- **Arles Towns cultivated community operations**

The large-scale Multi-Functional Community project represented by "Arles Towns" is one of the Group's three core product lines, which aims to build stylish, modern and friendly Complex Residential Communities through diversified functional facilities and community operations. Currently, this project has been implemented in Qingyuan of Guangdong Province, Chongqing, Wenzhou, Wuxi, Wuming of Nanning City and other places. The Group continued to focus on operation and service upgrades by extensively replicating and promoting the branding activities such as "Arles Music Festival", "Arles Life School" and "Yuedong π" under the "Friendly Neighbors Community" to build a community culture featured by warmness and happiness, and received market recognition.

In the first half of this year, several projects in the Arles product line were launched for sale and achieved desired results, and received market recognition for its unique products and services. In May, Nanning Sunshine 100 Nine Peninsulas project was launched for the first time with 180 houses being sold, representing a de-stocking rate of 100%. In June, the project was launched for the second time with all houses being sold out. Wuxi Sunshine 100 Arles project was launched for the first time in May and realised sales amount of RMB230 million, representing a de-stocking rate of 91.5%. In June, the project was launched again and realised sales amount of RMB220 million, representing a de-stocking rate of 92.3%. The Arles project has adhered to the differentiated route and created a favorable brand image in the market through product innovation and cultivation of community operations.

IMPLEMENTED CO-INVESTMENT MECHANISM AND OTHER INTERNAL SYSTEM REFORMS

The Group officially introduced the co-investment mechanism by launching asset packages at the end of last year. The asset packages are designed based on the land and inventory reserves of the various projects of the Group to build a United Task Force, create synergy, share risks, create value together and achieve win-win results, thereby accelerating the existing land development and asset turnover of the Group. The Group has launched several asset packages for different projects including Wuxi Sunshine 100 International New Town project, Qingyuan Sunshine 100 Arles project and Wenzhou Sunshine 100 Arles project, in which the co-investment mechanism was implemented to allow their respective teams to participate in and promote the development and sales of new projects. Since the beginning of this year, we have further launched commercial asset packages for more than ten projects such as Weifang Sunshine 100 City Plaza project, Chongqing Sunshine 100 International New Town project, Chengdu project and Yixing Sunshine 100 Phoenix Street project, in which their respective teams can co-invest in the commercial operations and share the rental returns, thereby enriching the types and models of the asset packages to which the co-investment mechanism is applicable.

STEADILY EXPANDED HIGH-QUALITY LAND RESERVE

In the first half of this year, the Group further expanded our land reserve and acquired high-quality project land by way of acquiring shareholdings at low cost or acquiring projects, which provided strong support for the Group to continue the expansion of our core product lines and extend our footprint. Up to the date of this announcement, we mainly acquired Qingyuan Yingde Project , Tianjin Yihao Mansion Project and Xi'an Napa Project. Particularly, the Yihao Mansion Project which is located in the core area of Tianjin Radio and Television Tower, is the second Hima Alaya project the Group deployed in Tianjin in 2018, further strengthening the presence of Hima Alaya product line which is one of the Group's core product lines.

The Group will continuously focus on the quality projects with fast turnover and high growth potential in the radiation areas of the core economic zones including the Yangtze River Delta region, the Pearl River Delta region and the Capital Economic Circle. As at the end of the first half of this year, the Group has a total attributable land reserve of 9.68 million square metres, mainly distributed in Qingyuan, Weifang, Wuxi and Chongqing.

The Group's primary development project in Xinglong County in the northern suburbs of Beijing is in smooth progress. It is expected that hundreds of acres of land will be launched into the secondary market this year. The Group will speed up the development of Art Village Project and High-speed Rail New Town Project in Xinglong County in the north of Beijing in the next five years.

FUTURE OUTLOOK

Looking forward to the second half of this year, the overall regulatory stance is to stabilize the real estate market. It is expected that the restrictions on sales and price will be the normal measures for the regulation of the local property markets in the future. On the other hand, the rental market such as that of long-term rental apartments has risen rapidly and drawn remarkable attentions, which will also bring opportunities for the industry. No matter in what kind of market environment, we always believe that adhering to innovation and a differentiated route is essential for the development of real estate enterprises, and also is crucial for real estate enterprises to maintain their own vitality and competitiveness. Looking ahead, the Group will promote business development by adopting the following strategies:

I. Continue to promote internal operation reform

The Group will further implement business transformation, speed up turnover and revitalize inventory, and strengthen financing channels and external cooperation. For the next step, the Group will accelerate the expansion and supply of new projects and effectively enhance the management of each asset package. We will also activate the vitality of basic units through management power delegation. In the future, the Group will reinforce the establishment of a common service platform in respect of capital, brand, property and quality to prioritize the realization of product competitiveness, such as product features and customer needs, so as to release their innovation ability and pressure. The Group, regional centres and primary development projects will review experiences and set benchmarks, we will realise rapid turnover and execution through the way of asset packages. We will further improve asset efficiency and simultaneously expand external cooperation.

II. Strengthen cultural upgrade of core products and increase their added value

In adherence to the reform of the asset package operating mechanism, the Group will strengthen the business and cultural upgrades of the three core product lines, and create high value-added products in order to form a unique competitive edge in the industry. We will strive to realise cultural upgrading for all of the core products including Commercial Street Complex products, Hima Alaya products and Arles Towns, considering the future industry development cannot rely on scale expansion any longer, but through the culture upgrading of products to achieve profit growth, which is the core of our transformation and upgrading. The Group has changed part of the original regional management to product line management in order to forge a group of model projects in the above core product lines, and create core competitiveness with core products, driving the Group to move forward rapidly and establishing industry barriers.

In the near future, the high-end apartments in the Hima Alaya product line will be a special edge of the Group, as well as a core product with the fastest growth and better profitability.

III. Continue to promote product and model innovation

The Group believes that only new direction and thinking can lead to a breakthrough of the real estate industry in the future. The Group will focus on the research and deployment of the business model of Hima Alaya Serviced Apartments. High-income, highly educated and younger businessmen are the core ultimate customers of Hima Alaya Serviced Apartments. In view of this, we will focus on and strengthen the concept of sharing to build a powerful brand, and optimise our products and services to sharpen our brand image on the market. Meanwhile, we will create value through operations, and enhance software and content development, rather than merely providing more hardware. While continuously focusing on the hardware deficiency, we will devote ourselves to quality enhancement and improve the cultural and artistic quality of our products.

The traditional real estate development model has encountered a bottleneck, and the competition in residential property market has also been intensifying. However, since the beginning of 2018, the sales market of non-residential products in Mainland China has exceeded RMB2 trillion, and has shown an accelerated growth momentum. In the competition among non-residential products, Sunshine 100 has accumulated years of experience and operational advantages in respect of Serviced Apartments, Cultural Blocks and other similar products. With the expansion of market share, I believe that we will find our own "blue ocean space" in the new era, and will gradually create the brand name of Sunshine 100 in specific markets.

With new products enjoying a promising market prospect, we emphasize more on the excellent talents and effective incentive mechanism. Sunshine 100 will continue to improve the "co-investment" mechanism, bravely promote young leaders, and build an innovative team featured with integrity and vigour guided by corporate culture, so as to achieve great results step by step in the new era!

Last but not least, on behalf of the Board of the Company, I would like to express my sincere gratitude to all our colleagues, clients, shareholders and all friends who provided support to Sunshine 100 in this year.

Yi Xiaodi
Chairman and Executive Director

27 August 2018

Management Discussion and Analysis

BUSINESS REVIEW

(I) Property development

Contracted sales

During the Reporting Period, the Group (including light-asset operation projects) realized contracted sales in the amount of RMB4,410.2 million, representing a decrease of 8.9% from the corresponding period of 2017, and an aggregate contracted sales area in the amount of 349,418 square metres, representing a decrease of 17.5% from the corresponding period of 2017. The Group's average unit price for contracted sales was RMB12,097/square metre, representing an increase of 13.5% over the corresponding period of 2017. Particularly, the sales of commercial properties and car parks increased significantly thanks to the improvement of commercial operations, hot sale of Hima Alaya Apartment products and more efforts in de-stocking of car parks. The contracted sales generated from commercial properties and car parks amounted to RMB1,228.6 million, representing an increase of 12.7% from the corresponding period of 2017. The contracted sales generated from residential properties amounted to RMB3,181.6 million, representing a decrease of 15.2% from the corresponding period of 2017. Nearly 50% of the contracted sales derived from the Yangtze River Delta, among which, contributions from the four projects including Wuxi Sunshine 100 International New Town, Wenzhou Sunshine 100 Arles, Jinan Sunshine 100 International New Town and Changsha Sunshine 100 International New Town were relatively significant, with the contracted sales being RMB971.5 million, RMB676.4 million, RMB484.3 million and RMB404.3 million respectively, accounting for 22.0%, 15.3%, 11.0% and 9.2% of the total contracted sales respectively.

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

			For the six months ended 30 June					
Economic area	City	Project name	Contracted sales area *(square metres)*[1]		Contracted sales amount *(RMB million)*[2]		Unit selling price *(RMB/square metre)*[1]	
			2018	2017	**2018**	2017	**2018**	2017
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**14,062**	35,251	**148**	251	**9,174**	6,979
		Shenyang Sunshine 100 Golf Mansion	**1,033**	11,810	**8**	63	**6,776**	5,165
	Dongying	Dongying Sunshine 100 City Garden	**11,426**	20,429	**111**	128	**9,365**	6,168
	Weifang	Weifang Sunshine 100 City Plaza	**18,130**	11,941	**135**	76	**7,446**	6,365
	Tianjin	Tianjin Sunshine 100 International New Town	**–**	–	**8**	62	**–**	–
		Tianjin Lijin Mansion	**2,156**	–	**72**	–	**33,395**	–
	Jinan	Jinan Sunshine 100 International New Town	**22,131**	–	**484**	55	**21,237**	–
	Sub-total		**68,938**	79,431	**966**	635	**13,345**	6,408
Yangtze River Delta	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**4,513**	90,390	**92**	783	**20,386**	8,607
	Wenzhou	Wenzhou Sunshine 100 Arles	**61,430**	54,154	**676**	555	**10,809**	9,547
		Sunshine 100 Wenzhou Center	**2,593**	848	**58**	25	**22,368**	29,481
	Wuxi	Wuxi Sunshine 100 International New Town	**80,177**	16,087	**972**	190	**12,061**	11,749
		Wuxi Sunshine 100 Hima Alaya	**12,454**	–	**201**	–	**16,139**	–
	Yixing	Yixing Sunshine 100 Phoenix Street	**1,719**	4,436	**44**	131	**25,596**	29,531
	Sub-total		**162,886**	165,915	**2,043**	1,684	**12,438**	9,885

