Sunshine 100 China Holdings Ltd
陽光100中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2608)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS OF INTERIM RESULTS

- Contracted sales amounted to RMB4,294.2 million and contracted sales area was 506,329 square metres, representing increases of 34.1% and 19.2% from the corresponding period of 2015, respectively
- Sales revenue amounted to RMB2,081.4 million, representing a decrease of 11.9% from the corresponding period of 2015
- Profit for the period amounted to RMB90.4 million, in which profit attributable to equity shareholders of the Company amounted to RMB86.2 million, representing increases of 64.9% and 20.4%, respectively, as compared to the corresponding period of 2015
- Basic and diluted earnings per share was RMB0.04
- Total assets amounted to RMB48,606.7 million, representing an increase of 12.7% as compared to 31 December 2015. The total equity attributable to equity shareholders of the Company amounted to RMB6,138.9 million, representing a decrease of 0.9% as compared to 31 December 2015
- As of 30 June 2016, our land reserves amounted to 10.14 million square meters in terms of attributable GFA
- The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2016

The board of directors (the "**Board**") of Sunshine 100 China Holdings Ltd (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2016 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2015. The interim results of the Group for the six months ended 30 June 2016 had been reviewed by the Audit Committee of the Company (the "**Audit Committee**") and approved by the Board on 29 August 2016. The following interim financial statements are unaudited, but have been reviewed by KPMG, the auditor of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

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

		Six months ended 30 June	
		2016	2015
	Note	***RMB'000***	*RMB'000*
Other comprehensive income for the period (after tax and reclassification adjustments):			
Item that may be reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(3,429)**	–
Total comprehensive income for the period		**86,969**	54,804
Profit attributable to:			
Equity shareholders of the Company		**86,201**	71,604
Non-controlling interests		**4,197**	(16,800)
Profit for the period		**90,398**	54,804
Total comprehensive income attributable to:			
Equity shareholders of the Company		**82,772**	71,604
Non-controlling interests		**4,197**	(16,800)
Total comprehensive income for the period		**86,969**	54,804
Basic and diluted earnings per share *(RMB)*	7	**0.04**	0.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Property and equipment		**758,487**	784,100
Investment properties		**8,537,355**	7,964,552
Restricted deposits		**306,825**	405,019
Trade and other receivables	8	**307,537**	294,300
Investments in associates and a joint venture		**517,599**	536,496
Deferred tax assets		**800,555**	730,423
Other financial assets		**16,000**	–
Total non-current assets		**11,244,358**	10,714,890
Current assets			
Properties under development and completed properties held for sale		**26,960,519**	24,541,073
Land development for sale		**769,501**	767,869
Trade and other receivables	8	**5,058,022**	5,091,648
Restricted deposits		**1,769,795**	698,178
Cash and cash equivalents		**2,804,502**	1,325,221
Total current assets		**37,362,339**	32,423,989

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current liabilities			
Loans and borrowings		**6,921,385**	7,577,551
Trade and other payables	9	**5,526,088**	6,166,680
Contract retention payables		**214,504**	161,917
Sales deposits		**6,412,941**	4,408,362
Current tax liabilities		**971,422**	1,025,252
Total current liabilities		**20,046,340**	19,339,762
Net current assets		**17,315,999**	13,084,227
Total assets less current liabilities		**28,560,357**	23,799,117
Non-current liabilities			
Loans and borrowings		**16,705,830**	12,190,959
Contract retention payables		**249,462**	216,139
Trade and other payables	9	**1,095,954**	880,943
Deferred tax liabilities		**3,108,423**	3,008,661
Total non-current liabilities		**21,159,669**	16,296,702
NET ASSETS		**7,400,688**	7,502,415
CAPITAL AND RESERVES	10		
Share capital		**18,718**	18,718
Reserves		**6,120,229**	6,177,367
Total equity attributable to equity shareholders of the Company		**6,138,947**	6,196,085
Non-controlling interests		**1,261,741**	1,306,330
TOTAL EQUITY		**7,400,688**	7,502,415

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

2 CHANGES IN ACCOUNTING POLICIES

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

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

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

3 SEGMENT REPORTING

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

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

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

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

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

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

(a) Segment results, assets and liabilities

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

	Six months ended 30 June 2016				
	Mixed-use business complexes *RMB'000*	**Multi-functional residential communities** *RMB'000*	**Investment properties** *RMB'000*	**Property management and hotel operation** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**922,055**	**931,313**	**52,756**	**211,413**	**2,117,537**
Reportable segment gross profit	**147,898**	**88,611**	**52,756**	**57,721**	**346,986**
Reportable segment profit/(loss)	**44,503**	**(281,611)**	**362,811**	**889**	**126,592**

