

**SS100**

**Sunshine 100 China Holdings Ltd**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2608

**2020**

**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

Mr. Tsang Ho Yin

Mr. He Jie

## COMPANY'S WEBSITE

[www.ss100.com.cn](http://www.ss100.com.cn)

## AUTHORISED REPRESENTATIVES

Mr. Yi Xiaodi

Mr. Tsang Ho Yin

## REGISTERED OFFICE

190 Elgin Avenue

George Town, Grand Cayman

KY1-9005

Cayman Islands

## Corporate Information (Continued)

### HEAD OFFICE

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

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

39/F, Gloucester Tower,  
The Landmark, 15 Queen's Road Central,  
Hong Kong  
PRC

### LEGAL ADVISER

Morrison & Foerster

### AUDITOR

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

### PRINCIPAL BANKS

Agricultural Bank of China  
China Everbright Bank  
China Minsheng Banking Corp., Ltd.  
China Zheshang Bank Co., Ltd.  
Hua Xia Bank Co., Ltd.

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor  
24 Shedden Road  
P.O. Box 1586, Grand Cayman  
KY1–1110, Cayman Islands

### LISTING INFORMATION

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

# Chairman's Statement

I would like to present the business review for the six months ended 30 June 2020 (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.

## I. RESULTS

In the first half of 2020, under the impact of the Coronavirus (COVID-19) pandemic, the Group realized contracted sales in the amount of RMB2,408.3 million and a contracted sales area of 209,304 square metres, representing decreases of 36.4% and 33.0%, respectively. Revenue remained relatively stable from that for the first half of 2019, and reached RMB3,598.4 million. Gross profit significantly increased by 45.4% to RMB1,179.1 million, the gross profit margin increased by 10.2 percentage points to 32.8%. Due to the adverse effects of the COVID-19 pandemic, the fair value of investment properties of the Group declined and no disposal gain was recognised, resulting in the decrease in profit for the period to RMB259.9 million. Nevertheless, excluding the after-tax effects of above-mentioned main reasons, core profit increased compared with that of the corresponding period in 2019, to RMB397.9 million. The Company's operations and sales are gradually recovering from the impact of COVID-19 pandemic.

## II. BUSINESS REVIEW

During the first half of the year, the Company faced considerable pressure and challenges in terms of the business transformation under the COVID-19 pandemic, with decreased sales in cultural tourism projects, commercial properties and apartments. Based on the Company's market analysis, the Company promptly slowed down the development of non-residential projects and increased the development proportion of residential projects, in response to the changes in market and sales in the second half of the year. At the same time, we proactively accelerated the advancement of primary land projects, promptly seized the opportunity of the warming markets of residential lands in Wenzhou and the Xinglong high speed railway projects, enhanced cooperation with external partners, and invested more efforts in financing innovation through multiple channels and introduction of strategic partners. Not only have we responded to the difficulties with prudent strategies, but also proactively grasped the opportunities for the future.

### 1. Substantial decrease in non-residential properties sales as a result of the pandemic

The Company estimated sales of non-residential products to account for more than 50% due to the Company's business transformation. However, the sales from the Commercial Street, Himalaya Apartments, and cultural tourism-oriented projects and other projects had decreased as a result of the unexpected COVID-19 pandemic outbreak during the first half of the year. Since May of this year, sales of Himalaya Apartments rebounded significantly and are expected to resume to normal levels in the second half of the year. However, the sales from cultural tourism-oriented projects and Commercial Street are still affected. The Company promptly adjusted its product structure and will increase residential development in the second half of the year to make up for the decline in sales during the first half of the year.

Nevertheless, the Company placed more effort on the operation of Commercial Street, adjusted its strategy in time, and successively commenced operation of the Putian, Wuzhou and Changsha Phoenix Commercial Street during the COVID-19 pandemic. In addition, the actual rental income received from the existing projects, Liuzhou Yaobu Old Town and Liuzhou City Plaza, increased by 5.22% year-on-year in the first half of the year, which is contrary to market trend; and the price of Himalaya Apartments has been steadily rising since sales growth resumed in May 2020. In the second half of the year, the Company will also accelerate market entry and sales of the Himalaya projects in Yantai and Yueyang.

## Chairman's Statement (Continued)

### **2. Land reserves appreciated significantly to accelerate the entry of primary development projects into the market**

The Company maintains industry-leading land reserves. As of 30 June 2020, the total gross floor area (“GFA”) of land reserves is approximately 11.93 million square metres. In addition, the Company has more than 2,000 mu and more than 6,000 mu of primary development projects located in Lucheng District, Wenzhou and Xinglong, Beijing North, respectively. The Company's primary land development in Wenzhou and Xinglong has gradually matured. In the first half of the year, due to the appreciation of the land market in Wenzhou, the Company's land valuation in Wenzhou city area has increased by about 30%, and market entry will be promoted in the second half of the year. The land located at Xinglong West Station on the Beijing-Shenyang high-speed railway line has continued to benefit from the high-speed rail which is expected to commence operation at the end of this year, making it one of the contributors for the Company's future profit growth. The Company's first project in Xinglong will enter the market in the second half of the year, and the market response has been better than anticipated. In addition, although the development of cultural tourism-oriented projects in Chengde (northeast of Beijing), Yesanpo (west of Beijing), Guilin and other areas have been delayed due to the COVID-19 pandemic, the appreciation of land in these areas will still stimulate the price increase of these projects. The prices of the projects in Chengde Rehe Valley and Guilin Weilu Valley were better than anticipated when they were introduced into the market. We are confident that cultural tourism-oriented projects will also be a contributor to the Company's future profit growth after the pandemic.

### **3. Strengthened operations and improved product competitiveness**

The growth of the operation team has led to improved operating capabilities of the Company's core products line and distinctive competitive advantages. “Operation” is not only a guarantee for the steady growth of rental income, but also the basis for product sales. Meanwhile, the increase in the influence of the Commercial Street, Himalaya Apartments and other products are advantages as it complements residential development, providing new strategic opportunities for land cooperation between Sunshine 100, large state-owned enterprises and local governments. The successful cooperation with Guangxi Communications Investment Group Co., Ltd.\* (廣西交通投資集團) was a good starting point.

Himalaya Business Division completed the establishment of the club's online platform and launched membership value-added services. At present, there are more than 2,600 club members from more than 20 first- and second-tier cities across the country, which formed the initial Himalaya customer community. The club utilizes urban culture as a tool to establish deep connections with its members, and provides members with new urban life experience by offering services in exquisite lifestyle, sports, healthcare, spiritual culture, business social interaction and more. As a community platform that focuses on lifestyle, the club provides customers with long-term service value, thereby continuously improving brand awareness and reputation.

## Chairman's Statement (Continued)

### III. BUSINESS ADJUSTMENT IN THE SECOND HALF OF THE YEAR AND FUTURE PROSPECTS

1. Accelerate the development of existing residential projects and the entry of Himalaya Apartments' into the market, ensuring that the annual sales exceeds RMB10 billion with the sales growth resuming in the second half of the year.
2. Speed up the development of primary land market, and strive to achieve a substantial increase in income related to the development of the primary land market in the second half of the year.
3. Actively prepare for cultural tourism-oriented and Commercial Street projects, and seize market opportunities that may realize in the next year.
4. Utilize the advantage of the market downturn and the unique competitiveness of Sunshine 100's commercial real estate to seize the opportunities to cooperate with state-owned enterprises, central enterprises and local governments, to draw on each other's strengths, and to hasten business growth in various forms.
5. Continue to improve the competitiveness of core products.

In response to the fierce competition and market changes in the real estate market, cultivating competitive core products is top priority for the Company's future sustainability and development. At the same time, the Company will also expand new projects and seek complementary cooperation opportunities with a focus on our core product lines to ensure the Company's sustained, stable and profitable growth in the future.

Last but not least, on behalf of the Board, I would like to express my gratitude to all our shareholders for your trust, to all our partners for your support, and to all our staff for your hard work, and look forward to better performance and development of the Company.

*Chairman of the Board*

**Yi Xiaodi**

# Management Discussion and Analysis

## BUSINESS REVIEW

### (I) Property Development

#### Contracted sales

During the Reporting Period, under the impact of the COVID-19 pandemic, the Group (including light-asset operation projects) realized contracted sales in the amount of RMB2,408.3 million, representing a decrease of 36.4% from the corresponding period of 2019, and a contracted sales area in the amount of 209,304 square metres, representing a decrease of 33.0% from the corresponding period of 2019, the average unit price for contracted sales decreased by 10.0% to RMB10,658 per square metre. Approximately 41.1% and 33.4% of the contracted sales were generated from the Midwest and Yangtze River Delta, respectively, among which, contributions from Wuxi Sunshine 100 Arles and Wenzhou Sunshine 100 Arles were significant, with the contracted sales being RMB415.8 million and RMB343.6 million respectively, accounting for 17.3% and 14.3% of the Group's total contracted sales.

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

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area		Contracted sales amount		Unit selling price	
			<i>(square metres)<sup>(1)</sup></i>		<i>(RMB million)<sup>(2)</sup></i>		<i>(RMB/square metres)<sup>(1)</sup></i>	
		2020	2019	2020	2019	2020	2019	
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	437	30,197	44.0	267.4	7,888	8,636
		Shenyang Sunshine 100 Golf Mansion	4,449	3,695	37.0	38.8	7,658	10,080
	Jinan	Jinan Sunshine 100 International New Town	11,548	14,051	245.5	311.0	18,711	21,908
		Dongying Sunshine 100 Phoenix Community	1,519	3,194	11.1	30.2	6,160	8,952
	Weifang	Weifang Sunshine 100 Phoenix Community	7,319	17,222	61.4	148.2	8,136	8,577
		Yantai Sunshine 100 City Plaza	-	-	2.5	-	-	-
Tianjin	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	758	2,999	19.5	113.6	25,706	37,870
		Tianjin Sunshine 100 Tianta Himalaya	3,256	-	132.6	-	40,737	-
		Tianjin Sunshine 100 International New Town	-	58	4.8	9.6	-	9,256
		<b>Sub-total</b>	<b>29,286</b>	<b>71,416</b>	<b>558.4</b>	<b>918.8</b>	<b>16,206</b>	<b>12,550</b>



## Management Discussion and Analysis (Continued)

			For the six months ended 30 June						
Economic area	City	Project name	Contracted sales area (square metres) <sup>(1)</sup>		Contracted sales amount (RMB million) <sup>(2)</sup>		Unit selling price (RMB/square metres) <sup>(1)</sup>		
			2020	2019	2020	2019	2020	2019	
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	26,220	14,873	415.8	197.9	14,772	12,739	
		Wuxi Sunshine 100 Himalaya	1,234	5,994	20.7	113.4	16,773	18,923	
	Wenzhou	Sunshine 100							
		Wenzhou Center	1,135	7,957	21.6	156.2	18,235	18,735	
		Wenzhou Sunshine 100 Arles	26,932	42,992	343.6	520.3	11,979	11,944	
	Wenzhou	Wenzhou Sunshine 100							
		Repulse Bay <sup>(3)</sup>	-	36,540	-	403.6	-	11,045	
		Changzhou	Changzhou Sunshine 100						
	Changzhou	Zone 7 Upper East Side		-	2,884	-	61.7	-	20,620
			Yixing	Yixing Sunshine 100					
Yixing	Phoenix Street		223	1,198	3.1	18.8	13,962	15,684	
		<b>Sub-total</b>	<b>55,744</b>	<b>112,438</b>	<b>804.8</b>	<b>1,471.9</b>	<b>13,534</b>	<b>12,872</b>	
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100							
		Arles	3,081	4,118	22.0	54.9	6,435	13,032	
	Putian	Putian Sunshine 100							
		Phoenix Plaza <sup>(3)</sup>	1,618	3,972	32.8	72.4	19,672	17,198	
<b>Sub-total</b>		<b>4,699</b>	<b>8,090</b>	<b>54.8</b>	<b>127.3</b>	<b>10,993</b>	<b>15,077</b>		