			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)	
Economic area	City	Project name	**2018**	2017	**2018**	2017	**2018**	2017
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**20,687**	67,790	**265**	734	**11,892**	9,529
	Putian	Putian Sunshine 100 Phoenix Plaza(3)	**5,269**	35,870	**99**	514	**16,322**	14,330
	Sub-total		**25,956**	103,660	**364**	1,248	**12,791**	11,190
Midwest	Chongqing	Chongqing Sunshine 100 International New Town	**5,273**	42,078	**109**	859	**19,533**	20,367
		Chongqing Sunshine 100 Arles	**4,192**	18,095	**57**	191	**11,689**	9,671
	Changsha	Changsha Sunshine 100 International New Town	**20,430**	8,471	**404**	114	**19,432**	10,270
	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**–**	2,590	**–**	48	**–**	11,969
	Chengdu	Chengdu Sunshine 100 Mia Centre	**157**	2,302	**4**	40	**19,108**	15,639
	Liuzhou	Liuzhou Sunshine 100 Yaobu TOWN	**64**	998	**2**	18	**31,250**	18,269
		Liuzhou Sunshine 100 City Plaza	**–**	–	**2**	3	**–**	–
	Lijiang	Lijiang COART Village	**211**	–	**2**	–	**9,479**	–
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	–	**55**	3	**–**	–
		Nanning Sunshine 100 Nine Peninsulas(3)	**55,408**	–	**347**	–	**6,263**	–
	Wuzhou	Wuzhou Sunshine 100 Sankee City(3)	**5,903**	–	**55**	–	**7,793**	–
	Sub-total		**91,638**	74,534	**1,037**	1,276	**10,356**	16,157
	Total		**349,418**	423,540	**4,410**	4,843	**12,097**	10,656

Notes:

(1) Excluding car parks

(2) Including car parks

(3) Being light-asset operation projects

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

Type	For the six months ended 30 June					
	Contracted sales area *(square metres)*[1]		**Contracted sales amount** *(RMB million)*[2]		**Unit selling price** *(RMB/square metre)*[1]	
	2018	2017	**2018**	2017	**2018**	2017
Residential properties	**285,830**	352,900	**3,182**	3,753	**11,132**	10,635
Commercial properties and car parks	**63,588**	70,640	**1,228**	1,090	**16,434**	10,759
Total	**349,418**	423,540	**4,410**	4,843	**12,097**	10,656
Proportion						
Residential properties	**82%**	83%	**72%**	77%		
Commercial properties and car parks	**18%**	17%	**28%**	23%		
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 696,191 square metres, representing an increase of 15.8% from the corresponding period of 2017. The completed GFA was 513,464 square metres, representing an increase of 20.1% from the corresponding period of 2017, mainly because some new projects acquired at the end of 2017 commenced construction during the Reporting Period and some projects acquired in previous years were completed during the Reporting Period.

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

		For the six months ended 30 June 2018		
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	103,743	–	226,351
	Shenyang	63,483	26,201	157,596
	Dongying	4,124	15,497	8,888
	Weifang	4,699	4,699	76,401
	Tianjin	94,911	–	125,986
	Sub-total	**270,960**	**46,397**	**595,222**
Yangtze River Delta	Wuxi	245,235	–	629,164
	Wenzhou	–	82,909	1,246,789
	Changzhou	1,119	–	249,440
	Sub-total	**246,354**	**82,909**	**2,125,393**
Pearl River Delta	Qingyuan	36,001	73,396	477,182
	Putian	–	173,751	163,527
	Sub-total	**36,001**	**247,147**	**640,709**
Midwest	Chongqing	20,202	137,011	97,636
	Changsha	3,077	–	241,255
	Guilin	–	–	43,269
	Nanning	–	–	158,369
	Wuzhou	117,831	–	451,554
	Lijiang	1,766	–	34,698
	Sub-total	**142,876**	**137,011**	**1,026,781**
Total		**696,191**	**513,464**	**4,388,105**

Breakdown of Major Properties

Economic area	City	Project	Address	Expected completion date of properties under development [1]	Completion progress of properties under development [1][2]	Saleable GFA remaining unsold *(square metres)*	GFA under development *(square metres)*	Planned GFA *(square metres)*	Our attributable interest in the project
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	No. 19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province			30,363	226,351	–	49.00%
		Phase I				498	–	–	
		Phase II				1,167	–	–	
		Phase III				8,730	–	–	
		Phase IV				10,409	–	–	
		Phase V		2020	76%	9,559	122,608	–	
		Phase VI		2021	4%	–	103,743	–	
	Shenyang	Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province			151,656	138,920	281,169	100.00%
		Phase I				17,794	–	–	
		Phase II				56,264	–	–	
		Phase III		2020	45%	77,598	138,920	281,169	
		Shenyang Sunshine 100 Golf Mansion	No. 18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province			75,606	18,676	18,456	51.00%
		Phase I				35,957	–	–	
		Phase II, Phase III		2019	90%	39,649	18,676	18,456	
	Tianjin	Tianjin Sunshine 100 International New Town	Hongqi South Road, Nankai District, Tianjin City			101,097	–	–	86.00%
		Tianjin Lijin Mansion	West of Hongqi Road and North of Chuxiong Road, Nankai District, Tianjin City	2019	20%	–	31,075	–	100.00%
		Tianjin Sunshine 100 Yihao Mansion	Intersection of Weijin South Road and Tianta Road, Nankai District, Tianjin City	2021	0%	–	94,911	–	20.00%
	Dongying	Dongying Sunshine 100 City Garden	No. 248 North 1st Road, Dongying District, Dongying City, Shandong Province			38,361	8,888	–	100.00%
		Phase I				5,244	–	–	
		Phase II				12,529	–	–	
		Phase III		2019	28%	20,588	8,888	–	

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
	Weifang	Weifang Sunshine 100 City Plaza	No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province			47,290	76,401	1,075,467	100.00%
		Phase I				41,032	–	–	
		Phase II		2018	94%	6,258	76,401	–	
		Phase III				–	–	188,913	
		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			16,227	–	379,816	100.00%
		Phase I				16,227	–	–	
		Phase II				–	–	379,816	
	Sub-total					**460,600**	**595,222**	**1,754,908**	
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province			106,132	–	–	100.00%
		Phase I				463	–	–	
		Phase II				6,560	–	–	
		Phase III				8,692	–	–	
		Phase IV				8,993	–	–	
		Phase V				15,284	–	–	
		Phase VI				46,542	–	–	
		Phase VII				19,598	–	–	
	Chongqing	Chongqing Sunshine 100 International New Town	Nanbin Road, Nan'an District, Chongqing City			35,210	–	716,880	100.00%
		Phase I				5,220	–	–	
		Phase II				29,990	–	716,880	
		Chongqing Sunshine 100 Arles	No. 163 Yunan Road, Banan District, Chongqing City			16,657	97,636	191,099	45.00%
		Phase I				16,657	–	–	
		Phase II		2020	50%	–	97,636	135,494	
		Phase III				–	–	55,605	

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
	Chengdu	Chengdu Sunshine 100 Mia Centre	No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province			52,037	–	–	100.00%
		Phase I				25,021	–	–	
		Phase II				27,016	–	–	
		Xin Sheng Yuan Project	Keyuan South 2nd Road, High-tech Zone, 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			44,824	241,255	–	100.00%
		Phase I				6,804	–	–	
		Phase II				29,400	–	–	
		Phase III				8,220	–	–	
		Phase IV		2019	78%	400	241,255	–	
	Guilin	Guilin Sunshine 100 Lijiang Project	Pingle Town, Pingle County Guilin City, Guangxi Zhuang Autonomous Region			–	40,933	80,868	75.00%
		Phase I				–	529	54,121	
		Phase II and Phase III		2018	97%	–	40,404	26,747	
		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			45,255	–	–	75.00%
		Phase I				9,375	–	–	
		Phase II				14,351	–	–	
		Phase III				3,774	–	–	
		Phase IV				17,755	–	–	
		Liuzhou Sunshine 100 Yaobu Classic Town	No. 9 Panlong Road, Liuzhou City, Guangxi Zhuang Autonomous Region			119,353	–	–	98.75%
		Phase I				40,080	–	–	
		Phase II				10,761	–	–	
		Phase III				68,512	–	–	

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
	Nanning	Nanning Sunshine 100 City Plaza	No. 63–1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			22,285	–	92,230	100.00%
		Phase I				22,285	–	–	
		Phase II				–	–	92,230	
		Nanning Sunshine 100 Upper East Side International	No. 166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			34,485	–	–	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			9,830	–	–	51.00%
		Nanning Sunshine 100 Australian Garden	No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region			518	–	–	50.00%
		Nanning Sunshine 100 Nine Peninsulas	Wuhua Avenue Middle, Wuming District, Nanning City, Guangxi Zhuang Autonomous Region			30,287	158,369	1,274,951	30.00%
		Phase I				30,287	–	25,856	
		Phase II		2020	20%	–	158,369	–	
		Phase III				–	–	345,101	
		Phase IV				–	–	903,994	
	Wuzhou	Wuzhou Sunshine 100 Sanqi Town	No. 38 Xinglong Road, Changzhou District, Wuzhou City, Guangxi Zhuang Autonomous Region			19,677	451,554	1,026,914	27.75%
		Phase I				19,677	–	–	
		Phase II		2019	85%	–	234,354	–	
		Phase III		2019	47%	–	99,369	–	
		Phase IV		2020	8%	–	117,831	–	
		Phase V				–	–	1,026,914	
	Lijiang	Lijiang Sunshine 100 COART Village	Kaiwen Community and Longquan Community, Shuhe Street, Lijiang City, Yunnan Province	2018	85%	26,384	34,698	135,874	51.00%
	Sub-total					**565,685**	**1,026,781**	**3,775,538**	