	Six months ended 30 June 2015				
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	148,517	1,994,772	50,678	183,210	2,377,177
Reportable segment gross profit	3,109	240,127	50,678	(3,152)	290,762
Reportable segment (loss)/profit	(51,672)	(175,695)	219,702	(33,181)	(40,846)

	At 30 June 2016				
	Mixed-use business complexes	**Multi-functional residential communities**	**Investment properties**	**Property management and hotel operation**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Loans and borrowings	**3,229,778**	**17,119,992**	**–**	**821,196**	**21,170,966**
Reportable segment assets	**8,438,970**	**27,508,379**	**8,862,585**	**1,430,055**	**46,239,989**
Reportable segment liabilities	**9,168,483**	**26,759,330**	**372,886**	**1,070,166**	**37,370,865**

	At 31 December 2015				
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	3,607,798	13,140,305	19,799	–	16,767,902
Reportable segment assets	9,117,447	23,337,855	8,339,808	579,454	41,374,564
Reportable segment liabilities	9,585,967	22,296,462	376,171	220,456	32,479,056

(b) Reconciliations of reportable segment revenue and profit

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

4 REVENUE

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Sale of properties	**1,853,368**	2,143,289
Rental income from investment properties	**52,756**	50,678
Property management and hotel operation income	**175,235**	169,825
	2,081,359	2,363,792

5 PROFIT BEFORE TAXATION

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

(a) Financial income and financial expenses

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Financial income		
Interest income on financial assets not at fair value through profit or loss	**(76,678)**	(20,747)
Net foreign exchange gain	**–**	(5,056)
	(76,678)	(25,803)
Financial expenses		
Interest on loans and borrowings	**1,059,915**	847,823
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	**(991,093)**	(741,216)
	68,822	106,607
Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust	**–**	1,429
Net foreign exchange loss	**17,408**	–
Bank charges and others	**38,498**	3,620
	124,728	111,656

(b) Other items

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

6 INCOME TAX

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

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

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

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

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB86,201,000 for the six months ended 30 June 2016 (six months ended 30 June 2015: RMB71,604,000) and the weighted average of 2,375,000,000 ordinary shares (six months ended 30 June 2015: 2,014,583,333 shares) in issue during the interim period.

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding during the periods ended 30 June 2016 and 2015.

8 TRADE AND OTHER RECEIVABLES

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

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Current	**154,189**	369,931
1 to 6 months past due	**110,607**	34,161
6 months to 1 year past due	**16,317**	28,214
More than 1 year past due	**731,300**	720,884
Amounts past due	**858,224**	783,259
Trade receivables, net of allowance for doubtful debts of RMB nil	**1,012,413**	1,153,190
Advances provided to third parties	**2,462,640**	2,282,067
Amounts due from associates and a joint venture	**1,500**	404,849
Other receivables	**295,547**	193,813
	3,772,100	4,033,919
Less: allowance for doubtful debts	**12,091**	8,675

	At 30 June 2016 *RMB'000*	At 31 December 2015 *RMB'000*
Loans and receivables	**3,760,009**	4,025,244
Deposits and prepayments	**1,605,550**	1,360,704
	5,365,559	5,385,948
Less: non-current portion of trade receivables	**12,052**	16,661
non-current portion of other receivables	**295,485**	277,639
Sub-total	**307,537**	294,300
Total	**5,058,022**	5,091,648

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

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

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

9 TRADE AND OTHER PAYABLES

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

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

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) The Company did not declare any dividends for the six months ended 30 June 2016 and 2015.