## Management Discussion and Analysis (Continued)

			For the six months ended 30 June					
Economic area	City	Project name	Contracted sales area		Contracted sales amount		Unit selling price	
			<i>(square metres)</i> <sup>(1)</sup>		<i>(RMB million)</i> <sup>(2)</sup>		<i>(RMB/square metres)</i> <sup>(1)</sup>	
			2020	2019	2020	2019	2020	2019
Midwest	Wuhan	Wuhan Sunshine 100						
		Lakeside Residence	-	319	0.7	4.9	-	9,537
	Chongqing	Wuhan Sunshine 100						
		Phoenix Street	7,667	-	114.7	-	14,801	-
	Changsha	Chongqing Sunshine 100						
		Arles	18,370	10,342	192.3	112.7	10,451	9,956
	Liuzhou	Changsha Sunshine 100						
		Phoenix Street	923	5,545	11.1	119.1	6,774	20,898
	Chengdu	Liuzhou Sunshine 100						
		Yaobu Town	-	292	-	11.1	-	33,830
		City Plaza	-	-	4.3	5.9	-	-
	Nanning	Chengdu Sunshine 100						
		Mia Center	-	-	2.7	1.9	-	-
	Wuzhou	Nanning Sunshine 100						
		Upper East Side						
		International	-	-	-	1.4	-	-
	Lijiang	Nanning Sunshine 100						
		Nine Peninsulas <sup>(3)</sup>	47,957	30,504	318.1	223.9	6,352	7,105
	Xi'an	Wuzhou Sunshine 100						
Sankee City <sup>(3)</sup>		35,583	11,353	215.6	84.4	6,022	7,089	
Guilin	Lijiang Sunshine 100							
	COART Village	26	-	0.4	-	16,154	-	
Guilin	Xi'an Sunshine 100 Arles	9,049	61,997	130.4	703.5	13,206	11,342	
	Pingle Sunshine 100							
		Li River Cultural Village	-	145	-	1.1	7,212	
<b>Sub-total</b>			<b>119,575</b>	120,497	<b>990.3</b>	1,269.9	<b>7,946</b>	10,251
<b>Total</b>			<b>209,304</b>	312,441	<b>2,408.3</b>	3,787.9	<b>10,658</b>	11,845

*Notes:*

- (1) Excluding car parks
- (2) Including car parks
- (3) Being light-asset operation projects

## Management Discussion and Analysis (Continued)

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) <sup>(1)</sup>		Contracted sales amount (RMB million) <sup>(2)</sup>		Unit selling price (RMB/square metre) <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Residential properties	<b>175,356</b>	212,249	<b>1,826.0</b>	2,228.6	<b>10,413</b>	10,500
Commercial properties and car parks	<b>33,948</b>	100,192	<b>582.3</b>	1,559.3	<b>11,927</b>	14,698
<b>Total</b>	<b>209,304</b>	312,441	<b>2,408.3</b>	3,787.9	<b>10,658</b>	11,845
<b>Proportion</b>						
Residential properties	<b>84%</b>	68%	<b>76%</b>	59%		
Commercial properties and car parks	<b>16%</b>	32%	<b>24%</b>	41%		
<b>Total</b>	<b>100%</b>	100%	<b>100%</b>	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 666,664 square metres, representing an increase of 30.3% from the corresponding period of 2019. The increase was mainly due to the epidemic eased in the first half of the year, and the increase in project development after the resumption of work to cope with market changes in the second half of the year; while the completed GFA was 581,398 square metres, increased by 26.7% as comparable to the corresponding period of 2019.

## Management Discussion and Analysis (Continued)

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

<b>For the six months ended 30 June 2020</b>				
<b>Economic area</b>	<b>City</b>	<b>Newly-started total GFA</b> <i>(square metres)</i>	<b>Completed total GFA</b> <i>(square metres)</i>	<b>Total GFA under construction as at the end of the period</b> <i>(square metres)</i>
Bohai Rim	Jinan	3,489	122,608	100,797
	Shenyang	84,824	52,588	103,876
	Weifang	–	–	188,857
	Yantai	–	–	374,106
	Chengde	158,232	–	164,092
	Tianjin	–	–	97,855
	<b>Sub-total</b>	<b>246,545</b>	<b>175,196</b>	<b>1,029,583</b>
Yangtze River Delta	Wuxi	51,929	–	376,473
	Wenzhou	–	–	1,230,577
	<b>Sub-total</b>	<b>51,929</b>	<b>–</b>	<b>1,607,050</b>
Pearl River Delta	Qingyuan	–	74,203	123,363
	Putian	–	–	163,527
	<b>Sub-total</b>	<b>–</b>	<b>74,203</b>	<b>286,890</b>

## Management Discussion and Analysis (Continued)

For the six months ended 30 June 2020

Economic area	City	For the six months ended 30 June 2020		
		Newly-started total GFA <i>(square metres)</i>	Completed total GFA <i>(square metres)</i>	Total GFA under construction as at the end of the period <i>(square metres)</i>
Midwest	Chongqing	42,495	115,072	205,102
	Changsha	22,679	–	77,907
	Yueyang	83,267	–	83,267
	Guilin	16,527	–	38,289
	Nanning	–	–	394,619
	Wuzhou	1,284	216,927	194,679
	Xi'an	23,850	–	186,906
	Wuhan	178,088	–	352,341
	Lijiang	–	–	32,995
	<b>Sub-total</b>	<b>368,190</b>	<b>331,999</b>	<b>1,566,105</b>
<b>Total</b>		<b>666,664</b>	<b>581,398</b>	<b>4,489,628</b>

## Management Discussion and Analysis (Continued)

### Breakdown of major properties:

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
				(square metres)	(square metres)	(square metres)			
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	No. 19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province			34,834	100,797	-	49.00%
						251	-	-	
						562	-	-	
						5,078	-	-	
						9,308	-	-	
						19,635	-	-	
			2021	60%	-	100,797	-		
	Shenyang	Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province			108,281	103,876	194,819	100.00%
						20,130	-	-	
						42,362	-	-	
					45,789	103,876	194,819		
					2022	26%			
	Shenyang Sunshine 100 Golf Mansion	No. 18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province			73,051	-	19,606	51.00%	
					43,139	-	-		
					29,912	-	19,606		
Tianjin	Tianjin Sunshine 100 International New Town	Hongqi South Road, Nankai District, Tianjin City			9,894	-	-	86.00%	
					2020	97%	14,920	2,944	-
	Tianjin Sunshine 100 Tianta Himalaya	Intersection of Weijin North Road and Tianta Road, Nankai District, Tianjin City	2021	56%	-	94,911	-	100.00%	

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
						(square metres)	(square metres)	(square metres)	
	Dongying	Dongying Sunshine 100 City Garden	No. 248 North 1st Road, Dongying District, Dongying City, Shandong Province			45,486	-	-	100.00%
		Phase I				4,720	-	-	
		Phase II				4,735	-	-	
		Phase III				36,031	-	-	
	Weifang	Weifang Sunshine 100 City Plaza	No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province			61,032	188,857	886,554	100.00%
		Phase I				33,172	-	-	
		Phase II				27,860	-	-	
		Phase III		2021	54%	-	188,857	-	
		Phase IV				-	-	423,573	
		Phase V				-	-	462,981	
	Chengde	Sunshine 100 Beijing Arles (formerly "Xinglong High-speed Rail New City")	Xinglong West Station, Xinglong County, Chengde City, Hebei Province			-	164,092	-	71.00%
		Phase I		2022	18%	-	89,126	-	
		Phase II		2023	1%	-	74,966	-	
	Yantai	Yantai Sunshine 100 City Plaza	No. 25-27 Haigang Road, Zhifu District, Yantai City, Shandong Province			14,397	374,106	-	100.00%
		Phase I				14,397	-	-	
		Phase II		2023	18%	-	374,106	-	
<b>Subtotal</b>						<b>361,895</b>	<b>1,029,583</b>	<b>1,100,979</b>	

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
				(square metres)	(square metres)	(square metres)	(square metres)	(square metres)	
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province			109,025	-	-	100.00%
						463	-	-	
						5,440	-	-	
						8,387	-	-	
						13,414	-	-	
						17,563	-	-	
						45,825	-	-	
						17,933	-	-	
	Wuhan	Wuhan Sunshine 100 Phoenix Street (formerly "Wuhan Shangdongfang Project")	Qixin Village, Zhifang Street, Jiangxia District, Wuhan City, Hubei Province			-	352,341	-	100.00%
				2022	41%	-	104,963	-	
				2022	37%	-	69,290	-	
				2022	26%	-	90,448	-	
				2022	17%	-	87,640	-	
Xi'an	Xi'an Sunshine 100 Arles	No. 3501 Chanhe West Road, Chanba Ecological District, Xi'an City, Shaanxi Province			-	186,906	454,689	100.00%	
			2021	80%	-	186,906	-		
					-	-	402,192		
					-	-	52,497		
Chongqing	Chongqing Sunshine 100 Arles	No. 163 Yunan Road, Banan District, Chongqing City			81,723	205,102	-	80.00%	
					16,291	-	-		
			2022	64%	65,432	139,224	-		
			2022	38%	-	65,878	-		



## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
						(square metres)	(square metres)	(square metres)	
	Chengdu	Chengdu Sunshine 100 Mia Center	No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province			38,974	-	-	100.00%
		Phase I				20,985	-	-	
		Phase II				17,990	-	-	
		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			100,965	77,907	-	100.00%
		Phase I				5,910	-	-	
		Phase II				28,290	-	-	
		Phase III				4,170	-	-	
		Phase IV		2020	95%	62,595	77,907	-	
	Yueyang	Yueyang Hansen Project	No. 1 Baling West Road, Yueyang City, Hunan Province			-	83,267	-	51.00%
	Guilin	Guilin Sunshine 100 Lijiang Project	Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region			16,938	21,762	89,549	75.00%
		Phase I		2022	76%	-	529	58,240	
		Phase II		2022	81%	3,653	15,655	5,795	
		Phase III		2022	74%	13,285	5,578	25,514	
		Guilin Sunshine 100 Scape Project	Ertang Township, Xiangshan District, Guilin City, Guangxi Zhuang Autonomous Region	2021	38%	-	16,527	227,090	100.00%

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
				(square metres)	(square metres)	(square metres)	(square metres)	(square metres)	
	Liuzhou	Liuzhou Sunshine 100 City Plaza	No. 2 Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region			34,233	-	-	75.00%
		Phase I				12,265	-	-	
		Phase II				6,875	-	-	
		Phase III				675	-	-	
		Phase IV				14,418	-	-	
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	No. 9 Panlong Road, Liuzhou City, Guangxi Zhuang Autonomous Region			42,898	-	-	98.75%
		Phase I				21,599	-	-	
		Phase II				2,069	-	-	
		Phase III				19,230	-	-	
	Nanning	Nanning Sunshine 100 City Plaza	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			5,682	-	92,230	100.00%
		Phase I				5,682	-	-	
		Phase II				-	-	92,230	
	Nanning	Nanning Sunshine 100 Upper East Side International	No. 166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			39,107	-	-	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	No. 1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region			9,841	-	-	51.00%

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
						(square metres)	(square metres)	(square metres)	
		Nanning Sunshine 100 Australian Garden	No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region			610	-	-	50.00%
		Nanning Sunshine 100 European Garden	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region			139	-	-	100.00%
		Nanning Sunshine 100 Nine Peninsulas	Wuhua Avenue Middle, Wuming District, Nanning City, Guangxi Zhuang Autonomous Region			15,835	394,620	903,994	30.00%
		Phase I		2021	47%	1,684	22,203	-	
		Phase II		2021	72%	14,151	128,457	-	
		Phase III		2021	44%	-	243,960	-	
		Phase IV				-	-	903,994	
	Wuzhou	Wuzhou Sunshine 100 Sankee City	No. 38 Xinglong Road, Changzhou District, Wuzhou City, Guangxi Zhuang Autonomous Region			208,639	194,679	1,026,914	27.75%
		Phase I				10,733	-	-	
		Phase II				197,906	-	-	
		Phase III		2022	43%	-	87,508	-	
		Phase IV		2021	59%	-	107,171	-	
		Phase V				-	-	1,026,914	
	Lijiang	Lijiang Sunshine 100 COART Village	Kaiwen Community and Longquan Community, Shuhe Street, Lijiang City, Yunnan Province	2022	74%	26,335	32,995	135,962	51.00%
<b>Subtotal</b>						<b>733,695</b>	<b>1,566,106</b>	<b>2,950,428</b>	