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
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	No. 1 Tianyi New Street, Xizhang,Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province			307,032	530,800	176,371	100.00%
		Phase I				85,914	–	–	
		Phase II				64,785	–	–	
		Phase III				3,795	–	–	
		Phase IV				128,259	–	132,171	
		Phase V		2019	62%	19,017	161,692	–	
		Phase VI		2020	51%	5,262	369,108	44,200	
		Wuxi Sunshine 100 Hima Alaya	No. 8 of 8th Financial Street, Tai Lake New Town, Wuxi City, Jiangsu Province			–	98,364	3,930	100.00%
	Yixing	Yixing Sunshine 100 Phoenix Street	East Jiefang Road, Chengdong New District, Yixing City, Jiangsu Province	2019	38%	50,736	–	–	80.00%
	Wenzhou	Sunshine 100 Wenzhou Center	Binjiang Qidu, Lucheng District, Wenzhou City, Zhejiang Province			21,355	396,833	–	51.00%
		Phase I (C)				21,355	–	–	
		Phase II (A)		2022	33%	–	268,090	–	
		Phase II (B)				–	128,743	–	
		Wenzhou Sunshine 100 Arles	Yangyi Road, Lucheng District, Wenzhou City, Zhejiang Province			–	849,956	241,577	51.00%
		Phase I (A11 parcel)		2019	71%	–	227,590	–	
		Phase II (A02 parcel)		2021	20%	–	348,920	–	
		Phase II (A03 parcel)		2021	20%	–	173,112	–	
		Phase II (A05 parcel)		2021	17%	–	100,334	–	
		Phase II (A07 parcel)				–	–	156,054	
		Phase II (A16 parcel)				–	–	22,385	
		Phase II (B09 parcel)				–	–	29,334	
		Phase II (C04 & C08 parcels)				–	–	33,804	
	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	54%	–	249,440	–	51.00%
	Sub-total					**379,123**	**2,125,393**	**421,878**	

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			137,253	477,182	2,055,054	55.00%
		Phase I				26,663	–	–	
		Phase II				108,741	–	–	
		Phase III		2020	63%	1,849	477,182	83,206	
		Phase IV				–	–	1,971,848	
		Qingyuan Yingde Project	North of Zhenyang Three Road and East of Ying'an Monitoring Station, Yingcheng Street, Yingde City, Qingyuan City, Guangdong Province			–	–	36,677	55.00%
	Putian	Putian Sunshine 100 Phoenix Plaza	No. 1069, Wenxian East Road, Licheng District, Putian City, Fujian Province			20,279	163,527	–	49.00%
	Sub-total					**157,532**	**640,709**	**2,091,731**	
Overseas	Saipan	Saipan Wing Beach Project	Wing Beach, Saipan Island, Northern Mariana Islands			–	–	120,000	51.00%
	Sub-total					**–**	**–**	**120,000**	
Total						**1,562,940**	**4,388,105**	**8,164,055**	

Notes:

(1) Expected completion date and completion progress are applicable to projects under development, but not applicable to those completed or to be developed.

(2) Completion progress represents the overall completion progress as at 30 June 2018.

(3) The completed investment properties with a total GFA of approximately 511,741 square metres is excluded in this table.

(4) The self-operated commercial areas of Weifang Sunshine 100 City Plaza, Shenyang Sunshine 100 Golf Mansion, Chongqing Sunshine 100 International New Town and Qingyuan Sunshine 100 Arles with a total GFA of approximately 16,845 square metres, the self-operated hotels of Jinan Sunshine 100 International New Town, Liuzhou Sunshine 100 City Plaza, Yangshuo Sunshine 100 West Street Square, Chongqing Sunshine 100 International New Town and Shenyang Sunshine 100 Golf Mansion with a total GFA of approximately 82,131 square metres, and the sharing office space of Chengdu Sunshine 100 Mia Centre with a total GFA of approximately 5,599 square metres is not included in this table.

(II) Investment Properties

During the Reporting Period, the Group had new investment properties with a GFA of 30,128 square metres. In the meantime, the GFA of investment properties in the previous year decreased by 22,461 square metres. As at 30 June 2018, the GFA of investment properties completed and under construction held by the Group was 586,971 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 RMB71.7 million, representing an increase of 36.6% from the corresponding period of 2017.

(III) Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of approximately RMB184.8 million for various land acquisitions and equity transfers in project acquisitions, which included the land premium of Wenzhou Sunshine 100 Arles in the amount of RMB91.6 million, the land premium of Chongqing Sunshine 100 Arles in the amount of RMB26.0 million, the land premium of Wuxi Sunshine 100 International New Town in the amount of RMB22.9 million and the land premium of Chongqing Sunshine 100 International New Town in the amount of RMB20.6 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	1,234,694	8%	1,234,693	13%
	Shenyang	789,022	5%	723,731	7%
	Yantai	455,883	3%	455,883	5%
	Jinan	339,749	2%	166,477	2%
	Tianjin	243,367	2%	151,004	2%
	Dongying	51,272	0%	51,272	0%
	Sub-total	**3,113,987**	**20%**	**2,783,060**	**29%**
Midwest	Chongqing	1,100,653	8%	931,651	10%
	Nanning	1,661,724	11%	603,774	6%
	Wuzhou	1,498,145	10%	415,735	4%
	Guilin	374,422	3%	340,582	4%
	Changsha	286,079	2%	286,080	3%
	Liuzhou	276,738	2%	244,126	2%
	Wuhan	111,111	1%	111,111	1%
	Chengdu	98,074	1%	98,073	1%
	Lijiang	196,956	1%	100,448	1%
	Sub-total	**5,603,902**	**39%**	**3,131,580**	**32%**

Economic area	City	Total GFA (square metres)	Proportion	Attributable GFA (square metres)	Proportion
Yangtze River Delta	Wenzhou	1,509,721	10%	769,958	8%
	Wuxi	1,154,515	8%	1,154,516	12%
	Changzhou	249,440	2%	127,214	1%
	Yixing	89,568	1%	71,655	1%
	Sub-total	**3,003,244**	**21%**	**2,123,343**	**22%**
Pearl River Delta	Qingyuan	2,706,477	18%	1,488,562	15%
	Putian	183,806	1%	90,065	1%
	Sub-total	**2,890,283**	**19%**	**1,578,627**	**16%**
Northern Mariana Islands	Saipan	120,000	1%	61,200	1%
	Sub-total	**120,000**	**1%**	**61,200**	**1%**
Total		**14,731,416**	**100%**	**9,677,810**	**100%**

FINANCIAL REVIEW

Revenue

During the Reporting Period, the revenue of the Group increased by 7.2% to RMB3,704.1 million from RMB3,455.1 million in the corresponding period of 2017, mainly attributable to the upward adjustment to the income from sale of properties for the period as a result of the application of new accounting standards on the revenue by the Group during the Reporting Period.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties increased by 5.4% to RMB3,391.7 million from RMB3,217.7 million in the corresponding period of 2017, mainly attributable to the upward adjustment to the income from sale of properties for the period as a result of the application of new accounting standards on the revenue by the Group during the Reporting Period.

	For the six months ended 30 June					
	Sales area *(square metres)*[(1)]		**Sales amount** *(RMB million)*[(2)]		**Unit selling price** *(RMB/square metre)*[(1)]	
Type	**2018**	2017	**2018**	2017	**2018**	2017
Residential Properties	**283,021**	343,300	**3,080**	2,568	**10,883**	7,408
Commercial properties and car parks	**17,334**	32,927	**312**	650	**13,330**	14,057
Total	**300,355**	376,227	**3,392**	3,218	**11,024**	7,990
Proportion						
Residential Properties	**94%**	91%	**91%**	80%		
Commercial properties and car parks	**6%**	9%	**9%**	20%		
Total	**100%**	100%	**100%**	100%		

Notes:

(1) Excluding car parks

(2) Including car parks

Income from property management and hotel operation

During the Reporting Period, the revenue generated from property management and hotel operation of the Group increased by 18.5% to RMB219.1 million from RMB184.9 million in the corresponding period of 2017, 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 increased by 36.6% to RMB71.7 million from RMB52.5 million in the corresponding period of 2017, mainly due to an increase in the rentable area of the Group and the increased unit rental, which resulted in an increase in rental income.

Light-asset operation income

During the Reporting Period, the Group participated in certain Complex projects by way of light-asset operation and provided property selling agency and brand-use services to the projects, thus recording light-asset operation income of RMB21.6 million.

Cost of sales

During the Reporting Period, the cost of sales of the Group increased by 11.4% to RMB3,029.4 million from RMB2,718.3 million in the corresponding period of 2017. Particularly, the cost of property sales increased by 6.5% to RMB2,791.8 million from RMB2,622.6 million in the corresponding period of 2017, mainly attributable to the upward adjustment to the cost of sales of properties for the period as a result of the application of new accounting standards on the revenue by the Group during the Reporting Period, and delivery of certain properties with higher cost during the Reporting Period.

Gross profit

As a result of the above factors, during the Reporting Period, the gross profit of the Group decreased by 8.4% to RMB674.7 million from RMB736.8 million in the corresponding period of 2017, and the gross profit margin decreased to 18.2% from 21.3% in the corresponding period of 2017.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group increased by 93.3% to RMB554.0 million from RMB286.5 million in the corresponding period of 2017, mainly attributable to the increase in the valued unit price of the original investment properties and the increase in the area of new investment property as compared with last year.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 14.7% to RMB277.5 million from RMB325.3 million in the corresponding period of 2017, mainly attributable to the substantial decrease in commission and advertising expenses as a result of enhanced cost control and adjustment to commission policy, as well as the capitalisation of commission due to the application of new accounting standards on the revenue by the Group.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by 20.5% to RMB260.0 million from RMB215.8 million in the corresponding period of 2017, mainly attributable to the increase in the number of employees and changes in the remuneration payment policy, resulting in an increased remuneration, as well as the Company's active development of new projects, resulting in increased relevant expenses.

Financial income

During the Reporting Period, financial income of the Group increased by 7.1% to RMB291.4 million from RMB272.2 million in the corresponding period of 2017, mainly attributable to the increase in interest income.

Financial costs

During the Reporting Period, financial costs of the Group increased by 98.4% to RMB280.3 million from RMB141.3 million in the corresponding period of 2017, mainly attributable to the increase in interest-bearing liabilities of the Group over the corresponding period of last year, the negative impact of changes in the exchange rate of RMB against the US dollar in the first half of 2018 on the Company's offshore bonds denominated in US dollar, and the effect of loss on fair value change of the financial assets at fair value through profit or loss.

Income tax

During the Reporting Period, the income tax expenses of the Group increased by 62.3% to RMB249.9 million from RMB153.9 million in the corresponding period of 2017, mainly attributable to the increase in the profit before taxation and the land value-added tax of the Group.

Profit

During the Reporting Period, the profit of the Group decreased by 1.8% to RMB447.0 million from RMB455.4 million in the corresponding period of 2017.

Profit attributable to equity shareholders of the Company

Based on the abovementioned factors, the profit attributable to equity shareholders of the Company decreased by 18.1% to RMB311.4 million from RMB380.2 million in the corresponding period of 2017.