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved during the following interim period of RMB5.89 cents per ordinary share (six months ended 30 June 2015: RMB nil)	**139,910**	–

REVIEW ON THE FIRST HALF OF 2016

Achieved stable and healthy growth in overall operating results

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

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

The development of commercial products of the Group proceeded smoothly, with the development, sale and commercial operation of all key commercial street complex projects advancing orderly as scheduled. In particular, construction of Phases I to IV of Yaobu Town, one of our flagship projects, had been completed. The tenant recruitment exercise for the project is being carried out continually. Since the first half of the year, the Group has strengthened the commercial operation of the project, devoting more efforts in fostering favorable atmosphere in public areas and organizing themed promotional campaigns capable of attracting traffic and visitors within the commercial street. Such city-level campaigns as Trunk Fair (車尾箱市集), Iron-cage Football and Basketball Ranking Event (鐵籠足球籃球打榜賽), the "March 3rd Festival" series of activities (三月三系列活動) have been successfully held in the first half of the year and attracted over 100,000 participants in large events and around 10,000 to 20,000 participants in weekly regular activities. Such activities have won good reputation and secured solid customer base in Liuzhou. Meanwhile, the Group placed more effort in the operation of its self-owned commercial areas in Yaobu Project. In respect of the Lijiang project, the Group continuously conducted negotiations and signed contracts with a number of potential tenants in the first half of the year. Meanwhile, some themed activities with strong local characteristics such as the Torch Festival were organized in tandem for the Lijiang project, playing a positive role in attracting visitors and tenants. In respect of the Yixing project, the Group continued to vigorously work on tenant recruitment and organize customer attraction activities in the first half of the year. A tenant recruitment event themed "Lightening the Coast of the Bund" was held in the Phoenix Street in August and attracted over 160 merchants and 190 investors, thus receiving more attention from the local market and attracting a group of prospective tenants to engage in business discussion and sign contracts. In respect of the Chongqing Ciyun Temple project, 3,200 square metres have been completed for construction of Phase I and tenant recruitment and customer attraction campaigns are being carried out on a continuous basis, attracting a large number of potential tenants. In addition, the Phoenix Street in Shenyang has currently achieved an overall occupation rate of 70% and is expected to formally open for business by the end of the year.

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

Significantly reduced financing costs and continuously optimized financial structure

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

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

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

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

OUTLOOK OF SECOND HALF OF THE YEAR AND THE FUTURE

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted sales

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

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

Economic area	City	Project name	Contracted sales area *(square metres)*(1) For the six months ended 30 June		Contracted sales amount *(RMB million)*(2) For the six months ended 30 June		Unit selling price *(RMB/square metre)*(1) For the six months ended 30 June	
			2016	2015	**2016**	2015	**2016**	2015
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	**6,872**	73,087	**198**	685	**11,205**	9,320
	Weifang	Weifang Sunshine 100 City Plaza	**3,339**	10,290	**18**	51	**5,391**	4,789
	Shenyang	Shenyang Sunshine 100 International New Town	**51,622**	73,488	**333**	486	**6,393**	6,529
	Shenyang	Shenyang Sunshine 100 Golf Mansion	**7,374**	14,686	**42**	69	**5,696**	4,698
	Dongying	Dongying Sunshine 100 City Garden	**12,520**	19,042	**85**	114	**6,709**	5,987
	Tianjin	Tianjin Sunshine 100 International New Town	**–**	220	**40**	10	**–**	23,466
	Sub-total		**81,727**	190,813	**716**	1,415	**6,742**	7,329

Economic area	City	Project name	Contracted sales area (square metres)[1]		Contracted sales amount (RMB million)[2]		Unit selling price (RMB/square metre)[1]	
			For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
			2016	2015	**2016**	2015	**2016**	2015
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	**116,854**	64,787	**810**	452	**6,932**	6,976
	Wenzhou	Wenzhou Center	**23,817**	–	**464**	–	**19,482**	–
	Yixing	Yixing Phoenix Street	**2,078**	–	**61**	–	**29,355**	–
	Sub-total		**142,749**	64,787	**1,335**	452	**9,352**	6,976
Pearl River Delta	Qingyuan	Qingyuan Mango Town	**135,165**	76,232	**841**	419	**6,089**	5,437
	Sub-total		**135,165**	76,232	**841**	419	**6,089**	5,437
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**97,586**	56,158	**872**	381	**8,731**	6,781
	Chengdu	Chengdu Sunshine 100 Mia Centre	**3,307**	14,436	**50**	160	**12,700**	11,051
	Changsha	Changsha Sunshine 100 International New Town	**28,797**	13,814	**244**	151	**8,022**	10,389
	Chongqing	Chongqing Sunshine 100 International New Town	**2,560**	2,579	**52**	47	**19,141**	16,014
		Chongqing Banan Arles	**11,711**	–	**111**	–	**8,795**	–
	Guilin	Guilin Lijiang River Town	**88**	–	**1**	–	**11,364**	–
	Lijiang	Lijiang COART Village	**374**	–	**8**	–	**21,390**	–
	Liuzhou	Liuzhou Yaobu Classic Town	**2,265**	5,638	**45**	168	**19,868**	29,364
		Liuzhou Sunshine 100 City Plaza	**–**	217	**19**	8	**–**	20,457
	Sub-total		**146,688**	92,842	**1,402**	915	**9,074**	9,641
Total			**506,329**	424,674	**4,294**	3,201	**7,979**	7,440