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project	
						(square metres)	(square metres)	(square metres)		
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	No. 1 Tianyi New Street, Xizhang, Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province			173,764	372,598	19,561	100.00%	
						8,536	-	-		
						38,635	-	-		
						2,176	-	-		
						59,855	-	-		
						1,474	-	-		
						37,196	-	-		
						11,103	-	-		
						6,777	-	-		
						7,875	-	-		
					2021	62%	-	244,232	-	
					2021	49%	-	128,366	-	
							137	-	19,561	
		Wuxi Sunshine 100 Himalaya	No. 8 of 8th Financial Street, Tai Lake New Town, Wuxi City, Jiangsu Province			51,688	3,875	-	100.00%	
	Yixing	Yixing Sunshine 100 Phoenix Street	East Jiefang Road, Chengdong New District, Yixing City, Jiangsu Province			39,961	-	-	80.00%	

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
						(square metres)	(square metres)	(square metres)	
	Wenzhou	Sunshine 100 Center	Binjiang Qidu, Lucheng District, Wenzhou City, Zhejiang Province			2,375	393,731	-	51.00%
		Phase I (C)				2,375	-	-	
		Phase II (A)		2023	59%	-	267,781	-	
		Phase II (B)		2023	3%	-	125,950	-	
	Wenzhou	Sunshine 100 Arles	Yangyi Road, Lucheng District, Wenzhou City, Zhejiang Province			31,870	836,846	63,138	51.00%
		Phase I (A11 parcel)				31,870	-	-	
		Phase II (A02 parcel)		2020	88%	-	348,920	-	
		Phase II (A03 parcel)		2020	84%	-	173,112	-	
		Phase II (A05 parcel)		2022	38%	-	100,333	-	
		Phase II (A07 parcel)		2022	26%	-	181,411	-	
		Phase II (A16 parcel)		2022	28%	-	33,070	-	
		Phase II (B09 parcel)				-	-	29,334	
		Phase II (C04&C08 parcels)				-	-	33,804	
	Changzhou	Changzhou Sunshine 100 7th District Upper East	East of Dongcheng Road and North of Dongfang East Road, Economic Development Zone, Changzhou City, Jiangsu Province			20,747	-	-	51.00%
<b>Subtotal</b>						<b>320,405</b>	<b>1,607,050</b>	<b>82,699</b>	

## Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development <sup>(1)</sup>	Completion progress of properties under development <sup>(1)(2)</sup>	Saleable GFA remaining unsold	GFA under development	Planned GFA	Our attributable interest in the project
				(square metres)	(square metres)	(square metres)	(square metres)	(square metres)	
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	No. N24 Area, Po Keng Lian Tai Industry City, Long Tang Town, Qing Cheng District, Qingyuan City, Guangdong Province			140,607	84,463	1,221,277	55.00%
						23,096	-	-	
						55,106	-	-	
				2022	73%	62,405	84,463	83,206	
						-	-	1,138,071	
				2022	21%	-	38,900	-	55.00%
		Qingyuan Yingde Project	North of Zhenyang Three Road and East of Ying'an Monitoring Station, Yingcheng Street, Yingde City, Qingyuan City, Guangdong Province						
	Putian	Putian Sunshine 100 Phoenix Plaza	No. 1069, Wenxian East Road, Licheng District, Putian City, Fujian Province			23,609	163,527	-	25.50%
<b>Subtotal</b>						<b>164,216</b>	<b>286,890</b>	<b>1,221,277</b>	
<b>Total</b>						<b>1,580,211</b>	<b>4,489,629</b>	<b>5,355,383</b>	

Note:

- (1) Expected completion date and completion progress are applicable to properties under development, but not applicable to those completed or to be developed.
- (2) Completion progress represents the overall completion progress as at 30 June 2020.
- (3) The completed investment properties with a total GFA of approximately 504,491 square metres is excluded in this table.

## Management Discussion and Analysis (Continued)

### (II) Investment Properties

During the Reporting Period, the Group had new investment properties with a GFA of 17,792 square metres. As at 30 June 2020, the Group held investment properties with a GFA of 600,379 square metres. Moreover, during the Reporting Period, the rental income was RMB55.1 million, decreased by 22.6% as compared with the corresponding period of 2019.

### (III) Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of approximately RMB54.7 million for various land acquisitions, which included the payment of land premium of approximately RMB53.8 million in aggregate for Shenyang Sunshine 100 International New Town and Yantai Sunshine 100 City Plaza.

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

<b>Economic area</b>	<b>City</b>	<b>Total GFA</b> <i>(square metres)</i>	<b>Proportion</b>	<b>Attributable GFA</b> <i>(square metres)</i>	<b>Proportion</b>
Bohai Rim	Weifang	1,167,319	10%	1,167,319	15%
	Shengyang	583,040	5%	537,639	7%
	Yantai	448,154	4%	448,154	6%
	Jinan	186,471	2%	91,370	1%
	Tianjin	140,907	1%	137,062	2%
	Chengde	164,092	1%	116,505	1%
	Dongying	47,921	0%	47,921	1%
	<b>Sub-total</b>	<b>2,737,904</b>	<b>23%</b>	<b>2,545,970</b>	<b>33%</b>

## Management Discussion and Analysis (Continued)

<b>Economic area</b>	<b>City</b>	<b>Total GFA</b> <i>(square metres)</i>	<b>Proportion</b>	<b>Attributable GFA</b> <i>(square metres)</i>	<b>Proportion</b>
Midwest	Chongqing	288,983	2%	231,187	3%
	Guilin	383,436	3%	348,482	4%
	Changsha	187,884	2%	187,884	2%
	Yueyang	83,267	1%	42,466	0%
	Liuzhou	163,881	1%	141,048	2%
	Nanning	1,498,105	12%	542,441	7%
	Wuzhou	1,430,232	12%	396,889	5%
	Wuhan	467,842	4%	467,842	6%
	Chengdu	80,443	1%	80,443	1%
	Xi'an	641,595	5%	641,595	8%
	Lijiang	195,292	2%	99,599	1%
	<b>Sub-total</b>	<b>5,420,960</b>	<b>45%</b>	<b>3,179,876</b>	<b>39%</b>
Yangtze River Delta	Wenzhou	1,327,960	11%	677,260	8%
	Wuxi	660,815	6%	660,815	8%
	Changzhou	20,747	0%	10,581	0%
	Yixing	82,567	1%	66,054	1%
	<b>Sub-total</b>	<b>2,092,089</b>	<b>18%</b>	<b>1,414,710</b>	<b>17%</b>
Pearl River Delta	Qingyuan	1,491,625	12%	820,394	10%
	Putian	187,136	2%	47,720	1%
	<b>Sub-total</b>	<b>1,678,761</b>	<b>14%</b>	<b>868,114</b>	<b>11%</b>
<b>Total</b>		<b>11,929,714</b>	<b>100%</b>	<b>8,008,670</b>	<b>100%</b>



## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW

#### Revenue

During the Reporting Period, the revenue of the Group was RMB3,598.4 million, which remained relatively stable as compared with the same period last year.

#### Income from sale of properties

During the Reporting Period, income generated from the sale of properties increased by 1.4% to RMB3,343.1 million from RMB3,296.2 million in the corresponding period of 2019, mainly attributable to the increase in the average unit selling price of delivered properties.

Type	For the six months ended 30 June					
	Sales area (square metres) <sup>(1)</sup>		Sales amount (RMB million) <sup>(2)</sup>		Unit selling price (RMB/square metre) <sup>(1)</sup>	
	2020	2019	2020	2019	2020	2019
Residential Properties	<b>241,108</b>	265,862	<b>2,606</b>	2,353	<b>10,809</b>	8,852
Commercial properties and car parks	<b>33,299</b>	70,932	<b>737</b>	943	<b>16,728</b>	12,430
<b>Total</b>	<b>274,407</b>	336,794	<b>3,343</b>	3,296	<b>11,527</b>	9,605
<b>Proportion</b>						
Residential Properties	<b>88%</b>	79%	<b>78%</b>	71%		
Commercial properties and car parks	<b>12%</b>	21%	<b>22%</b>	29%		
<b>Total</b>	<b>100%</b>	100%	<b>100%</b>	100%		

Notes:

(1) Excluding car parks

(2) Including car parks

## Management Discussion and Analysis (Continued)

### ***Income from property management and hotel operation***

During the Reporting Period, the income generated from property management and hotel operation of the Group decreased by 8.6% to RMB193.4 million from RMB211.7 million in the corresponding period of 2019, mainly attributable to the decrease in income generated from hotel operation as compared to the corresponding period last year as affected by the COVID-19 pandemic.

### ***Rental income from investment properties***

During the Reporting Period, the rental income from investment properties of the Group decreased by 22.6% to RMB55.1 million from RMB71.2 million in the corresponding period of 2019, mainly attributable to the introduction of rental reduction policies by Company during the pandemic prevention and control period as an active response to the call of the country.

### ***Light-asset operation income***

During the Reporting Period, the light-asset operation income of the Group recorded RMB6.7 million, decreased by 57.3% as compared to RMB15.7 million in the corresponding period of 2019, mainly attributable to the decrease in sales agency fees and brand agency fees as a result of the decrease in the overall contracted amount of projects under the Group's operation as compared to the corresponding period last year as affected by the COVID-19 pandemic.

### **Cost of sales**

During the Reporting Period, the cost of sales of the Group decreased by 13.1% to RMB2,419.3 million from RMB2,783.7 million in the corresponding period of 2019. Particularly, the cost of property sales decreased by 14.0% to RMB2,192.1 million from RMB2,547.9 million in the corresponding period of 2019, mainly attributable to the decrease in the area of delivered properties during the Reporting Period.

### **Gross profit**

As a result of the above factors, during the Reporting Period, the gross profit of the Group increased by 45.4% to RMB1,179.1 million from RMB811.0 million in the corresponding period of 2019, and the gross profit margin increased to 32.8% from 22.6% in the corresponding period of 2019.

### **Valuation gains on investment properties**

During the Reporting Period, valuation losses on investment properties of the Group were RMB101.3 million, and valuation gains on investment properties were RMB341.9 million in the corresponding period of 2019, mainly attributable to the decrease in fair value of the investment properties as adversely affected by the outbreak of the COVID-19 pandemic worldwide.

### **Other income**

During the Reporting Period, other income of the Group substantially decreased to RMB14.6 million from RMB445.8 million in the corresponding period of 2019, mainly because no disposal gain was recognised as affected by the COVID-19 pandemic.

## Management Discussion and Analysis (Continued)

### Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 28.6 % to RMB159.4 million from RMB223.5 million in the corresponding period of 2019, mainly attributable to the decrease in wages and benefits, advertising fees and sales agency fees as the Company continued to strengthen cost control and adjusted the salary payment policy during the Reporting Period.

### Administrative expenses

During the Reporting Period, the Group's administrative expenses decreased by 21.0 % to RMB207.4 million from RMB262.4 million in the corresponding period of 2019, mainly attributable to the decrease in wages and benefits, consulting fees, and business entertainment expenses as the Company strengthened cost control and adjusted the wage payment policy during the Reporting Period.

### Financial income

During the Reporting Period, financial income of the Group decreased by 40.1% to RMB218.0 million from RMB363.9 million in the corresponding period of 2019, mainly attributable to the effect of fair value change of the derivative components of convertible bonds of the Group.

### Financial costs

During the Reporting Period, financial costs of the Group decreased by 10.2% to RMB306.7 million from RMB341.5 million in the corresponding period of 2019, mainly attributable to the decrease in the average borrowing balance as compared to the corresponding period last year.

### Income tax

During the Reporting Period, the income tax expenses of the Group increased by 14.7% to RMB355.1 million from RMB309.7 million in the corresponding period of 2019, mainly attributable to the increase in the land appreciation tax of the Group.

### Profit for the period

During the Reporting Period, the profit of the Group decreased by 67.2% to RMB259.9 million from RMB793.1 million in the corresponding period of 2019.

### Profit attributable to equity shareholders of the Company

Based on the abovementioned factors, the loss attributable to equity shareholders of the Company was RMB6.7 million, and the profit attributable to equity shareholders of the Company was RMB329.8 million in the corresponding period of 2019.