WORKING CAPITAL, FINANCE AND CAPITAL RESOURCES

Cash and cash equivalents

As at 30 June 2018, the Group had RMB3,411.8 million of cash and cash equivalents, representing a decrease of RMB1,242.4 million as compared to 31 December 2017, mainly due to the repayment of principal and interest of borrowings and outward investments.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2018, the Group's current ratio increased to 181.4% from 170.5% as at 31 December 2017. As at 30 June 2018, the Group's current assets and current liabilities amounted to RMB42,266.9 million and RMB23,299.4 million, respectively.

As at 30 June 2018, the Group's gearing ratio (which is total loans and borrowings divided by total assets) was 48.1%, remaining stable as compared with that as at 31 December 2017. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) was 234.1%, remaining relatively stable as compared with that as at 31 December 2017.

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 2018, the Group provided guarantees for mortgage loans in an amount of RMB7,257.6 million (31 December 2017: RMB6,562.9 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 30 June 2018, the Group's total loans and borrowings amounted to RMB27,285.6 million. In particular, RMB7,637,0 million, RMB6,286,5 million, RMB11,450.1 million and RMB1,912,0 million were repayable within one year or on demand, after one year but within two years, after two years but within 5 years and after five years, respectively.

As at 30 June 2018, the Group's pledged properties and restricted deposits with a carrying value of RMB14,237.2 million (31 December 2017: RMB14,146.2 million) to secure banking facilities granted to the Group.

Capital commitments

As at 30 June 2018, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB3,987.0 million (31 December 2017: RMB4,302.7 million). As at 30 June 2018, the Group's capital commitment approved but not contracted for amounted to RMB5,834.5 million (31 December 2017: RMB5,973.3 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

Acquisition of the Entire Equity Interest of Tianjin Zhisheng Xinlian Trading Co., Ltd.

On 25 June 2018, Sunshine 100 Real Estate Group Co., Ltd. ("**Sunshine 100 Group**"), Mr. Zhu Zhi (諸志) and Mr. Zhao Zhenping (趙振平) (both being independent third parties) (the "**Vendors**") and Tianjin Zhisheng Xinlian Trading Co., Ltd. (the "**Target Company**") entered into the Equity Transfer Agreement pursuant to which the Vendors agreed to sell, and Sunshine 100 Group agreed to purchase, the entire equity interest of the Target Company at nil cash consideration but Sunshine 100 Group will guarantee the payment obligations of the Target Company under the Second Asset Transfer Agreement (as defined below).

On 29 September 2017, Tianjin Lijin Jiaye Real Estate Co., Ltd. ("**Lijin Jiaye**"), an indirect wholly-owned subsidiary of the Company, entered into the First Asset Transfer Agreement with Tianjin Wangdingdi Industry and Trade Group Co.,Ltd. ("**Wangdingdi Group**"), pursuant to which Lijin Jiaye purchased from Wangdingdi Group all property interests of Lijin Building aside from the first and second floors at a consideration of RMB360.0 million.

On 30 January 2018, the Target Company (owned by the Vendors as to 90% by Mr. Zhu Zhi (諸志) and 10% by Mr. Zhao Zhenping (趙振平)) entered into the Second Asset Transfer Agreement with Wangdingdi Group pursuant to which Wangdingdi Group conditionally agreed to sell, and the Target Company conditionally agreed to purchase, the Target Properties at a consideration of RMB40.0 million. As of 25 June 2018, the Target Company has not made any payment pursuant to the Second Asset Transfer Agreement and the transactions contemplated thereunder have not been completed.

As the transactions contemplated under the First Asset Transfer Agreement and the Second Asset Transfer Agreement are in relation to acquisition of property interests in Lijin Building by the Group from Wangdingdi Group, thus the transactions contemplated under the Equity Transfer Agreement, the Second Asset Transfer Agreement and the First Asset Transfer Agreement shall be aggregated pursuant to Rule 14.22 of the Listing Rules, and each constitutes a discloseable transaction of the Company. For details, please refer to the announcement of the Company dated 25 June 2018.

Provision of Shareholder's Loan and Additional Paid-up Capital to a Project Company and Grant of Put and Call Options Regarding Equity Interest in a Project Company

On 27 June 2018, Sunshine 100 Group, a wholly owned subsidiary of the Company, entered into the Joint Venture Agreement with Shanghai Youngor Property Development Co., Ltd. ("**Shanghai Youngor**"), Ningbo Hongyi Equity Investment Partnership (Limited Partnership) ("**Ningbo Hongyi**") and Suzhou Langyida Business Management Co., Ltd. (the "**Project Company**"), pursuant to which Sunshine 100 Group, Shanghai Youngor and Ningbo Hongyi granted the Shareholders' Loan and agreed to make the Capital Contribution to jointly develop the Project. The Project Company has a registered capital of RMB100,000,000 and a paid-up capital of RMB100,000, and is owned by Sunshine 100 Group, Shanghai Youngor and Ningbo Hongyi as to 20%, 40% and 40%, respectively. Sunshine 100 Group, Shanghai Youngor and Ningbo Hongyi agreed to increase the paid up capital of the Project Company to RMB100,000,000 by making the Capital Contribution to the Project Company. Accordingly, Sunshine 100 Group shall contribute RMB20,000,000 in total as registered capital in the Project Company. The parties shall pay the Capital Contribution in full by no later than 31 December 2018. Each of Sunshine 100 Group, Shanghai Youngor and Ningbo Hongyi also granted the Shareholders' Loan to the Project Company. Accordingly, Sunshine 100 Group provided a loan of RMB200,065,000 to the Project Company. The interest on the Shareholders' Loan shall accrue at 12% per annum unless the Put Option is exercised as described below.

Shanghai Youngor and Ningbo Hongyi have agreed to grant to Sunshine 100 Group a call option (the "**Call Option**"), pursuant to which Sunshine 100 Group shall have the right, during the Call Option Period, to request each of Shanghai Youngor and Ningbo Hongyi to sell 14.5% (unless agreed otherwise in writing between Sunshine 100 Group and Shanghai Youngor and Ningbo Hongyi) of their respective equity interests in the Project Company at a price equal to 29% of the Project Company's total paid-up capital together with accrued interest thereon at a rate of 20% per annum. If Sunshine 100 Group exercises the Call Option, it shall simultaneously assume 29% of the total Shareholders' Loan outstanding on the date when Sunshine 100 Group notifies Shanghai Youngor and Ningbo Hongyi of its intention to exercise the Call Option plus any outstanding interest at a rate of 12% per annum accrued up to the date of receipt by Shanghai Youngor and Ningbo Hongyi.

Sunshine 100 Group agreed to grant to each of Shanghai Youngor and Ningbo Hongyi a put option (the "**Put Option**"), pursuant to which Shanghai Youngor and Ningbo Hongyi shall have the right, during the Put Option Period, to request Sunshine 100 Group (only if it has failed to procure the completion of the Title Transfer Obligation) to acquire from Shanghai Youngor and Ningbo Hongyi all (but not part) of their equity interests in the Project Company at a price equal to 80% of the Project Company's total paid-up capital if the Call Option has not be exercised; or at a price equal to 51% of the Project Company's total paid-up capital if the Call Option has been exercised, and in each case together with accrued interest thereon at a rate of 10% per annum.

If Shanghai Youngor and Ningbo Hongyi exercise the Put Option, Sunshine 100 Group shall assume the total amount of shareholders' loan granted by Shanghai Youngor and Ningbo Hongyi outstanding on the date when Shanghai Youngor and Ningbo Hongyi notifies Sunshine 100 Group of their intention to exercise the Put Option plus any outstanding interest accrued, at a rate of 10% per annum, up to the date of receipt by Shanghai Youngor and Ningbo Hongyi. For details, please refer to the announcement of the Company dated 27 June 2018.

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

ONGOING LITIGATIONS

Litigation related to Nanning Sunshine 100 Upper East Side International

On 27 December 2017, Nanning Nonggongshang Group Co., Ltd. (南寧農工商集團有限責任公司) (the "**Plaintiff**"), as plaintiff, filed a lawsuit at the Nanning Intermediate People's Court of Guangxi Zhuang Autonomous Region against three subsidiaries of Company, i.e. (1) Sunshine 100 Group, (2) Nanning Sunshine 100 Real Estate Co., Ltd. (南寧陽光壹佰置業有限公司) ("**Nanning Sunshine 100**") and (3) Nanning Zhuangye Real Estate Development Co., Ltd. (南寧壯業房地產開發有限公司) ("**Nanning Zhuangye**", together with Sunshine 100 Group and Nanning Sunshine 100, collectively the "**Defendants**"), as defendants. The Plaintiff, on the ground that the Defendants' actual investment in the Upper East Side International Real Estate Development Project (上東國際房地產開發項目) was inconsistent with a project cooperation contract entered into between the Plaintiff and Sunshine 100 Group in April 2005, requested Nanning Zhuangye to return RMB60.62 million and relevant interest losses and litigation costs to the Plaintiff, and requested Sunshine 100 Group and Nanning Sunshine 100 to bear joint and several liability for the abovementioned payables. The Case was accepted by the Nanning Intermediate People's Court on 28 December 2017. As at the date of this interim report, the case has not yet been heard.

The Company has engaged professional legal advisers to proactively respond to the case, filed a jurisdictional objection at the Nanning Intermediate People's Court, and filed a jurisdictional objection appeal after the rejection of the jurisdictional objection by Nanjing Intermediate People's Court. The case is under appeal in respect of the jurisdictional objection as at the date of this interim report.

For further details of this litigation, please refer to the announcement of Company dated 8 August 2018.

Litigation related to Chengdu primary land development project

In 2005 and 2007, the Group entered into a series of co-operation framework agreements (the "**Agreements**") with the government of Chenghua District, Chengdu (the "**Government of Chenghua District**") and its subordinate agencies to conduct primary development of a parcel of land located in the district (the "**Land**"). Pursuant to the Agreements, if any developer (other than the Group) wins in the bidding, auction or listing-for-sale process of the Land, the Government of Chenghua District shall, within seven days upon receipt of the Land premium from the purchaser, pay to the Company the proceeds agreed in the Agreements.

Phase I of the Land, upon completion, was sold through a public auction to a third party in July 2007. The Government of Chenghua District, received the Land premium in 2008, and paid a total of approximately RMB1,927.0 million out of the Land premium to the Group pursuant to the Agreements. The remaining proceeds payable to the Group in the amount of RMB581.1 million, however, have remained unpaid.