## Management Discussion and Analysis (Continued)

### WORKING CAPITAL, FINANCE AND CAPITAL RESOURCES

#### Cash and cash equivalents

As at 30 June 2020, the Group had RMB2,856.5 million of cash and cash equivalents, representing an increase of RMB417.9 million as compared to 31 December 2019, mainly due to the cash collection from operating activities and disposal of projects.

#### Current ratio, gearing ratio and net gearing ratio

As at 30 June 2020, the Group's current ratio (which is total current assets divided by total current liabilities) was 149.3%, remaining relatively stable as compared with that as at 31 December 2019. As at 30 June 2020, the Group's total current assets and total current liabilities amounted to RMB43,062.8 million and RMB28,834.1 million, respectively.

As at 30 June 2020, the Group's gearing ratio (which is total loans and borrowings divided by total assets) increased to 44.9% from 42.9% as at 31 December 2019. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) increased to 182.1% from 179.2% as at 31 December 2019, mainly attributable to the increase in the total loans and borrowings as compared to the end of last year.

#### 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 2020, the Group provided guarantees for mortgage loans in an amount of RMB6,094.8 million (31 December 2019: RMB6,563.9 million) to banks in respect of such agreements.

#### Loans and borrowings and pledged assets

As at 30 June 2020, the Group's total loans and borrowings amounted to RMB26,453.3 million. In particular, RMB12,212.4 million, RMB7,194.1 million, RMB6,515.6 million and RMB531.2 million were repayable within one year or on demand, after one year but within two years, after two years but within five years and after five years, respectively.

The Group's borrowings are denominated in Renminbi and US dollar, mostly with fixed interest rate. As at 30 June 2020, the Group had comprehensive credit facilities granted by bank and other financial institutions in an aggregate amount of RMB18,750.0 million, of which RMB13,414.5 million had not been utilized. The Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

As at 30 June 2020, the banking facilities granted to the Group are secured on the Group's pledged properties and restricted deposits with a carrying value of RMB13,870.2 million (31 December 2019: RMB13,727.4 million).

## Management Discussion and Analysis (Continued)

### Capital commitments

As at 30 June 2020, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB7,796.6 million (31 December 2019: RMB7,606.6 million). As at 30 June 2020, the Group's capital commitment approved but not contracted for amounted to RMB8,138.2 million (31 December 2019: RMB7,579.0 million).

### Foreign exchange exposure

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

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

## MAJOR INVESTMENTS, ACQUISITIONS AND DISPOSALS

### Update on completion status for disposal of 100% Equity Interest in Eminent Star

Reference is made to the Company's announcements dated 13 April 2019 and 31 December 2019 as well as the Company's circular dated 13 June 2019 regarding the very substantial disposal by Chang Jia International Limited (長佳國際有限公司) ("Chang Jia") of the share capital and loans owing by Eminent Star Group Limited (卓星集團有限公司) ("Eminent Star") for a total consideration of approximately RMB4,661.2 million payable in cash (the "Disposal"). Terms used below shall have the same meanings as those used in the Company's announcement dated 13 April 2019.

As at the date of this announcement, the first completion and the second completion of the Disposal have taken place. The Group has received cash totaling RMB3,130.0 million, which includes the Initial Deposit, the Further Deposit, the First Instalment, the Second Instalment and other related payments. The parties are negotiating the payment of the balance of the Second Instalment and related matters.

### Acquisition of 49% interest in Liuyuan Real Estate Co., Ltd.

On 12 June 2020, Liuzhou Liuyun Real Estate Co., Ltd.\* (柳州柳韻房地產有限公司) ("Liuyun Real Estate", a wholly-owned subsidiary of the Company) signed the Letter of Acceptance, confirming Liuyun Real Estate of its successful bid for the acquisition of 49% equity interest in Liuzhou Liuyuan Real Estate Co., Ltd.\* (柳州市柳元房地產開發有限公司) (the "Target Company") for a consideration of RMB1.0 million together with an assumption of the shareholder's loan of RMB256,725,000 owed by the Target Company to Guangxi Real Estate Group Co., Ltd.\* (廣西地產集團有限公司) (the "Vendor") through the bidding process held by Beibu Gulf Equity Exchange Group Co., Ltd. (北部灣產權交易所). An equity transfer agreement on the acquisition of 49% equity interest in the Target Company and the assumption of shareholder's loan entered between the Vendor and Liuyun Real Estate has been entered into on 3 July 2020. For details, please refer to the announcement of the Company dated 12 June 2020.

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

## Management Discussion and Analysis (Continued)

### ONGOING LITIGATIONS

#### Litigation related to Chengdu primary land development project

In 2005 and 2007, the Group entered into a series of co-operation agreements with Chenghua District, Chengdu and local government authorities under it to conduct primary development of a parcel of land located in the district. Pursuant to these co-operation agreements, the Group was responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. It was agreed that if the land is sold at a premium greater than the cost the Group has incurred to prepare it and if the Group wins the bid at the auction, the Group will be entitled to deduct its incurred cost from the land premium to be paid; if, however, another developer wins the bid at the auction, the local government shall, within seven days it receives the land premium from the purchaser, pay the same to the Group (after deduction of an agreed fixed amount as the government's share of the profit from the land sale).

The project consists of four phases with site areas of approximately 244,361 square metres, 59,967 square metres, 14,667 square metres and 109,334 square metres respectively. Phase I was completed and the underlying land was sold through a public auction to a third party in July 2007. The land premium was paid to the Chenghua district government in 2008, and it began to make payments to the Group pursuant to the co-operation agreements with the Group. The Group cumulatively received approximately RMB1,927.0 million from the Chenghua district government out of such land premium proceeds. A remaining land premium that the Group is entitled to, in the amount of RMB581.1 million, however, remained unpaid and stayed on the Group's balance sheet as an overdue trade receivable.

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 (the "**Case**"). The High Court accepted the Case on 10 February 2015 and commenced the court session for the Case in June 2015.

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. 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. As at the date of this interim report, both parties had not reached a settlement agreement in respect of the Case. The Company will publish relevant announcements on the website of the Stock Exchange and the Company's website when there is any material development in respect of the settlement of the Case.

#### Litigation related to the loan to Baijiarui

The Group, a wholly-owned subsidiary of the Company, filed a lawsuit before the No. 3 Intermediate People's Court of Beijing Municipality (北京市第三中級人民法院) for a dispute arising from a private lending. The lawsuit has been formally accepted by the No. 3 Intermediate People's Court of Beijing Municipality.

## Management Discussion and Analysis (Continued)

The lawsuit relates to a loan in the principal amount of RMB250.0 million granted by the Group to Shenzhen Baijiarui Investment Co., Ltd. (深圳市佰佳瑞投資有限公司) (“**Baijiarui**”) with an interest rate of 12% per annum and a renewed term up to 31 December 2018 pursuant to the loan contract (the “**Loan Contract**”) entered into with Baijiarui on 28 January 2016 and several supplementary contracts signed subsequently. To guarantee the performance of the Loan Contract, Shenzhen China Create City Renewal Group Co., Ltd. (深圳市中創城市更新集團有限公司) (“**China Create City Renewal**”) has provided a pledge guarantee for the full settlement of obligations under the Loan Contract by pledging the 100% equity interest in Baijiarui and derivative interests thereof held by it, and Shenzhen China Create Asset Management Co., Ltd. (深圳市中創資產管理有限公司) (“**China Create Asset**”) has provided a joint liability guarantee. Upon maturity of the loan, the borrower failed to repay RMB250.0 million out of the loan principal and interest accrued thereon, and neither China Create City Renewal nor China Create Asset performed their respective guarantee. Sunshine 100 Group filed a lawsuit before the No. 3 Intermediate People’s Court of Beijing Municipality, requesting that (1) Baijiarui should repay the principal of the loan of RMB250.0 million; (2) the Group should be compensated with priority from the proceeds from discount, auction or sale, of 100% equity interest in Baijiarui and derivative interests thereof pledged by China Create City Renewal; and (3) China Create Asset should undertake joint guarantee liability for the first request.

The Group has applied to the No. 3 Intermediate People’s Court of Beijing Municipality to take interim measures against the property of the defendant worth RMB250.0 million. The court has issued a civil ruling to freeze the 30% equity interest in China Create City Renewal held by China Create Asset up to RMB250.0 million.

On 29 September 2019, the No. 3 Intermediate People’s Court of Beijing Municipality issued a first instance judgement in favour of the Group, whereby Baijiarui should repay the principal of the loan of RMB250.0 million and pay the legal costs of RMB400,000 to the Group. The judgement was issued via notice and took effect on 4 January 2020.

As the Group won the lawsuit in respect of the principal of the loan, the Group separately filed a lawsuit before the No. 3 Intermediate People’s Court of Beijing Municipality (北京市第三中級人民法院) for the loan interest and penalty interest. In accordance with the notice received by the Group on 18 March 2020, the lawsuit has been formally accepted by the No. 3 Intermediate People’s Court of Beijing Municipality.

The Group requested for the following rulings that: (1) Baijiarui should repay the loan interest of the loan principal of RMB250.0 million to the Group, amounting to approximately RMB80.9 million; (2) Baijiarui should repay the penalty interest and compound interest of the loan to the Group until the date that all principal and interests of the loan have been repaid in full (the penalty interest and compound interest being approximately RMB60.4 million which is calculated temporarily up to 31 December 2019); (3) where Baijiarui could not repay the interest, penalty interest and compound interest of the loan in full, the Group is entitled to be compensated with priority from the proceeds from discount, auction or sale, of 100% equity interest in Baijiarui and derivative interests thereof (including dividend, allotment and rights incurred from bonus issue) pledged by China Create City Renewal; (4) China Create Asset should undertake joint guarantee liability for the abovementioned request of the interest, penalty interest and compound interest of the loan; and (5) Baijiarui, China Create City Renewal and China Create Asset should undertake the court costs, property protection fee and legal fees incurred from the case.

As at the date of this interim report, the aforementioned litigation related to loan interest and penalty interest had not been heard by the court.

Save as disclosed above, neither the Company nor any of its subsidiaries is involved in any material litigation or claims, or has any pending or threatened material litigation or claims.

## Management Discussion and Analysis (Continued)

### FUTURE PLANS FOR SUBSTANTIAL INVESTMENTS OR CAPITAL ASSETS

As at the date of this interim report, there is no plan authorized by the Board for other substantial investments or additions of capital assets.

### HUMAN RESOURCES

As at 30 June 2020, the Group employed a total of 4,005 employees (corresponding period of 2019: 4,446 employees). The staff costs of the Group were RMB205.0 million during the Reporting Period (corresponding period of 2019: RMB284.2 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 2020, we made contributions in an aggregate of approximately RMB4.6 million to the employee retirement scheme.

### EVENTS AFTER THE REPORTING PERIOD

On 10 July 2020, the Company has obtained the approval from its shareholders for the Shareholders' Resolutions on the Dividend Adjustment Mechanism (as defined below) in relation to the disposal of 70% equity interest in Chongqing Sunshine 100 Real Estate Development Co., Ltd.\* (重慶陽光壹佰房地產開發有限公司) ("**Chongqing Sunshine 100**") at the extraordinary general meeting.

On 1 April 2019, Chongqing Sunshine 100, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Sunac South-West Real Estate Development (Group) Co., Ltd.\* (融創西南房地產開發(集團)有限公司), Sunshine 100 Real Estate (Liaoning) Co., Ltd.\* (陽光一佰置業(遼寧)有限公司) and Yangpu Huadian Properties Co., Ltd.\* (洋浦華電置業有限公司), to dispose 70% equity interest in Chongqing Sunshine 100 held by the Company with a total consideration of approximately RMB1,334 million (including the equity transfer consideration of RMB370.0 million and the shareholder's loan of RMB964.0 million). According to the Consideration Adjustment Mechanism, the equity transfer consideration may be adjusted based on the adjustment on floor areas of the property development projects set out in the post-adjustment overall development plan ("**Consideration Adjustment Mechanism**").

On 16 March 2020, the parties to the Equity Transfer Agreement entered into the Shareholders' Resolutions to provide for the replacement of the Consideration Adjustment Mechanism with another adjustment mechanism (the "**Dividend Adjustment Mechanism**") through a future dividend distribution plan of Chongqing Sunshine 100. Although the completion took place on 18 April 2019, the equity transfer consideration may be adjusted according to the Dividend Adjustment Mechanism.

Therefore, relevant transactions have been classified as a very substantial disposal after the consideration is adjusted and have obtained the approval from shareholders of the Company on 10 July 2020. For details, please refer to the Company's announcements dated 1 April 2019, 16 March 2020 and 10 July 2020 and the circular dated 18 June 2019.

Save as disclosed above, from 30 June 2020 to the date of this interim report, there were no events after the Reporting Period which have material effect on the Group.



# Corporate Governance

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. For the six months ended 30 June 2020, the Company has adopted and complied with all applicable code provisions (the “**Code Provisions**”) under the Corporate Governance Code (the “**CG Code**”) in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), except 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 served as the chairman and chief executive officer of the Company since 11 May 2018. This arrangement deviates from the requirement that the two positions should be held separately by different individuals as prescribed in the code provision A.2.1 of the CG Code. However, the Board considers that the roles of chairman and chief executive officer assumed by Mr. Yi Xiaodi will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operation of the Board as the majority of the Board are non-executive directors and independent non-executive directors. Moreover, the Board comprises experienced and high caliber individuals and meets regularly to discuss major issues affecting operations of the Company, and all directors are properly and promptly briefed on relevant matters with adequate, complete and reliable information.

## 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 2020.

## 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 announcement was approved by the Board, the Audit Committee comprised three independent non-executive directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. 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 2020).

## Corporate Governance (Continued)

### REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) in compliance with the Listing Rules. At the time when this announcement was approved by the Board, the Remuneration Committee comprised an executive director, Mr. Fan Xiaochong, and two independent non-executive directors, Mr. Gu Yunchang and Mr. 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) either: (a) to determine, with delegated responsibility by the Board, the remuneration packages of individual executive directors and senior management; or (b) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management; (iii) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (iv) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (v) to review and approve the management’s remuneration proposals with reference to the Board’s corporate policies and objectives; and (vi) to consider and approve the granting of share options to eligible participants under the share option scheme.

### NOMINATION COMMITTEE

The Company has established a nomination committee (the “**Nomination Committee**”) in compliance with the Listing Rules. At the time, 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 duties of the Nomination Committee are (including but not limited to) (i) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed change to the Board to complement the Company’s corporate strategy; (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive directors; (iv) to make recommendations to the Board on appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and (v) to review the policy on Board diversity (the “**Board Diversity Policy**”) and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually.

# Disclosure of the Interests Information

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

As at 30 June 2020, 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	1,712,073,906 (L)	67.08%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,073,906 (L)	67.08%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,073,906 (L)	67.08%	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, he is deemed to be interested in the Shares which Fantastic Magician Limited is interested in.

## Disclosure of the Interests Information (Continued)

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, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

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

Mr. Yi Xiaodi has the control of Delight Grandeur Limited (愉偉有限公司) (“**Delight Grandeur**”) which holds 18,800,000 Shares, accounting for 0.74% of the issued share capital. By virtue of the SFO, Mr. Yi Xiaodi is deemed to be interested in the Shares held by Delight Grandeur.

- (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, he is deemed to be interested in the Shares which True Passion Limited is interested in.

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

Mr. Fan Xiaochong is also one of the founders of 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, he is deemed to be interested in the Shares which Floral Crystal Limited is interested in.

Mr. Fan Xiaochong is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, 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, she is deemed to be interested in the Shares which Glorious Glory Limited is interested in.

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

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

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

## Disclosure of the Interests Information (Continued)

### (ii) Interests in associated corporations

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

*Notes:*

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

## Disclosure of the Interests Information (Continued)

Save as disclosed above, as at 30 June 2020, 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 2020 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 30 June 2020, 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	1,458,218,906 (L) 235,055,000 (L)	57.13% 9.21%	1, 2
Ming Fai	Interest of a controlled corporation	1,693,273,906 (L)	66.34%	1, 3
Harvest Well	Interest of a controlled corporation	1,693,273,906 (L)	66.34%	1, 4
Fantasy Races Limited	Interest of a controlled corporation	1,693,273,906 (L)	66.34%	1, 5
Jin Xiangfei	Persons acting in concert	1,712,073,906 (L)	67.08%	1, 6
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Liu Chaohui	Persons acting in concert	1,712,073,906 (L)	67.08%	1, 7
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Tian Feng	Persons acting in concert	1,712,073,906 (L)	67.08%	1, 8
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Li Mingqiang	Persons acting in concert	1,712,073,906 (L)	67.08%	1, 9
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Cititrust Private Trust (Cayman) Limited	Trustee	1,693,273,906 (L)	66.34%	1, 10
	Interest of a controlled corporation			

## Disclosure of the Interests Information (Continued)

Name of shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Beyond Steady Limited	Beneficial owner	235,055,000 (L)	9.21%	1, 11
		235,055,000 (S)	9.21%	
	Person having a security interest in shares	891,335,000 (L)	34.92%	
Huarong International Financial Holdings Limited	Interest of a controlled corporation	1,126,390,000 (L)	44.13%	1, 11
		235,055,000 (S)	9.21%	
China Huarong Asset Management Co., Ltd.	Interest of a controlled corporation	1,126,390,000 (L)	44.13%	1, 11
		235,055,000 (S)	9.21%	
Central New Ventures Limited	Beneficial owner	310,263,000 (L)	12.16%	1, 12
Shanghai Libo Investment Center (LP)	Interest of a controlled corporation	310,263,000 (L)	12.16%	1, 12
Beijing Fudingxin Investment Management Co., Ltd	Interest of a controlled corporation	310,263,000 (L)	12.16%	1, 12
FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd.	Interest of a controlled corporation	310,263,000 (L)	12.16%	1, 12
Wang Zhiqiang	Beneficial owner	130,312,559 (L)	5.11%	1, 13
	Interest of spouse			
	Interest of a controlled corporation			
Ma Li	Beneficial owner	130,312,559 (L)	5.11%	1, 14
	Interest of spouse			

### 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) Joywise holds 66.34 % of the issued share capital of the Company, including 9.21 % of derivative interests.
- (3) 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.
- (4) 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.
- (5) 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.
- (6) 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.

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. 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. Jin Xiangfei is deemed to be interested in the Shares held by Joywise under the SFO.

## Disclosure of the Interests Information (Continued)

- (7) 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.
- 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. 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, Ms. Liu Chaohui is deemed under the SFO to be interested in the Shares held by Joywise.
- (8) 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.
- (9) 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.
- (10) 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 (the “**Prospectus**”).
- In light of the above and notes 2 and 3, the Trustee is deemed to be interested in the Shares held by Joywise under the SFO.
- (11) 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.
- (12) 60% of the equity interest of Central New Ventures Limited is held by Shanghai Libo Investment Center (LP). Beijing Fudingxin Investment and Management Co., Ltd., wholly owned by FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd., is the general partner of Shanghai Libo Investment Center (LP). Therefore, Shanghai Libo Investment Center (LP), Beijing Fudingxin Investment and Management Co., Ltd. and FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd. are deemed to be interested in the Shares held by Central New Ventures Limited under the SFO.
- (13) Mr. Wang Zhiqiang is interested in 130,312,559 shares of the Company, comprising 110,047,559 shares held by himself, 14,468,000 shares held through Zhongran Investments Company Limited, and 5,797,000 shares held by his spouse Ms. Ma Li which are deemed to be interested in by him.
- (14) Ms. Ma Li is interested in 130,312,559 shares of the Company, comprising 5,797,000 shares held by herself, and 124,515,559 shares held by her spouse Mr. Wang Zhiqiang which are deemed to be interested in by her.

Save as disclosed above, as at 30 June 2020, the directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.



## Other Information

### CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, there are no other information in respect of the directors and the chief executive officer of the Company required to be disclosed under Rule 13.51B(1) of the Listing Rules.

### INTERIM DIVIDENDS

The Board recommends the payment of an interim dividend of HK\$10.00 cents per share (the “**Interim Dividends**”) totaling approximately RMB233,137,000 for the six months ended 30 June 2020. The Interim Dividends will be paid in Hong Kong Dollars. The Interim Dividends will be distributed and paid on or around 30 October 2020.

### USE OF NET PROCEEDS FROM ISSUE OF CONVERTIBLE BONDS

The Company issued 6.50% convertible bonds in principal amount of US\$200.0 million due 2021 on 11 August 2016 (“**2016 Convertible Bonds**”). The 2016 Convertible Bonds are listed on the Stock Exchange (debt code: 5696).

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 2020, unpaid principal amount for 2016 Convertible Bonds was US\$45.4 million. As calculated based on the conversion price of 2016 Convertible Bonds at HK\$3.66 per share, a maximum of 96,214,508 Shares will be allotted and issued if the conversion rights attached to outstanding 2016 Convertible Bonds are fully exercised, representing approximately 3.77% of the then issued share capital of the Company on 30 June 2020 and approximately 3.42% of the issued share capital of the Company enlarged by the shares issued upon conversion of outstanding 2016 Convertible Bonds and 2018 Convertible Bonds (as defined below). 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 24 June 2020.

The Company also issued 4.8% convertible bonds in the principal amount of HK\$750.0 million due 2023 on 17 September 2018 (“**2018 Convertible Bonds**”).

As at 30 June 2020, unpaid principal amount for 2018 Convertible Bonds was HK\$750.0 million. As calculated based on the conversion price of 2018 Convertible Bonds at HK\$4.50 per share, a maximum of 166,666,666 Shares will be allotted and issued if the conversion rights attached to outstanding 2018 Convertible Bonds are fully exercised, representing approximately 6.53% of the then issued share capital of the Company on 30 June 2020 and approximately 5.92% of the issued share capital of the Company enlarged by the shares issued upon conversion of outstanding 2016 Convertible Bonds and 2018 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 24 June 2020.

## Other Information (Continued)

Set out below is the intended and actual use of the 2016 Convertible Bonds and 2018 Convertible Bonds as at 30 June 2020:

Convertible bonds issued	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
(1) 2016 Convertible Bonds	US\$197.6 million	Refinancing of existing indebtedness and general corporate purposes	Approximately 97.1% of the net proceeds (US\$191.8 million) has been utilised for the repayment of the principal and interest on loans and borrowings; and approximately 2.9% of the net proceeds (US\$5.8 million) has been utilised for general working capital. As at 30 June 2020, all proceeds have been utilised by the Company.
(2) 2018 Convertible Bonds	HK\$735.0 million	Refinancing of existing indebtedness and general corporate purposes	Approximately 99.6% of the net proceeds (HK\$731.9 million) has been utilised for the repayment of the principal and interest on loans and borrowings; and approximately 0.4% of the net proceeds (HK\$3.1 million) has been utilised for general working capital. As at 30 June 2020, all the proceeds raised have been utilised by the Company.

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

Substantial shareholders	30 June 2020		Upon conversion of the 2016 Convertible Bonds in full at the conversion price of HK\$3.66 per share		Upon conversion of the 2018 Convertible Bonds in full at the conversion price of HK\$4.5 per share	
	Number of shares	Approximate percentage of issued shares	Number of shares	Approximate percentage of issued shares	Number of shares	Approximate percentage of issued shares
Joywise Holdings Limited	1,458,218,906	57.13%	1,458,218,906	55.06%	1,458,218,906	53.63%
Beyond Steady Limited	235,055,000	9.21%	235,055,000	8.87%	235,055,000	8.65%
Central New Ventures Limited	310,263,000	12.16%	310,263,000	11.71%	310,263,000	11.41%

On 30 June 2020, the Group recorded total net assets of RMB11,998.4 million, net current assets of RMB14,228.7 million and cash and cash equivalents of RMB2,856.5 million. 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 and 2018 Convertible Bonds whose conversion rights are not yet exercised.