On 28 January 2015, the Group commenced proceedings at the Sichuan Higher People's Court (the "**Higher Court**") against the Government of Chenghua District, Chengdu and Reconstruction and Development Office of Dangerous Buildings of Chenghua District, Chengdu (成都市成華區危房改造開發辦公室), for the payment of the Land clearance income and the management fees of RMB15 million, which totaled RMB596.1 million (the "Case"). The Case was heard at the Higher Court in June 2015. For details of the development of the Case, please refer to the relevant continuous disclosure in the annual reports of the Company.

During the trial of the Case, the Group had negotiated with the Government of Chenghua District for several times in the hope of reaching a settlement. Recently, the negotiations between the two parties have made certain positive progress. As part of the settlement agenda, the Group filed an application for withdrawal of the Case (the "**Withdrawal Application**") to the Higher Court on 24 July 2018, and the Higher Court has accepted and approved the Withdrawal Application. Both parties wish to reach a settlement agreement in respect of the Case and determine the amount of settlement as soon as possible.

In terms of procedure, the Group has consulted its Chinese legal advisers and understood that if the parties could not reach an agreement on the settlement agreement, the Company may reinstate the Case. The Company will make an update announcement for any further material progress of the settlement negotiations as and when appropriate.

For further details of this litigation, please refer to the announcement of Company dated 15 August 2018.

HUMAN RESOURCES

As at 30 June 2018, the Group employed a total of 4,643 employees (corresponding period of 2017: 4,491 employees). The staff costs of the Group were RMB260.6 million during the Reporting Period (corresponding period of 2017: RMB246.0 million). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. We have established a regular assessment mechanism to assess the performance of our employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by laws and regulations in China, we make contributions to mandatory social security funds such as pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and the housing provident fund for the benefit of our employees in China. For the six months ended 30 June 2018, we made contributions in an aggregate of approximately RMB16.0 million to the employee retirement scheme.

EVENTS AFTER THE REPORTING PERIOD

On 14 December 2017, Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into the agreement with Beijing International Trust Co., Ltd. (the "**Trustee**"), pursuant to which, Sunshine 100 Group subscribed for 786,700,000 units of Class X trust units for RMB786,700,000 as the sole investor in the trust. Sunshine 100 Group had subscribed for 786,700,000 Class X trust units for RMB786,700,000 pursuant to the agreement. The Trustee held 89.1089% of the equity interest in Shaan'xi Jinyuan Napa Real Estate Co., Ltd. (the "**Target Company**").

On 24 January 2018, the Trustee sued against the Target Company and the other shareholders of the Target Company for the debts caused by their failure to fulfill the obligations under certain agreements between the parties. The Beijing Higher People's Court issued a written civil mediation agreement on 17 July 2018, and all parties have confirmed and agreed to execute the civil mediation agreement.

On 19 July 2018, the Trustee gave a written notice to Sunshine 100 Group, notifying Sunshine 100 Group that it would distribute all equity interest in the Target Company to the Sunshine 100 Group on 19 July 2018 and register the relevant equity interest under the name of Sunshine 100 Group in the following manner:

(a) An aggregate of 10.8911% equity interest in the Target Company held by Shaan'xi Jinyuan Investment Holding Group Co., Ltd and Napa Property Development Group Co., Ltd. shall be registered under the name of Sunshine 100 Group.

(b) 89.1089% equity interest in the Target Company held by the Trustee shall be registered under the name of Sunshine 100 Group.

Upon completion of the equity interest distribution on 19 July 2018, the Target Company became a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Company from then on.

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 2018, the Company has adopted and complied with all applicable code provisions (the "**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 "**Stock Exchange**") (the "**Listing Rules**"), except the following deviation:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yi Xiaodi has performed the roles of chairman and chief executive officer of the Company since 11 May 2018, which has deviated from the rules set out in the Code Provision A.2.1, where the two positions should be held by two different individuals. However, the Board considers that this arrangement will not impair the balance of power and authority between the Board and the management of the Company as a majority of the directors of the Company (the "Directors") are non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information.

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 2018.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. 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 2018).

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.

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	1,458,533,906 (L)	55.85%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,458,533,906 (L)	55.85%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,458,533,906 (L)	55.85%	1, 2, 5

Notes:

(1) The letter "L" denotes the person's long positions in the Shares.

(2) 40% of the issued share capital of Joywise 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.

(ii) Interests in associated corporations

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

Notes:

(1) Please refer to Note 3 in the sub-section above headed "(i) Interest in the Company".

(2) Please refer to Note 4 in the sub-section above headed "(i) Interest in the Company".

(3) Please refer to Note 5 in the sub-section above headed "(i) Interest in the Company".

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

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

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

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

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 2018 and up to the date of this interim report, were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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

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

Name of shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Joywise	Beneficial owner	1,458,533,906 (L)	55.85%	1
Ming Fai	Interest of a controlled corporation	1,458,533,906 (L)	55.85%	1, 2
Harvest Well	Interest of a controlled corporation	1,458,533,906 (L)	55.85%	1, 3
Fantasy Races Limited	Interest of a controlled corporation	1,458,533,906 (L)	55.85%	1, 4
Jin Xiangfei	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,458,533,906 (L)	55.85%	1, 5
Liu Chaohui	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,458,533,906 (L)	55.85%	1, 6
Tian Feng	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,458,533,906 (L)	55.85%	1, 7
Li Mingqiang	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,458,533,906 (L)	55.85%	1, 8
Cititrust Private Trust (Cayman) Limited	Trustee Interest of a controlled corporation	1,458,533,906 (L)	55.85%	1, 9
Beyond Steady Limited	Beneficial owner	235,055,000 (L)	9.00%	1,10
	Person having a security interest in shares	324,335,000 (L)	12.42%	1,10
Huarong International Financial Holdings Limited	Interest of a controlled corporation	559,390,000 (L)	21.42%	1,10
China Huarong Asset Management Co., Ltd.	Interest of a controlled corporation	559,390,000 (L)	21.42%	1,10
CITIC Securities Company Limited	Interest of a controlled corporation	159,039,357 (L)	6.69%	1,11
		155,958,400 (S)	6.56%	

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The Letter "S" denotes the person's short 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.

(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 of the Company dated 27 February 2014.

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) 100% of the equity interests of Beyond Steady Limited are indirectly held by Huarong International Financial Holdings Limited and China Huarong Asset Management Co., Ltd. Therefore, Huarong International Financial Holdings Limited and China Huarong Asset Management Co., Ltd. are deemed to be interested in the Shares held by Beyond Steady Limited under the SFO.

(11) 100% of the equity interests of CSI Capital Management Limited are indirectly held by CITIC Securities Company Limited. Therefore, CITIC Securities Company Limited is 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.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

Since 1 January 2018 up to the date of this interim report, the changes in information of Directors required to be and have been disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules are set out below:

On 31 January 2018, Mr. Ng Fook Ai, Victor was appointed as a director of The Place Holdings Limited.

On 16 April 2018, Mr. Ng Fook Ai, Victor was appointed as a director and the chairman of the board of directors of Millet Capital Private Limited.

On 14 May 2018, Mr. Ng Fook Ai, Victor was appointed as a non-executive chairman of SMJ International Holdings.

On 11 May 2018, Mr. Yi Xiaodi was appointed as the Chief Executive Officer after Mr. Lin Shaozhou resigned as the same position.

On 13 June 2018, Mr. Gu Yunchang resigned as the independent director of COFCO Property (Group) Co., Ltd.

Save as disclosed above, there is no other information in respect of the Directors and the Chief Financial 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 2018.

USE OF NET PROCEEDS FROM ISSUE OF CONVERTIBLE BONDS

The Company issued US$200,000,000 in principal amount of 6.50% convertible bonds due 2021 on 11 August 2016 ("**2016 Convertible Bonds**"). The net proceeds from issue of 2016 Convertible Bonds were US$197.6 million which had all been used for refinancing of existing indebtedness and general corporate purposes as at the date of this report.

The conversion price, originally at HK$3.69, shall be adjusted to HK$3.66 pursuant to condition 6(C) (vi) of the terms and conditions as a result of the issue of 235,055,000 new subscription shares to the subscriber at a price of HK$3.10 per subscription share on 28 December 2017 pursuant to the subscription agreement.

As at 30 June 2018, unpaid principal amount for 2016 Convertible Bonds was US$199,200,000. As calculated based on the conversion price of 2016 Convertible Bonds at HK$3.66 per share, a maximum of 422,157,049 Shares will be allotted and issued if the conversion rights attached to 2016 Convertible Bonds are fully exercised, representing approximately 16.16% of the then issued share capital of the Company on 30 June 2018 and approximately 13.91% of the issued share capital of the Company enlarged by the shares issued upon conversion of 2016 Convertible Bonds. The directors of the Company have confirmed that the number of shares to be issued are within the scope of authorization to the directors approved by shareholders at the annual general meeting of the Company held on 25 June 2018.

Set out below is the dilution effect on equity interest of the substantial shareholders of the Company:

Substantial shareholders	30 June 2018		Upon conversion of the 2016 Convertible Bonds at the conversion price of HK$3.66 per share	
	Number of shares	*Approximate percentage of issued shares*	*Number of shares*	*Approximate percentage of issued shares*
Joywise Holdings Limited	1,458,533,906	55.85%	1,458,533,906	48.07%
Beyond Steady Limited	235,055,000	9.00%	235,055,000	7.75%
CITIC Securities Company Limited	159,039,357	6.69%	159,039,357	5.24%

As calculated based on profit and diluted profit attributable to equity shareholders of the Company of approximately RMB311,356,000 and RMB230,185,000 for the six months ended 30 June 2018, basic and diluted earnings per share of the Company amounted to RMB0.12 and RMB0.08, respectively.

On 30 June 2018, the Group recorded net assets of RMB9,810,693,000, net current assets of RMB18,967,452,000 and cash and cash equivalents of RMB3,411,802,000. So far as the Company is concerned, based on the financial positions of the Group, it is expected that the Company is able to meet its redemption obligations under the issued 2016 Convertible Bonds whose conversion rights are not yet exercised.