## Other Information (Continued)

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:

<b>Date</b>	<b>Share price</b> <i>(HK\$)</i>
31 December 2020	4.25 per share
11 August 2021 (on which the Company will redeem the whole bonds held by any bonds holders at 112.15% of the principal amount and interest accrued as of such date)	4.11 per share

Based on the implied internal rate of returns of 2018 Convertible Bonds, the Company's share prices at future dates at which it would be equally financially advantageous for the bonds holders to convert 2018 Convertible Bonds or have them redeemed were as follows:

<b>Date</b>	<b>Share price</b> <i>(HK\$)</i>
31 December 2020	4.67 per share
3 October 2021 (on which the Company will redeem the whole or part of bonds held by any bonds holders at their option at 100.00% of the principal amount and interest accrued as of such date)	4.50 per share

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

#### **Further issue of US\$105.0 million 11.5% senior notes due 2021**

On 20 January 2020, the Company, the offshore subsidiaries providing guarantees for the notes and the initial purchasers comprising CCB International Capital Limited ("**CCB International**"), China Industrial Securities International Brokerage Ltd. ("**China Industrial Securities International**"), and Haitong International Securities Company Limited ("**Haitong International**") entered into the subscription agreement in relation to the further issue of US\$105.0 million 11.5% senior notes due 2021. CCB International, China Industrial Securities International, Haitong International were the joint global coordinators, joint lead managers and joint bookrunners in connection with the issue of the notes. The estimated gross proceeds of the notes, after deducting issue discounts in connection with the offering, amounted to approximately US\$103.6 million, which was intended to be used to repay its existing indebtedness and for general corporate purposes. The notes were listed on The Singapore Exchange Securities Trading Limited on 28 January 2020. For details, please refer to the announcement of the Company dated 24 January 2020.

#### **Redemption and Cancellation of Part of Senior Notes**

As at 26 May 2020, the Company has in the open market repurchased and cancelled part of the issued senior notes. Such senior notes includes: (1) 8.50% senior notes due 2020 with a total principal amount of US\$400 million (the "**2020 Notes**"); and (2) 11.50% senior notes due 2021 with a total principal amount of US\$323 million (the "**2021 Notes**", collectively the "**Notes**" with the 2020 Notes). The total principal amount of the repurchased and cancelled Notes is US\$30.5 million, comprising: (i) the 2020 Notes of US\$0.6 million in aggregate principal amount (representing approximately 0.15% of the aggregate principal amount of the 2020 Notes); and (ii) the 2021 Notes of US\$29.9 million in with a total principal amount (representing approximately 9.26% of the total principal amount of the 2021 Notes). After cancellation, the outstanding principal amounts of the 2020 Notes and the 2021 Notes are US\$399.4 million and US\$293.1 million, respectively. For details, please refer to the announcement of the Company dated 26 May 2020.

#### **Repurchase of Shares**

During the Reporting period, the Company repurchased a total of 3,545,000 ordinary shares at share prices ranging from HK\$1.33 to HK\$1.49 per share. 3,198,000 and 347,000 shares of the repurchased 3,545,000 shares were cancelled on 16 March 2020 and 11 June 2020, respectively, and the issued share capital of the Company was correspondingly reduced. The expenses in an aggregate amount of HK\$4.9 million incurred by the Company for such repurchased shares cancelled during the Reporting Period have been included in retained earnings.

The repurchases of shares by the Company during the Reporting Period were affected by the directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

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.

## Other Information (Continued)

### 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 2020.

# 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 46 to 78, which comprises the consolidated statement of financial position of Sunshine 100 China Holdings Ltd as of 30 June 2020 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months 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 2020 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

24 August 2020

# Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2020 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Revenue</b>	<b>3</b>	<b>3,598,388</b>	3,594,646
Cost of sales		<b>(2,419,315)</b>	(2,783,651)
<b>Gross profit</b>		<b>1,179,073</b>	810,995
Valuation (losses)/gains on investment properties	9	<b>(101,281)</b>	341,857
Other income	4	<b>14,638</b>	445,773
Selling expenses		<b>(159,443)</b>	(223,455)
Administrative expenses		<b>(207,366)</b>	(262,377)
Other operating expenses		<b>(17,763)</b>	(58,655)
<b>Profit from operations</b>		<b>707,858</b>	1,054,138
Financial income	5(a)	<b>218,031</b>	363,931
Financial costs	5(a)	<b>(306,737)</b>	(341,467)
Share of profits less losses of associates		<b>(4,074)</b>	26,221
<b>Profit before taxation</b>	<b>5</b>	<b>615,078</b>	1,102,823
Income tax	6	<b>(355,133)</b>	(309,712)
<b>Profit for the period</b>		<b>259,945</b>	793,111
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		<b>(2,784)</b>	135
<b>Total comprehensive income for the period</b>		<b>257,161</b>	793,246

The notes on pages 54 to 78 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 17.

## Consolidated Statement of Comprehensive Income (Continued)

for the six months ended 30 June 2020 – unaudited  
(Expressed in Renminbi)

	<i>Note</i>	Six months ended 30 June	
		2020 <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>(Loss)/profit attributable to:</b>			
Equity shareholders of the Company		<b>(6,746)</b>	329,806
Non-controlling interests		<b>266,691</b>	463,305
<b>Profit for the period</b>		<b>259,945</b>	793,111
<b>Total comprehensive income attributable to:</b>			
Equity shareholders of the Company		<b>(9,530)</b>	329,941
Non-controlling interests		<b>266,691</b>	463,305
<b>Total comprehensive income for the period</b>		<b>257,161</b>	793,246
<b>(Loss)/earnings per share (RMB)</b>			
	7		
Basic		<b>(0.003)</b>	0.13
Diluted		<b>(0.003)</b>	0.05

The notes on pages 54 to 78 form part of this interim financial report.



# Consolidated Statement of Financial Position

at 30 June 2020 – unaudited  
(Expressed in Renminbi)

		At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
	Note		
<b>Non-current assets</b>			
Property and equipment	8	816,150	643,367
Investment properties	9	11,843,117	11,670,105
Intangible assets		747,845	863,900
Restricted deposits		89,232	42,900
Investments in associates		1,302,364	1,325,528
Trade and other receivables	12	181,539	192,315
Deferred tax assets		699,512	691,570
Other non-current financial assets		214,955	273,730
<b>Total non-current assets</b>		<b>15,894,714</b>	15,703,415
<b>Current assets</b>			
Properties under development and completed properties held for sale	10	28,815,499	27,977,447
Land development for sale	11	2,297,857	2,013,294
Contract costs		250,471	249,106
Trade and other receivables	12	6,942,588	8,338,127
Restricted deposits		1,747,097	1,567,656
Cash and cash equivalents	13	2,856,466	2,438,612
Trading securities		152,851	107,953
<b>Total current assets</b>		<b>43,062,829</b>	42,692,195
<b>Current liabilities</b>			
Loans and borrowings	14	12,212,376	10,601,383
Trade and other payables	15	6,545,556	6,805,049
Contract liabilities	16	8,095,874	9,106,391
Contract retention payables		156,510	155,554
Current tax liabilities		1,806,597	1,677,894
Lease liabilities		17,216	23,738
<b>Total current liabilities</b>		<b>28,834,129</b>	28,370,009
<b>Net current assets</b>		<b>14,228,700</b>	14,322,186
<b>Total assets less current liabilities</b>		<b>30,123,414</b>	30,025,601

The notes on pages 54 to 78 form part of this interim financial report.

## Consolidated Statement of Financial Position (Continued)

at 30 June 2020 – unaudited  
(Expressed in Renminbi)

	<i>Note</i>	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
<b>Non-current liabilities</b>			
Loans and borrowings	14	<b>14,240,951</b>	14,452,841
Contract retention payables		<b>138,013</b>	154,463
Lease liabilities		<b>70,292</b>	61,251
Deferred tax liabilities		<b>3,213,733</b>	3,185,570
Trade and other payables	15	<b>462,065</b>	423,249
<b>Total non-current liabilities</b>		<b>18,125,054</b>	18,277,374
<b>NET ASSETS</b>			
		<b>11,998,360</b>	11,748,227
<b>CAPITAL AND RESERVES</b>			
	17		
Share capital		<b>20,187</b>	20,240
Reserves		<b>9,132,526</b>	9,146,484
<b>Total equity attributable to equity shareholders of the Company</b>		<b>9,152,713</b>	9,166,724
<b>Non-controlling interests</b>		<b>2,845,647</b>	2,581,503
<b>TOTAL EQUITY</b>		<b>11,998,360</b>	11,748,227

Approved and authorised for issue by the board of directors on 24 August 2020.

<b>YI Xiaodi</b>	)	
	)	
	)	Directors
	)	
<b>FAN Xiaochong</b>	)	

The notes on pages 54 to 78 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

for the six months ended 30 June 2020 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital redemption reserve 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
<b>Balance at 1 January 2019</b>	20,704	3,420,724	-	-	(21,793)	737,866	13,036	3,304,305	7,474,842	2,133,453	9,608,295
<b>Changes in equity for the six months ended 30 June 2019:</b>											
Profit for the period	-	-	-	-	-	-	-	329,806	329,806	463,305	793,111
Other comprehensive income	-	-	-	-	135	-	-	-	135	-	135
<b>Total comprehensive income</b>	-	-	-	-	135	-	-	329,806	329,941	463,305	793,246
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	2,290	2,290
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(120,200)	(120,200)
Purchase and cancellation of own shares											
- par value paid	(436)	-	-	-	-	-	-	-	(436)	-	(436)
- premium paid	-	(72,286)	-	-	-	-	-	-	(72,286)	-	(72,286)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(92,040)	(92,040)
<b>Balance at 30 June 2019 and 1 July 2019</b>	20,268	3,348,438	-	-	(21,658)	737,866	13,036	3,634,111	7,732,061	2,386,808	10,118,869
<b>Changes in equity for the six months ended 31 December 2019:</b>											
Profit for the period	-	-	-	-	-	-	-	1,475,005	1,475,005	946,993	2,421,998
Other comprehensive income	-	-	-	-	(3,151)	-	-	-	(3,151)	-	(3,151)
<b>Total comprehensive income</b>	-	-	-	-	(3,151)	-	-	1,475,005	1,471,854	946,993	2,418,847

## Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2020 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Exchange reserve	General reserve	Property revaluation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	1,960	1,960
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,055,970)	(1,055,970)
Purchase and cancellation of own shares											
- par value paid	(28)	-	(21)	-	-	-	-	-	(49)	-	(49)
- premium paid	-	(3,993)	(2,841)	-	-	-	-	-	(6,834)	-	(6,834)
- transfer between reserves	-	(464)	-	464	-	-	-	-	-	-	-
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	263,684	263,684
Equity transaction with non-controlling interests	-	-	-	-	-	-	-	(30,308)	(30,308)	30,308	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	7,720	7,720
Transfer to general reserve fund	-	-	-	-	-	47,203	-	(47,203)	-	-	-
<b>Balance at 31 December 2019</b>	20,240	3,343,981	(2,862)	464	(24,809)	785,069	13,036	5,031,605	9,166,724	2,581,503	11,748,227

## Consolidated Statement of Changes in Equity (Continued)

for the six months ended 30 June 2020 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Exchange reserve	General reserve fund	Property revaluation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2020</b>	20,240	3,343,981	(2,862)	464	(24,809)	785,069	13,036	5,031,605	9,166,724	2,581,503	11,748,227
<b>Changes in equity for the six months ended 30 June 2020:</b>											
(Loss)/profit for the period	-	-	-	-	-	-	-	(6,746)	(6,746)	266,691	259,945
Other comprehensive income	-	-	-	-	(2,784)	-	-	-	(2,784)	-	(2,784)
<b>Total comprehensive income</b>	-	-	-	-	(2,784)	-	-	(6,746)	(9,530)	266,691	257,161
Purchase and cancellation of own shares											
- par value paid	(32)	-	-	-	-	-	-	-	(32)	-	(32)
- premium paid	-	(4,449)	-	-	-	-	-	-	(4,449)	-	(4,449)
- transfer between reserves	-	(53)	-	53	-	-	-	-	-	-	-
Cancellation of treasury shares	(21)	(2,841)	2,862	-	-	-	-	-	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(2,547)	(2,547)
<b>Balance at 30 June 2020</b>	20,187	3,336,638	-	517	(27,593)	785,069	13,036	5,024,859	9,152,713	2,845,647	11,998,360

The notes on pages 54 to 78 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2020 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2020 RMB'000	2019 RMB'000
<b>Operating activities</b>			
Cash generated from operations		688,700	1,141,517
Income tax paid		(273,681)	(229,227)
<b>Net cash generated from operating activities</b>		<b>415,019</b>	<b>912,290</b>
<b>Investing activities</b>			
Repayment of loans provided to third parties		646,141	2,559,645
Proceeds from disposal of subsidiaries		538,159	2,372,801
Acquisition of subsidiaries, net of cash acquired		(160,814)	–
Prepayment for acquisition of an associate		(80,000)	–
Interest received		58,877	68,230
Loans provided to non-controlling interests		(50,467)	(853,448)
Acquisition of investment properties		(40,273)	(28,431)
Loans provided to third parties		–	(2,250,861)
Other cash flows (used in)/generated from investing activities		(4,454)	45,804
<b>Net cash generated from investing activities</b>		<b>907,169</b>	<b>1,913,740</b>
<b>Financing activities</b>			
Proceeds from loans and borrowings		2,274,186	4,994,906
Repayment of loans and borrowings		(2,396,595)	(5,387,634)
Interest paid		(1,115,727)	(1,300,857)
Proceeds from issuance of senior notes		734,936	–
Increase in restricted deposits		(360,548)	(14,196)
Purchase and cancellation of own shares		(4,481)	(72,722)
Distribution to non-controlling interests		–	(120,200)
Other cash flows used in financing activities		(22,864)	(17,280)
<b>Net cash used in financing activities</b>		<b>(891,093)</b>	<b>(1,917,983)</b>
<b>Net increase in cash and cash equivalent</b>		<b>431,095</b>	<b>908,047</b>
<b>Cash and cash equivalents at 1 January</b>	13	<b>2,438,612</b>	<b>2,588,630</b>
<b>Effect of foreign exchange rate changes</b>		<b>(13,241)</b>	<b>2,294</b>
<b>Cash and cash equivalents at 30 June</b>	13	<b>2,856,466</b>	<b>3,498,971</b>

The notes on pages 54 to 78 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 24 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 1.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendment to IFRS issued by the IASB to the financial statements for the current accounting period:

- Amendments to IFRS 3, Definition of a Business

None of the development has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING

#### (a) 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:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Sale of properties	<b>3,343,135</b>	3,296,153
Property management and hotel operation income	<b>193,410</b>	211,680
Light-asset operation income	<b>6,733</b>	15,658
	<b>3,543,278</b>	3,523,491
<b>Revenue from other sources</b>		
Rental income from investment properties	<b>55,110</b>	71,155
	<b>3,598,388</b>	3,594,646
<b>Disaggregated by timing of revenue recognition</b>		
Point in time	<b>2,714,068</b>	2,629,058
Over time	<b>884,320</b>	965,588
	<b>3,598,388</b>	3,594,646

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in Note 3(b).

The Group's customer base is diversified and there are no customers with whom transactions have exceed 10% of the Group's revenue.



# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting

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

- (a) The mixed-use business complexes segment that develops and sells business complex products;
- (b) The multi-functional residential communities segment that develops and sells residential properties and develops land;
- (c) Investment properties segment that leases offices and commercial premises;
- (d) The property management and hotel operation segment that provides property management service and hotel accommodation services; and
- (e) The light-asset operation segment that provides property selling agency and brand-use services.

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

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Disaggregated by timing of revenue recognition</b>												
Point in time	1,279,764	271,427	1,427,571	2,341,973	-	-	-	-	6,733	15,658	2,714,068	2,629,058
Over time	222,265	177,564	413,535	505,189	55,110	71,155	193,410	211,680	-	-	884,320	965,588
<b>Revenue from external customers</b>	<b>1,502,029</b>	<b>448,991</b>	<b>1,841,106</b>	<b>2,847,162</b>	<b>55,110</b>	<b>71,155</b>	<b>193,410</b>	<b>211,680</b>	<b>6,733</b>	<b>15,658</b>	<b>3,598,388</b>	<b>3,594,646</b>
Inter-segment revenue	-	-	-	-	2,059	-	14,344	49,204	-	-	16,403	49,204
<b>Reportable segment revenue</b>	<b>1,502,029</b>	<b>448,991</b>	<b>1,841,106</b>	<b>2,847,162</b>	<b>57,169</b>	<b>71,155</b>	<b>207,754</b>	<b>260,884</b>	<b>6,733</b>	<b>15,658</b>	<b>3,614,791</b>	<b>3,643,850</b>
<b>Reportable segment gross profit/(loss)</b>	<b>715,983</b>	<b>95,225</b>	<b>341,168</b>	<b>652,989</b>	<b>57,169</b>	<b>71,155</b>	<b>(13,359)</b>	<b>(10,846)</b>	<b>627</b>	<b>14,647</b>	<b>1,101,588</b>	<b>823,170</b>
<b>Reportable segment profit/(loss)</b>	<b>374,703</b>	<b>(448,263)</b>	<b>59,868</b>	<b>1,010,375</b>	<b>(41,744)</b>	<b>237,264</b>	<b>(30,146)</b>	<b>(69,489)</b>	<b>1,048</b>	<b>8,871</b>	<b>363,729</b>	<b>738,758</b>
As at 30 June/31 December												
<b>Loans and borrowings</b>	<b>2,419,264</b>	<b>2,822,903</b>	<b>14,978,179</b>	<b>14,344,693</b>	<b>165,500</b>	<b>-</b>	<b>899,791</b>	<b>952,490</b>	<b>-</b>	<b>-</b>	<b>18,462,734</b>	<b>18,120,086</b>
<b>Reportable segment assets</b>	<b>14,011,860</b>	<b>12,870,293</b>	<b>35,616,712</b>	<b>35,641,319</b>	<b>11,908,011</b>	<b>11,808,640</b>	<b>1,317,679</b>	<b>1,399,824</b>	<b>109,283</b>	<b>102,136</b>	<b>62,963,545</b>	<b>61,822,212</b>
<b>Reportable segment liabilities</b>	<b>13,739,109</b>	<b>12,399,072</b>	<b>35,447,178</b>	<b>34,243,571</b>	<b>505,325</b>	<b>527,285</b>	<b>1,101,774</b>	<b>1,047,487</b>	<b>38,651</b>	<b>32,785</b>	<b>50,832,037</b>	<b>48,250,200</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Reportable segment profit	<b>363,729</b>	738,758
Elimination of intra-group loss	<b>9,195</b>	7,644
Unallocated head office and corporate (loss)/income	<b>(112,979)</b>	46,709
Consolidated profit for the period	<b>259,945</b>	793,111

### 4 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Disposal of subsidiaries	–	432,142
Penalty income	<b>6,152</b>	2,822
Others	<b>8,486</b>	10,809
	<b>14,638</b>	445,773

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 5 PROFIT BEFORE TAXATION

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

#### (a) Financial income and financial costs

	Six months ended 30 June	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Financial income</b>		
Interest income on financial assets not at fair value through profit or loss	(183,851)	(150,812)
Dividend income from the trading securities	(15,780)	–
Net change in fair value of the derivative components of convertible bonds ( <i>Note 14(a)</i> )	(18,400)	(213,119)
	<b>(218,031)</b>	(363,931)
<b>Financial costs</b>		
Total interest expense on loans and borrowings	1,280,610	1,379,116
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction	(1,078,118)	(1,131,103)
	<b>202,492</b>	248,013
Net foreign exchange loss	43,563	20,331
Net change in fair value of financial assets at fair value through profit or loss	52,585	42,165
Interest element of lease rentals paid	3,038	3,655
Bank charges and others	5,059	27,303
	<b>306,737</b>	341,467

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 5 PROFIT BEFORE TAXATION (CONTINUED)

#### (b) Other items

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation		
– owned property and equipment	9,421	8,950
– right-of-use assets	51,490	13,933

### 6 INCOME TAX

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC Corporate Income Tax	195,034	201,206
– Land Appreciation Tax	172,174	147,711
Over-provision of PRC Corporate Income Tax in respect of prior years	(23,856)	(24,006)
Deferred taxation	11,781	(15,199)
	<b>355,133</b>	309,712

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.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 7 (LOSS)/EARNINGS PER SHARE

#### (a) Basic (loss)/earnings per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB6,746,000 for the six months ended 30 June 2020 (six months ended 30 June 2019: profit attributable to equity shareholders of the Company of RMB329,806,000) and the weighted average of RMB2,553,128,455 ordinary shares (six months ended 30 June 2019: 2,567,440,000 ordinary shares) in issue during the interim period.

#### (b) Diluted (loss)/earnings per share

There was no difference between basic and diluted loss per share for the six months ended 30 June 2020.

For the six months ended 30 June 2019, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB160,370,000 and the weighted average number of ordinary shares of 3,155,840,000.

### 8 PROPERTY AND EQUIPMENT

#### (a) Right-of-use assets

During the six months ended 30 June 2020, the Group entered into a number of lease agreements for use of buildings, and therefore recognised the additions to right-of-use assets of RMB250,582,000 (six months ended 30 June 2019: RMB2,100,000).

#### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2020, the Group incurred capital expenditure of property and equipment with a cost of RMB2,808,000 (six months ended 30 June 2019: RMB1,706,000). Items of property and equipment with a net book value of RMB8,156,000 were disposed of during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB5,954,000), resulting in a loss on disposal of RMB55,000 (six months ended 30 June 2019: RMB745,000).

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 9 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2020 by CHFT Advisory And Appraisal Ltd (“CHFT”), the Group’s independent valuer, using the same valuation techniques as were used when carrying out the valuations as 31 December 2019. As a result of the update, a net loss of RMB101,281,000 (six months ended 30 June 2019: a net gain of RMB341,857,000), and deferred tax credit thereon of RMB25,320,000 (six months ended 30 June 2019: deferred tax expense of RMB85,464,000), has been recognised in profit or loss for the period.

During the six months ended 30 June 2020, the Group did not enter into any lease agreements for use of buildings, and therefore did not recognise any additions to right-of-use assets (six months ended 30 June 2019: RMB6,237,000).

## 10 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

During the six months ended 30 June 2020 and 2019, no write-down of properties under development and completed properties held for sale had been incurred.

## 11 LAND DEVELOPMENT FOR SALE

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

Land development for sale is expected to be 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.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 12 TRADE AND OTHER RECEIVABLES

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

	<i>Note</i>	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Within 6 months		<b>124,417</b>	70,974
6 months to 1 year		<b>19,943</b>	18,283
Over 1 year	(i)	<b>770,496</b>	840,194
<hr/>			
Trade receivables and bills receivables, net of allowance for doubtful debts of RMB Nil		<b>914,856</b>	929,451
Loans provided to third parties, net of loss allowance	(ii)	<b>2,280,382</b>	2,852,398
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		<b>782,757</b>	752,160
Loans provided to associates		<b>27,402</b>	242,339
Consideration receivables		<b>549,753</b>	1,085,145
Amounts due from related parties	(iii)	<b>24,548</b>	24,265
Dividend receivables		<b>12,991</b>	–
Other receivables, net of loss allowance		<b>342,937</b>	324,576
<hr/>			
		<b>4,935,626</b>	6,210,334
Financial assets measured at amortised cost, net of loss allowance			
Deposits and prepayments		<b>2,188,501</b>	2,320,108
<hr/>			
		<b>7,124,127</b>	8,530,442
Less: non-current portion		<b>181,539</b>	192,315
<hr/>			
		<b>6,942,588</b>	8,338,127
<hr/>			



## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (i) Receivables that aging were over 1 year mainly included revenue from land development for sale of RMB581,089,000 as at 30 June 2020 and 31 December 2019 from the Government of Chenghua District. Based on a series of agreements entered into by the Group and the Government of Chenghua District, the Group is entitled to receive RMB581,089,000 and the Government of Chenghua District 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 management fee of RMB15,000,000. The first trial went to court on 17 June 2015 and the judge asked the Group and the Government of Chenghua District to further negotiate so as to reach a settlement. The court has accepted and approved an application for withdrawal of the trial by the Group on 26 July 2018. As of the date of this report, the Group is still negotiating with the Government of Chenghua District.

As at 30 June 2020, 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 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 will not, or will have financial difficulties to fulfil its obligation to settle the balance.