Based on the implied internal rate of returns of 2016 Convertible Bonds, the Company's share prices at future dates at which it would be equally financially advantageous for the bonds holders to convert 2016 Convertible Bonds or have them redeemed were as follows:

Date	Share price *(HK$)*
31 December 2018	4.05 per share
11 August 2019 (on which the Company will redeem the whole or part of bonds held by any bonds holders at their option at 106.67% of the principal amount and interest accrued as of such date)	3.90 per share

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

On 6 February 2018, the Company, the subsidiary guarantors and the initial purchasers entered into the purchase agreement in relation to the further issue of US$165 million 8.50% senior notes due 2020 by the Company which should be consolidated and form a single series with the 8.50% senior notes due 2020 in the aggregate principal amount of US$235 million issued by the Company on 27 September 2017 and guaranteed by the subsidiary guarantors (the "**Original Notes**") by the Company. The estimated net proceeds of the new notes issue, after deducting underwriting discounts and other estimated expenses, amounted to approximately US$168.1 million. The Company intended to use the net proceeds of the new notes for the repayment of certain of its existing indebtedness and for general corporate purposes. Similar to the Original Notes, such notes are listed on the official list of the SGX-ST. The purchase agreement and the new notes issue were completed on 12 February 2018. For details, please refer to the announcements of the Company dated 6 February 2018 and 7 February 2018.

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

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 2018.

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 43 to 76, which comprises the consolidated statement of financial position of Sunshine 100 China Holdings Ltd as of 30 June 2018 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 2018 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

27 August 2018

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2018	2017
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	3	**3,704,103**	3,455,079
Cost of sales		**(3,029,410)**	(2,718,259)
Gross profit		**674,693**	736,820
Valuation gains on investment properties	8	**554,002**	286,546
Other income		**8,667**	17,779
Selling expenses		**(277,498)**	(325,349)
Administrative expenses		**(260,013)**	(215,781)
Other operating expenses		**(16,564)**	(22,101)
Profit from operations		**683,287**	477,914
Financial income	4(a)	**291,408**	272,199
Financial costs	4(a)	**(280,334)**	(141,348)
Share of profits less losses of associates		**2,553**	573
Profit before taxation	4	**696,914**	609,338
Income tax	5	**(249,888)**	(153,949)
Profit for the period		**447,026**	455,389
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		**(10,818)**	5,510
Total comprehensive income for the period		**436,208**	460,899

The notes on pages 50 to 76 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 16.

Consolidated Statement of Comprehensive Income (Continued)

for the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2018	2017
			(Note)
	Note	***RMB'000***	*RMB'000*
Profit attributable to:			
Equity shareholders of the Company		**311,356**	380,209
Non-controlling interests		**135,670**	75,180
Profit for the period		**447,026**	455,389
Total comprehensive income attributable to:			
Equity shareholders of the Company		**300,538**	385,719
Non-controlling interests		**135,670**	75,180
Total comprehensive income for the period		**436,208**	460,899
Earnings per share (RMB)	6		
Basic		**0.12**	0.16
Diluted		**0.08**	0.11

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

The notes on pages 50 to 76 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2018 RMB'000	At 31 December 2017 (Note) RMB'000
Non-current assets			
Property and equipment	7	**699,954**	718,429
Investment properties	8	**11,357,688**	10,757,187
Restricted deposits		**39,217**	62,335
Investments in associates		**759,797**	757,016
Trade and other receivables	11	**460,629**	338,948
Deferred tax assets		**1,191,549**	1,071,458
		14,508,834	13,705,373
Current assets			
Properties under development and completed properties held for sale	9	**28,119,893**	28,180,123
Land development for sale	10	**1,216,182**	1,136,350
Contract assets		**183,339**	–
Trade and other receivables	11	**8,273,913**	7,079,906
Restricted deposits		**903,620**	887,778
Cash and cash equivalents	12	**3,411,802**	4,654,189
Financial assets at fair value through profit or loss		**158,130**	136,594
		42,266,879	42,074,940
Current liabilities			
Loans and borrowings	13	**7,841,986**	8,823,334
Trade and other payables	14	**5,516,906**	5,299,267
Contract liabilities	15	**8,705,101**	–
Contract retention payables		**242,499**	232,874
Sales deposits	15	**–**	9,355,100
Current tax liabilities		**992,935**	964,966
		23,299,427	24,675,541
Net current assets		**18,967,452**	17,399,399
Total assets less current liabilities		**33,476,286**	31,104,772

The notes on pages 50 to 76 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

at 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2018** **RMB'000**	At 31 December 2017 *(Note)* *RMB'000*
Non-current liabilities			
Loans and borrowings	13	**19,443,609**	17,941,805
Contract retention payables		**145,771**	154,213
Trade and other payables	14	**309,808**	316,914
Deferred tax liabilities		**3,766,405**	3,529,507
		23,665,593	21,942,439
NET ASSETS		**9,810,693**	9,162,333
CAPITAL AND RESERVES			
Share capital		**20,700**	20,700
Reserves		**7,801,281**	7,426,158
Total equity attributable to equity shareholders of the Company		**7,821,981**	7,446,858
Non-controlling interests		**1,988,712**	1,715,475
TOTAL EQUITY		**9,810,693**	9,162,333

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

Approved and authorised for issue by the board of directors on 27 August 2018.

YI Xiaodi)
)
) Directors
)
FAN Xiaochong)

The notes on pages 50 to 76 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	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*	Total equity *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 and 1 July 2017	18,718	2,821,330	(9,798)	629,037	9,865	3,155,619	6,624,771	1,520,816	8,145,587
Changes in equity for the six months ended 31 December 2017:									
Profit for the period	–	–	–	–	–	212,884	212,884	180,449	393,333
Other comprehensive income	–	–	6,022	–	3,171	–	9,193	–	9,193
Total comprehensive income	–	–	6,022	–	3,171	212,884	222,077	180,449	402,526
Issuance of shares	1,968	592,747	–	–	–	–	594,715	–	594,715
Conversion of convertible bonds	14	5,281	–	–	–	–	5,295	–	5,295
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	14,210	14,210
Transfer to general reserve fund	–	–	–	78,265	–	(78,265)	–	–	–
Balance at 31 December 2017 *(Note)*	20,700	3,419,358	(3,776)	707,302	13,036	3,290,238	7,446,858	1,715,475	9,162,333

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

The notes on pages 50 to 76 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company								
	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*	Total equity *RMB'000*
Balance at 31 December 2017	**20,700**	**3,419,358**	**(3,776)**	**707,302**	**13,036**	**3,290,238**	**7,446,858**	**1,715,475**	**9,162,333**
Impact on initial application of IFRS 15 *(Note 2)*	–	–	–	–	–	164,665	164,665	54,521	219,186
Adjusted balance at 1 January 2018	**20,700**	**3,419,358**	**(3,776)**	**707,302**	**13,036**	**3,454,903**	**7,611,523**	**1,769,996**	**9,381,519**
Changes in equity for the six months ended 30 June 2018:									
Profit for the period	–	–	–	–	–	311,356	311,356	135,670	447,026
Other comprehensive income	–	–	(10,818)	–	–	–	(10,818)	–	(10,818)
Total comprehensive income	–	–	(10,818)	–	–	311,356	300,538	135,670	436,208
Equity transaction with non-controlling interests	–	(90,080)	–	–	–	–	(90,080)	83,080	(7,000)
Disposal of a subsidiary	–	–	–	–	–	–	–	(34)	(34)
Balance at 30 June 2018	**20,700**	**3,329,278**	**(14,594)**	**707,302**	**13,036**	**3,766,259**	**7,821,981**	**1,988,712**	**9,810,693**

The notes on pages 50 to 76 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2018 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June **2018** **RMB'000**	2017 (Note) RMB'000
Operating activities			
Cash generated from operations		**1,008,136**	2,035,234
Income tax paid		**(324,447)**	(189,214)
Net cash generated from operating activities		**683,689**	1,846,020
Investing activities			
Acquisition of subsidiaries, net of cash acquired		**(10,000)**	(174,895)
Proceeds from disposal of investment properties		**22,605**	21,357
Acquisition of investment properties		**(188,151)**	(39,374)
Repayment from third parties		**1,434,477**	35,000
Advances to third parties		**(2,523,103)**	(996,070)
Acquisition of financial assets at fair value through profit or loss		**(30,000)**	(133,941)
Other cash flows generated from investing activities		**62,416**	34,764
Net cash used in investing activities		**(1,231,756)**	(1,253,159)
Financing activities			
Proceeds from loans and borrowings		**3,133,428**	2,684,870
Repayment of loans and borrowings		**(3,618,338)**	(3,857,929)
Proceeds from issue of senior notes		**1,076,567**	–
Interest paid		**(1,375,999)**	(1,223,715)
Decrease in restricted deposits		**94,519**	745,343
Other cash flows used in financing activities		**(3,878)**	(28,081)
Net cash used in financing activities		**(693,701)**	(1,679,512)
Net decrease in cash and cash equivalent		**(1,241,768)**	(1,086,651)
Cash and cash equivalents at 1 January	12	**4,654,189**	4,467,731
Effect of foreign exchange rate changes		**(619)**	(14,998)
Cash and cash equivalents at 30 June	12	**3,411,802**	3,366,082

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 2.

The notes on pages 50 to 76 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 authorised for issue on 27 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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 judgments, 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 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). KPMG's independent review report to the Board of Directors is included on page 42.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*

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

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Overview (Continued)

The Group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by IFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs and presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in Note 2(b) for IFRS 9 and Note 2(c) for IFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018, and there is no material cumulative impact for the initial application of IFRS 9. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 15:

	At 31 December 2017	Impact on initial application of IFRS 15 *Note 2(c)*	**At 1 January 2018**
	RMB'000	*RMB'000*	***RMB'000***
Properties under development and completed properties held for sale	28,180,123	(427,628)	**27,752,495**
Contract assets	–	204,399	**204,399**
Total current assets	42,074,940	(223,229)	**41,851,711**
Contract liabilities	–	(8,784,647)	**(8,784,647)**
Trade and other payables	(5,299,267)	(53,885)	**(5,353,152)**
Sales deposits	(9,355,100)	9,355,100	**–**
Total current liabilities	(24,675,541)	516,568	**(24,158,973)**
Net current assets	17,399,399	293,339	**17,692,738**
Total assets less current liabilities	31,104,772	293,339	**31,398,111**
Deferred tax liabilities	(3,529,507)	(74,153)	**(3,603,660)**
Total non-current liabilities	(21,942,439)	(74,153)	**(22,016,592)**
Net assets	9,162,333	219,186	**9,381,519**
Reserves	(7,426,158)	(164,665)	**(7,590,823)**
Total equity attributable to equity shareholders of the company	(7,446,858)	(164,665)	**(7,611,523)**
Non-controlling interests	(1,715,475)	(54,521)	**(1,769,996)**
Total equity	(9,162,333)	(219,186)	**(9,381,519)**

Further details of these changes are set out in sub-section (c) of this note.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) IFRS 9, *Financial instruments*

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

(i) Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("FVOCI") and at fair value through profit or loss ("FVPL"). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

(ii) Credit losses

IFRS 9 replaces the "incurred loss" model in IAS 39 with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The adoption of IFRS 9 does not have any material impact on the financial position and the financial result of the Group.