Accordingly, the management believes that the balances are fully recoverable.

The remaining receivables mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. The Group holds the title of the property units as collateral over the balance of trade receivables of RMB122,417,000 (2019: RMB135,181,000). The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price and management considers that the credit risk arising from these trade receivables is significantly mitigated by related property units held as collateral, with reference to the estimated market value of those property units.

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measure loss allowances at an amount equal to lifetime expected credit losses ("ECLs"), which is calculated using a provision matrix. At 30 June 2020 and 31 December 2019, the Group's exposure to credit risk and ECLs for these trade receivables are insignificant.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 12 TRADE AND OTHER RECEIVABLES (CONTINUED)

#### (ii) Loans provided to third parties, net of loss allowance

The balance mainly represented loans provided to third parties which were interest bearing at a weighted interest rate of 13% (six months ended 30 June 2019: 12%) per annum. Pursuant to the Group's accounting policy, management measures loss allowance for loans provided to third parties on an individual basis at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the loan balance since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

During the six months ended 30 June 2020, no additional loss allowance had been recognised.

During the year ended 31 December 2019, a total loss allowance of RMB102 million was recognised on the loans provided to third parties, which was related to loans provided to a number of companies with no guarantees and with an outstanding balance totalled RMB102 million as at 31 December 2019. Management determined that the credit risks of such balances of RMB102 million increased significantly, and, therefore, a loss allowance based on lifetime ECLs totalled RMB102 million has been recognised thereon.

#### (iii) Amounts due from related parties

		<b>At 30 June 2020</b>	At 31 December 2019
	<i>Note</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amounts due from			
– Entities under control of Ms. Fan Xiaohua ("Ms. Fan")	(i)	<b>3,989</b>	3,706
– Members of key management personnel	(ii)	<b>20,559</b>	20,559
		<b>24,548</b>	24,265

*Notes:*

- (i) The balance amounting to RMB3,989,000 as at 30 June 2020 (2019: RMB3,706,000) represented loans provided to the entities under control of Ms. Fan, bearing an interest rate at 10% per annum and will be matured on 9 April 2021.
- (ii) The balance amounting to RMB20,559,000 as at 30 June 2020 (2019: RMB20,559,000) represented amounts provided to a key management personnel of the Group, Mr. Chen Meng, which were interest-free, unsecured and had no fixed terms of repayment.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 13 CASH AND CASH EQUIVALENTS

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Cash on hand	<b>585</b>	710
Cash at bank	<b>2,855,881</b>	2,437,902
	<b>2,856,466</b>	2,438,612

### 14 LOANS AND BORROWINGS

	<i>Note</i>	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Loans and borrowings at amortised cost			
– Long-term		<b>13,128,065</b>	12,277,706
– Short-term		<b>2,423,764</b>	2,594,530
– 2017 Senior Notes		<b>1,662,214</b>	1,635,046
– 2018 Senior Notes		<b>1,828,461</b>	1,773,522
– 2019 Senior Notes		<b>849,343</b>	952,050
– 2020 Senior Notes		<b>710,376</b>	–
– Corporate bonds		<b>4,945,784</b>	4,941,711
		<b>25,548,007</b>	24,174,565
Convertible bonds	(a)	<b>905,320</b>	879,659
		<b>26,453,327</b>	25,054,224

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 14 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 2020, the carrying amounts of liability and derivative components of the convertible bonds were RMB844,887,000 and RMB60,433,000 respectively. No conversion or redemption of the convertible bonds has occurred during the six months ended 30 June 2020.

	<b>Derivative component RMB'000</b>	<b>Liabilities component RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2020	<b>77,456</b>	<b>802,203</b>	<b>879,659</b>
Fair value adjustment credited to profit or loss (Note 5(a))	<b>(18,400)</b>	–	<b>(18,400)</b>
Accrued interest	–	<b>52,138</b>	<b>52,138</b>
Interest paid	–	<b>(26,650)</b>	<b>(26,650)</b>
Foreign exchange loss	<b>1,377</b>	<b>17,196</b>	<b>18,573</b>
At 30 June 2020	<b>60,433</b>	<b>844,887</b>	<b>905,320</b>

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 14 LOANS AND BORROWINGS (CONTINUED)

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

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Loans and borrowings at amortised cost:		
– Bank loans – secured	<b>4,053,949</b>	3,946,459
– Loans from other financial institutions – secured	<b>9,074,116</b>	8,331,247
– 2017 Senior Notes	<b>1,662,214</b>	1,635,046
– 2018 Senior Notes	<b>1,828,461</b>	1,773,522
– 2019 Senior Notes	<b>849,343</b>	952,050
– 2020 Senior Notes	<b>710,376</b>	–
– Corporate bonds	<b>4,945,784</b>	4,941,711
	<b>23,124,243</b>	21,580,035
Convertible bonds	<b>905,320</b>	879,659
	<b>24,029,563</b>	22,459,694
Less: Current portion of long-term loans and borrowings:		
– Bank loans	<b>911,764</b>	1,279,533
– Loans from other financial institutions	<b>3,184,568</b>	3,106,318
– 2017 Senior Notes	<b>1,662,214</b>	1,635,046
– 2018 Senior Notes	<b>1,019,129</b>	988,435
– Corporate bonds	<b>3,010,937</b>	997,521
	<b>9,788,612</b>	8,006,853
	<b>14,240,951</b>	14,452,841

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 14 LOANS AND BORROWINGS (CONTINUED)

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

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Loans and borrowings at amortised cost:		
Bank loans		
– secured	<b>1,214,900</b>	923,600
Loans from other financial institutions		
– secured	<b>846,064</b>	1,168,130
Loans from third parties		
– secured	<b>10,000</b>	181,000
– unsecured	<b>352,800</b>	321,800
	<b>2,423,764</b>	2,594,530
Current portion of long-term loans and borrowings	<b>9,788,612</b>	8,006,853
	<b>12,212,376</b>	10,601,383

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 15 TRADE AND OTHER PAYABLES

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

	<i>Note</i>	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Within 1 year		<b>3,409,361</b>	3,739,631
1 year to 2 years		<b>172,597</b>	252,233
2 years to 5 years		<b>289,468</b>	171,016
Trade payables		<b>3,871,426</b>	4,162,880
Advances received from third parties		<b>371,490</b>	376,159
Consideration payables		<b>277,224</b>	297,224
Amounts due to related parties	(i)	<b>234,098</b>	5,187
Other payables		<b>1,278,512</b>	1,232,214
Financial liabilities measured at amortised cost		<b>6,032,750</b>	6,073,664
Other taxes payable		<b>974,871</b>	1,154,634
		<b>7,007,621</b>	7,228,298
Less: Non-current portion of trade payables		<b>462,065</b>	423,249
		<b>6,545,556</b>	6,805,049

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 15 TRADE AND OTHER PAYABLES (CONTINUED)

(i) Amounts due to related parties

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Amounts due to		
– Entities under control of Ms. Fan	<b>1,964</b>	1,089
– Associates	<b>232,134</b>	4,098
	<b>234,098</b>	5,187

The balances as at 30 June 2020 and 31 December 2019 were interest-free, unsecured and had no fixed terms of repayment.

### 16 CONTRACT LIABILITIES

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.

### 17 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

(i) *Dividends payable to equity shareholders of the Company attributable to the period*

	<b>Six months ended 30 June 2020 RMB'000</b>
Interim dividend proposed after the end of the reporting period of HKD10.00 cents per ordinary share (2019: HKD nil)	<b>233,137</b>

The interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) *The Company did not declare any dividends for the six months ended 30 June 2019.*



# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 17 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (b) Purchase of own shares

During the interim period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

	Number of shares repurchased	Highest price paid per share <i>HKD</i>	Lowest price paid per share <i>HKD</i>	Aggregated price paid <i>RMB'000</i>
January 2020	1,016,000	1.49	1.38	1,284
February 2020	2,182,000	1.43	1.33	2,761
April 2020	347,000	1.38	1.37	436
				4,481

The total amount paid on the repurchased shares of HKD4,938,000, which was equivalent to RMB4,481,000 was paid out of share capital and share premium.

## 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

#### (i) Fair valued hierarchy

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

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

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

##### (i) Fair valued hierarchy (Continued)

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

	Fair value at 30 June 2020 RMB'000	Fair value measurements as at 30 June 2020 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Trading securities	152,851	152,851	-	-
Financial liabilities:				
Derivative component of convertible bonds (Note 14(a))	60,433	-	-	60,433

	Fair value at 31 December 2019 RMB'000	Fair value measurements as at 31 December 2019 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Trading securities	107,953	107,953	-	-
Financial liabilities:				
Derivative component of convertible bonds (Note 14(a))	77,456	-	-	77,456

During the periods ended 30 June 2020 and 2019, 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.

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

	Valuation techniques	Significant unobservable inputs	Range	Weighted average
Derivative component of convertible bonds issued in 2016	Binomial Tree model	Expected volatility	24.7% – 25.7% (2019: 79.9% – 80.9%)	25.2% (2019: 80.4%)
Derivative component of convertible bonds issued in 2018	Binomial Tree model	Expected volatility	48.1% – 49.1% (2019: 48.2% – 49.2%)	48.6% (2019: 48.7%)

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 2020, for the convertible bond issued in 2016, 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 RMB342/RMB35 (for the six months ended 30 June 2019: RMB4,000/RMB4,000), and for the convertible bond issued in 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 RMB416,000/RMB417,000 (for the six months ended 30 June 2019: RMB331,000/RMB332,000).

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
<b>Derivative component of convertible bonds</b>		
At 1 January	77,456	555,886
Fair value adjustment credited in profit or loss	(18,400)	(213,119)
Foreign exchange loss	1,377	2,108
At 30 June	60,433	344,875
Total gains for the period included in profit or loss for convertible bonds held at the end of the reporting period	18,400	213,119

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

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2020 and 31 December 2019.

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 19 COMMITMENTS AND CONTINGENT LIABILITIES

### (a) Capital commitments

As at 30 June 2020 and 31 December 2019, 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:

	<b>At 30 June 2020 RMB'000</b>	At 31 December 2019 RMB'000
Contracted for	<b>7,796,638</b>	7,606,621
Approved but not contracted for	<b>8,138,170</b>	7,578,952
	<b>15,934,808</b>	15,185,573

### (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 RMB6,094,806,000 as at 30 June 2020 (2019: RMB6,563,861,000).

### (c) Warranty against defects of properties

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

### (d) Legal contingencies

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

## Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 20 MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Repayment of loans provided to		
– Associates	–	9,255
– Entities under control of Ms. Fan	–	45,334
Loans provided to		
– Associates	–	40,950
– Members of key management personnel	–	1,286
Loans received from		
– An associate	<b>232,134</b>	–
– Entities under control of Ms. Fan	<b>875</b>	–
Advances from		
– Entities under control of Ms. Fan	–	9,944
Repayment of advances to		
– Associates	–	18,373
Interest income charged from		
– Entities under control of Ms. Fan	<b>283</b>	–
Interest expenses charged to associates	–	29,217
Rental fees repaid to		
– An associate	<b>4,098</b>	–

# Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 21 SUBSEQUENT EVENT

On 1 April 2019, the Group entered into an equity and loan acquisition agreement with Sunac South-West Real Estate Development (Group) Co., Ltd., a third party, to dispose 70% equity interest in Chongqing Sunshine 100 Real Estate Development Co., Ltd. ("Chongqing Sunshine 100") held by the Group, at a total consideration of RMB1,334 million which was comprised of an equity consideration of RMB370 million and a loan consideration of RMB964 million.

On 16 March 2020, the parties to the equity transfer agreement of disposal of Chongqing Sunshine 100, entered into the shareholders' resolutions to provide for the replacement of the consideration adjustment mechanism with another adjustment mechanism (the "Dividend Adjustment Mechanism") through a future dividend distribution plan of Chongqing Sunshine 100. Therefore, relevant transactions have been classified as a very substantial disposal after the consideration is adjusted and have obtained the approval from shareholders of the Company on 10 July 2020.

It should be noted that completion of the disposal has already taken place during the year ended 31 December 2019. Under the Dividend Adjustment Mechanism, the majority of the adjustment will be out of the dividend entitled by the Group. The consideration for the shareholder loan will not be adjusted.