(c) IFRS 15, *Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) IFRS 15, *Revenue from contracts with customers* (Continued)

The following table summarises the impact of transition to IFRS 15 on retained earnings and the related tax impact at 1 January 2018:

	RMB'000
Retained earnings	
Earlier revenue and profit recognition for sales of properties	64,530
Capitalisation of sales commissions	163,660
Related tax impact	(63,525)
Net increase in retained earnings at 1 January 2018	164,665
Non-controlling interests	
Net increase in non-controlling interests at 1 January 2018	54,521

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from sales of properties was generally recognised at a point in time when the risks and rewards of ownership of the properties had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three 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.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) IFRS 15, *Revenue from contracts with customers* (Continued)

(i) Timing of revenue recognition (Continued)

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 property 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.

The timing of revenue recognition for sales of properties is affected as follows:

- Currently the Group's property development activities are mainly carried out in the PRC. Taking into account the contract terms, the Group's business practice and the legal and regulatory environment in the PRC, the property sales contracts that require advance payment in full of the total consideration qualify for recognising revenue over time. Before the adoption of IFRS 15, revenue from sale of properties under all contracts in the ordinary course of business is recognised when the construction of respective properties have been completed and the significant risks and rewards of ownership of the properties are transferred to the customers, that is when the customers completed the necessary procedures to acknowledge receipts of delivery of properties in accordance with the terms under the respective sales and purchases agreements, which is taken to be the point in time when the risks and rewards of ownership of the property have been transferred to the customer. Under the transfer-of-control approach in IFRS 15, for sales of properties with full payment in advance before the construction of respective properties are completed, the management determined that the customers obtain control of the corresponding property development activities upon settlement of the total consideration. This is because under those circumstances, properties are made to a customer's specification as detailed in the terms of the agreements. The adoption of IFRS 15 has no impact on the timing of revenue recognition for sales of properties other than those with full payment in advance.

- Therefore, revenue from those contracts that require advance payment in full of the total consideration and the associated costs are recognised over time, which would result in revenue and the associated costs for these agreements being recognised in profit or loss earlier under IFRS 15 than under IAS18.

As a result of this change in accounting policy, the Group has made adjustments to the opening balances at 1 January 2018 which increased retained earnings by RMB41,920,000, increased non-controlling interests by RMB16,695,000, decreased sales deposits by RMB9,355,100,000, increased trade and other payables by RMB53,885,000, increased contract liabilities by RMB8,784,647,000, increased deferred tax liabilities by RMB20,629,000, decreased contract assets by RMB9,696,000 and decreased properties under development for sale by RMB427,628,000.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) IFRS 15, *Revenue from contracts with customers* (Continued)

(ii) 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 of revenue recognition or significantly deferred.

In assessing whether advance payments include a significant financing component, the Group has considered the difference between the length of time between the payment date and the date when the customers obtain control of the properties based on the typical arrangements entered into with the customers.

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the completion date of legal assignment. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under IAS 23, *Borrowing costs*, if significant.

(iii) Sales commissions payable related to property sales contracts

The Group previously recognised sales commissions payable related to property sales contracts as selling expenses when they were incurred. Under IFRS 15, the Group is required to capitalise these sales commissions as costs of obtaining contracts when they are incremental and are expected to be recovered, unless the expected amortisation period is one year or less from the date of initial recognition of the asset, in which case the sales commissions can be expensed when incurred. Capitalised commissions are charged to profit or loss when the revenue from the related property sale is recognised and are included as selling expenses at that time.

As a result of this change in accounting policy, the Group has capitalised sales commissions payable related to property sales contracts amounting to RMB214,095,000, increased deferred tax liabilities by RMB53,524,000, increased retained earnings by RMB122,745,000 and increased non-controlling interests by RMB37,826,000 at 1 January 2018.

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) IFRS 15, *Revenue from contracts with customers* (Continued)

(iv) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, the Group's properties under development and properties held for sale were included within "properties under development for sale" or "properties held for sale" until customers complete the necessary procedures to acknowledge receipts of delivery of properties and the revenue was recognised for the reasons explained in paragraph (i) above.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

a. "Sales deposit" amounting to RMB8,784,647,000, are now reclassified to contract liabilities; and

b. As explained in (i) above, adjustments to opening balances have been made to increase contract liabilities by RMB8,784,647,000 and decrease sales deposit by RMB8,784,647,000 in respect of the Group's revenue recognised over time.

3 REVENUE AND SEGMENT REPORTING

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

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

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

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

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

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

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

(a) Disaggregation of revenue

The principal activities of the Group are property and land development, property investment, property management and hotel operation, and light-asset operation. Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2018	2017
		(Note)
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**3,391,702**	3,217,718
Property management and hotel operation income	**219,099**	184,889
Rental income from investment properties	**71,676**	52,472
Light-asset operation income	**21,626**	–
	3,704,103	3,455,079
Disaggregated by timing of revenue recognition		
Point in time	**3,274,860**	3,455,079
Over time	**429,243**	–
	3,704,103	3,455,079

Note: The Group has initially applied IFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11 (See Note 2(c)).

The Group's operations are substantially located in the PRC. Therefore no geographical segment reporting is presented.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Information about profit or loss, assets and liabilities

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

For the six months ended 30 June	Mixed-use business complexes		Multi-functional residential communities		Investment properties		Property management and hotel operation		Light-asset operation		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
		(Note)		*(Note)*		*(Note)*		*(Note)*		*(Note)*		*(Note)*
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of Revenue recognition												
Point in time	**802,640**	944,130	**2,159,819**	2,273,588	**71,676**	52,472	**219,099**	184,889	**21,626**	–	**3,274,860**	3,455,079
Over time	**96,645**	–	**332,598**	–	**–**	–	**–**	–	**–**	–	**429,243**	–
Revenue from external customers	**899,285**	944,130	**2,492,417**	2,273,588	**71,676**	52,472	**219,099**	184,889	**21,626**	–	**3,704,103**	3,455,079
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**32,031**	37,604	**–**	–	**32,031**	37,604
Reportable segment revenue	**899,285**	944,130	**2,492,417**	2,273,588	**71,676**	52,472	**251,130**	222,493	**21,626**	–	**3,736,134**	3,492,683
Reportable segment gross (loss)/profit	**(115,117)**	108,823	**664,727**	497,681	**71,676**	52,472	**44,065**	60,157	**17,583**	–	**682,934**	719,133
Reportable segment (loss)/profit	**(221,781)**	(5,074)	**50,497**	(12,585)	**460,690**	293,473	**(6,403)**	8,959	**14,161**	–	**297,164**	284,773
As at 30 June/31 December												
Loans and borrowings	**5,025,218**	5,664,218	**17,119,011**	17,277,253	**–**	–	**621,927**	611,427	**–**	–	**22,766,156**	23,552,898
Reportable segment assets	**12,346,158**	12,165,995	**31,370,515**	30,437,018	**11,677,375**	11,074,957	**1,233,824**	1,203,057	**254,455**	169,196	**56,882,327**	55,050,223
Reportable segment liabilities	**12,344,260**	12,989,434	**30,952,519**	30,997,300	**259,899**	282,736	**999,046**	965,549	**179,828**	110,740	**44,735,552**	45,345,759

Note: The Group has initially applied IFRS 15 using cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with IAS 18 and IAS 11 (See Note 2(c)).

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(c) Reconciliations of reportable segment profit

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Profit		
Reportable segment profit	**297,164**	284,773
Elimination of intra-group loss/(profit)	**8,079**	(4,724)
Unallocated head office and corporate income	**141,783**	175,340
Consolidated profit for the period	**447,026**	455,389

4 PROFIT BEFORE TAXATION

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

(a) Financial income and financial costs

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Financial income		
Interest income on financial assets not at fair value through profit or loss	**(178,851)**	(112,775)
Net foreign exchange gain	**–**	(30,590)
Net change in fair value of the derivative components of convertible bonds *(Note 13(a))*	**(112,557)**	(118,790)
Net change in fair value of financial assets at fair value through profit or loss	**–**	(10,044)
	(291,408)	(272,199)
Financial costs		
Total interest expense on loans and borrowings	**1,371,586**	1,236,442
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	**(1,154,821)**	(1,099,036)
	216,765	137,406
Net foreign exchange loss	**50,897**	–
Net change in fair value of financial assets at fair value through profit or loss	**9,405**	–
Bank charges and others	**3,267**	3,942
	280,334	141,348

4 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Depreciation	**21,153**	21,415
Impairment loss of trade and other receivables	**1,590**	74
Write-down/(reversal of write-down) of properties under development and completed properties held for sale *(Note 9)*	**30,534**	(66,681)

5 INCOME TAX

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax	**113,298**	68,557
– Land Appreciation Tax	**93,936**	76,937
Deferred taxation	**42,654**	8,455
	249,888	153,949

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

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

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

6 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 RMB311,356,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB380,209,000) and the weighted average of 2,611,737,000 ordinary shares (six months ended 30 June 2017: 2,375,000,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings per share

For the six months ended 30 June 2018, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB230,185,000 (six months ended 30 June 2017: RMB312,555,000) and the weighted average number of ordinary shares of 3,033,907,000 (six months ended 30 June 2017: 2,795,406,000 shares).

7 PROPERTY AND EQUIPMENT

During the six months ended 30 June 2018, the Group incurred capital expenditure of property and equipment with a cost of RMB7,471,000 (six months ended 30 June 2017: RMB6,180,000). Items of property and equipment with a net book value of RMB2,237,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB2,387,000), resulting in a loss on disposal of RMB316,000 (six months ended 30 June 2017: RMB887,000).

8 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2018 by CHFT Advisory and Appraisal Ltd, the Group's independent valuer, using the same valuation techniques as were used when carrying out the valuations as at 31 December 2017. As a result of the update, a net gain of RMB554,002,000 (six months ended 30 June 2017: RMB286,546,000), and deferred tax thereon of RMB137,329,000 (six months ended 30 June 2017: RMB29,100,000), has been recognised in profit or loss for the period in respect of investment properties.

9 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

During the six months ended 30 June 2018, a write-down of properties under development and completed properties held for sale of RMB30,534,000 (a reversal of write-down of properties under development and completed properties held for sale for the six months ended 30 June 2017: RMB66,681,000) has been debited to profit or loss during the period, due to an decrease in the estimated net realisable value of certain properties as a result of decreased price in certain properties.

10 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 realised 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 recognised depending on the timing of sales of related land plots by the government to third parties.

11 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:

	Note	**At 30 June 2018 *RMB'000***	At 31 December 2017 *RMB'000*
Within 6 months		**56,099**	128,331
6 months to 1 year		**114,598**	43,698
Over 1 year	(i)	**724,641**	758,553
Trade receivables, net of allowance for doubtful debts of RMB Nil		**895,338**	930,582
Bill receivables		**4,650**	–
Advances provided to third parties		**5,311,156**	4,270,640
Amounts due from related parties		**60,806**	54,103
Other receivables		**320,009**	233,288
		6,591,959	5,488,613
Less: allowance for doubtful debts		**11,209**	9,619
Loans and receivables		**6,580,750**	5,478,994
Deposits and prepayments		**2,153,792**	1,939,860
		8,734,542	7,418,854
Less: non-current portion of other receivables		**460,629**	338,948
		8,273,913	7,079,906

11 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 2018 and 31 December 2017 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. During the trial, the Group had negotiated with the government of Chenghua District for several times in hope of reaching a settlement. Recently, the negotiations between the two parties have made certain positive progress. As part of the settlement agenda, the Group filed an application for withdrawal of the trial (the "Withdrawal Application") to the Sichuan Higher People's Court ("the Higher Court") on 24 July 2018, and the Higher Court has accepted and approved the Withdrawal Application. Both parties wish to reach a settlement agreement in receivables as soon as possible.

As at 30 June 2018, 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 the Group has consulted its legal adviser and understood that if the parties could not reach an agreement on the settlement agreement, the Group may reinstate the trial 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.

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 RMB184,739,000 as at 30 June 2018 (31 December 2017: RMB194,491,000).

12 CASH AND CASH EQUIVALENTS

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Cash on hand	**660**	1,602
Cash at bank	**3,411,142**	4,652,587
	3,411,802	4,654,189

13 LOANS AND BORROWINGS

	Note	**At 30 June 2018 *RMB'000***	At 31 December 2017 *RMB'000*
Loans and borrowings at amortised cost			
– Long-term		**13,663,845**	14,825,397
– Short-term		**1,751,410**	1,132,231
– Senior notes		**2,624,911**	1,521,917
– Corporate bonds		**7,928,094**	7,917,524
		25,968,260	25,397,069
Convertible bonds	(a)	**1,317,335**	1,368,070
		27,285,595	26,765,139

13 LOANS AND BORROWINGS (CONTINUED)

(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 amortised cost. As at 30 June 2018, the carrying amounts of liability and derivative components of the convertible bonds were RMB1,015,156,000 and RMB302,179,000, respectively. No conversion or redemption of the convertible bonds has occurred during the six months ended 30 June 2018.

	Derivative component *RMB'000*	Liabilities component *RMB'000*	Total *RMB'000*
At 1 January 2018	**411,677**	**956,393**	**1,368,070**
Fair value adjustment credited to profit or loss *(Note 4(a))*	**(112,557)**	**–**	**(112,557)**
Accrued interest	**–**	**92,329**	**92,329**
Interest paid	**–**	**(40,977)**	**(40,977)**
Foreign exchange loss	**3,059**	**7,411**	**10,470**
At 30 June 2018	**302,179**	**1,015,156**	**1,317,335**

13 LOANS AND BORROWINGS (CONTINUED)

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

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Loans and borrowings at amortised cost:		
– Bank loans – secured	**3,797,655**	3,346,497
– Loans from other financial institutions – secured	**9,864,430**	11,258,900
– Loans from third parties – unsecured	**1,760**	220,000
– Senior notes	**2,624,911**	1,521,917
– Corporate bonds	**7,928,094**	7,917,524
	24,216,850	24,264,838
Convertible bonds	**1,317,335**	1,368,070
	25,534,185	25,632,908
Less: Current portion of long-term loans and borrowings:		
– Bank loans	**1,069,655**	1,458,899
– Loans from other financial institutions	**3,523,168**	4,518,347
– Loans from third parties	**–**	220,000
– Corporate bonds	**1,497,753**	1,493,857
	6,090,576	7,691,103
	19,443,609	17,941,805

13 LOANS AND BORROWINGS (CONTINUED)

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

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Loans and borrowings at amortised cost:			
Bank loans			
– secured		**125,000**	143,000
– unsecured		**–**	20,000
Loans from other financial institutions			
– secured		**1,051,643**	453,414
Loans from related parties			
– unsecured	(i)	**20,817**	20,817
Loans from third parties			
– secured		**238,950**	180,000
– unsecured		**315,000**	315,000
		1,751,410	1,132,231
Current portion of long-term loans and borrowings		**6,090,576**	7,691,103
		7,841,986	8,823,334

(i) The balance as at 30 June 2018 represented loans amounting to RMB20,817,000 (2017: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.

14 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 invoice date, is as follows:

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year		**3,624,397**	3,558,571
1 year to 2 years		**106,745**	153,557
2 years to 5 years		**203,063**	163,357
Trade payables		**3,934,205**	3,875,485
Advances received from third parties		**495,339**	490,162
Consideration payables		**6,000**	6,000
Amounts due to related parties	(i)	**33,894**	32,676
Other payables		**946,446**	992,408
Financial liabilities measured at amortised cost		**5,415,884**	5,396,731
Receipts in advance		**230,517**	146,252
Other taxes payable		**180,313**	73,198
		5,826,714	5,616,181
Less: Non-current portion of trade payables		**309,808**	316,914
		5,516,906	5,299,267

14 TRADE AND OTHER PAYABLES (CONTINUED)

(i) Amounts due to related parties

	Note	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Amounts due to			
– Entities under control of Ms. Fan Xiaohua	(a)	**1,253**	1,248
– Associates	(b)	**32,641**	31,428
		33,894	32,676

(a) The balance as at 30 June 2018 represented advances received from related parties amounting to RMB1,253,000 (2017: RMB1,248,000), which were interest-free, unsecured and had no fixed terms of repayment.

(b) The balance as at 30 June 2018 mainly represented interest payables to associates amounting to RMB12,109,000 (2017: RMB11,062,000) and advances received from associates amounting to RMB17,090,000 (2017: RMB17,090,000), which were interest-free, unsecured and had no fixed terms of repayment.

15 SALES DEPOSITS/CONTRACT LIABILITIES

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

16 DIVIDENDS

The Company did not declare any dividends for the six months ended 30 June 2018 and 2017.

17 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.

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.

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

(i) Fair valued hierarchy (Continued)

	Fair value at 30 June 2018	**Fair value measurements as at 30 June 2018 categorised into**		
		Level 1	**Level 2**	**Level 3**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Recurring fair value measurement				
Financial assets:				
Financial assets at fair value through profit or loss	**158,130**	**128,130**	**–**	**30,000**
Financial liabilities:				
Derivative component of convertible bonds *(Note 13(a))*	**302,179**	**–**	**–**	**302,179**

	Fair value at 31 December 2017	Fair value measurements as at 31 December 2017 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement				
Financial assets:				
Financial assets at fair value through profit or loss	136,594	136,594	–	–
Financial liabilities:				
Derivative component of convertible bonds *(Note 13(a))*	411,677	–	–	411,677

During the periods ended 30 June 2018 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

17 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:

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Derivative component of convertible bonds	Binomial Tree model	Expected volatility	33.97%–34.97% (2017: 30.88% –31.88%)	34.47% (2017: 31.38%)

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 2018, 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 RMB10,366,000/RMB1,368,000 (2017: decreased/increased the Group's profit by RMB2,638,000/RMB2,638,000).

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Derivative component of convertible bonds		
At 1 January	**411,677**	527,894
Fair value adjustment credited in profit or loss	**(112,557)**	(118,790)
Foreign exchange loss/(gain)	**3,059**	(12,750)
At 30 June	**302,179**	396,354
Total gains for the period included in profit or loss for convertible bonds held at the end of the reporting period	**112,557**	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.

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(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 amortised cost are not materially different from their fair value as at 30 June 2018 and 31 December 2017.

18 CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2018 and 31 December 2017, 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 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Contracted for	**3,986,951**	4,302,681
Approved but not contracted for	**5,834,465**	5,973,329
	9,821,416	10,276,010

(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 RMB7,257,583,000 as at 30 June 2018 (2017: RMB6,562,867,000).

(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.

19 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Advances provided to		
– Associates	**5,703**	–
Loan repaid to		
– An associate	**–**	28,212
Loan provided to		
– An associate	**1,000**	1,500
Rental charged by		
– An associate	**3,849**	4,327

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 14 December 2017, Sunshine 100 Real Estate Group Co., Ltd. ("**Sunshine 100 Group**"), a wholly-owned subsidiary of the Company, entered into the agreement with Beijing International Trust Co., Ltd. (the "**Trustee**"), pursuant to which, Sunshine 100 Group subscribed for 786,700,000 units of Class X trust units for RMB786,700,000 as the sole investor in the trust. Sunshine 100 Group had subscribed for 786,700,000 Class X trust units for RMB786,700,000 pursuant to the agreement. The Trustee held 89.1089% of the equity interest in Shanxi Jinyuan Napa Real Estate Co., Ltd. (the "**Target Company**").

On 24 January 2018, the Trustee sued against the Target Company and the other shareholders of the Target Company for the debts caused by their failure to fulfill the obligations under certain agreements between the parties. The Beijing Higher Peoples' Court issued a written civil mediation agreements on 17 July 2018, and all parties have confirmed and agreed to execute the civil mediation agreement.

On 19 July 2018, the Trustee gave a written notice to Sunshine 100 Group, notifying Sunshine 100 Group that it would distribute all equity interest in the Target Company to the Sunshine 100 Group on 19 July 2018 and register the relevant equity interest under the name of Sunshine 100 Group in the following manner:

(a) An aggregate of 10.8911% equity interest in the Target Company held by Shaan'xi Jinyuan and Napa Property shall be registered under the name of Sunshine 100 Group.

(b) 89.1089% equity interest in the Target Company held by the Trustee shall be registered under the name of Sunshine 100 Group.

20 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

Upon completion of the equity interest distribution on 19 July 2018, the Target Company became a wholly-owned subsidiary of Sunshine 100 Group and its financial results have been consolidated into the Company's financial statements from then on.

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Directors of the Company do not anticipate that the application of these new and revised IFRS will have significant impact on the Group's consolidated financial statements.