Notes:

(1) Excluding car parks

(2) Including car parks

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

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

Notes:

(1) Excluding car parks

(2) Including car parks

Property Construction

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

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

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

Land Acquisition

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

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

Economic area	City	Total GFA	Percentage	Attributable GFA	Percentage
		(square metres)		*(square metres)*	
Bohai Rim	Weifang	1,578,281	12%	1,578,281	16%
	Shenyang	1,149,347	9%	1,078,493	11%
	Jinan	640,986	5%	314,083	3%
	Yantai	403,080	3%	403,080	4%
	Dongying	135,838	1%	135,838	1%
	Tianjin	193,877	1%	166,734	2%
	Sub-total	**4,101,409**	**31%**	**3,676,509**	**37%**
Midwest	Chongqing	1,237,596	9%	1,033,041	10%
	Wuhan	295,648	2%	295,648	3%
	Guilin	390,554	3%	352,680	3%
	Changsha	333,178	3%	333,178	3%
	Liuzhou	286,861	2%	253,101	2%
	Nanning	217,670	2%	179,372	2%
	Chengdu	117,358	1%	117,358	1%
	Lijiang	204,167	2%	104,125	1%
	Sub-total	**3,083,032**	**24%**	**2,668,503**	**25%**

Economic area	City	Total GFA	Percentage	Attributable GFA	Percentage
		(square metres)		*(square metres)*	
Yangtze River Delta	Wuxi	1,383,085	10%	1,383,085	13%
	Wenzhou	1,143,603	9%	583,238	6%
	Yixing	110,611	1%	88,489	1%
	Sub-total	**2,637,299**	**20%**	**2,054,812**	**20%**
Pearl River Delta	Qingyuan	3,057,060	24%	1,681,383	17%
	Sub-total	**3,057,060**	**24%**	**1,681,383**	**17%**
Northern Mariana Islands	Saipan	120,000	1%	61,200	0%
	Sub-total	**120,000**	**1%**	**61,200**	**0%**
Total		**12,998,800**	**100%**	**10,142,407**	**100%**

Investment Properties

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

Major investments, acquisitions and disposals

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

On 24 June 2015, Sunshine 100 Real Estate Group Co., Ltd. ("**Sunshine 100 Group**"), a wholly-owned subsidiary of the Company, Zhuhai Kaixin Nongpi Investment Partnership (Limited Partnership), Chongqing Jufu Investment Holding (Group) Co., Ltd. and Chongqing Jiadao entered into an equity transfer agreement, pursuant to which, Chongqing Jufu Investment Holding (Group) Co., Ltd. agreed to sell and Sunshine 100 Group and Zhuhai Kaixin Nongpi Investment Partnership (Limited Partnership) agreed to buy 45% and 15% interest in Chongqing Jiadao, respectively. The total consideration paid by Sunshine 100 Group for the acquisition of the interest in Chongqing Jiadao is RMB9,000,000. Sunshine 100 Group agreed to provide Chongqing Jiadao with RMB210,000,000 of shareholder's loan. Since the equity transfer agreement was completed in August 2015, Chongqing Jiadao has become an associate (rather than a subsidiary) of the Company. On 21 March 2016, Chongqing Jiadao amended the articles of association, pursuant to which, Sunshine 100 Group was entitled to appoint three out of five directors of the board of directors of Chongqing Jiadao. Upon the appointment of the additional director by Sunshine 100 Group, the Group controls the composition of the majority of the members of the board of directors of Chongqing Jiadao. As a result, Chongqing Jiadao became a subsidiary of the Company. In this regard, Sunshine 100 Group has not paid additional consideration. When aggregated together with the equity transfer agreement, the consolidation of Chongqing Jiadao into the Group as a subsidiary shall be a deemed acquisition by the Company. For further details on the deemed acquisition, please refer to the announcement of the Company dated 21 March 2016.

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

Financial Performance

Revenue

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

Income from sale of properties

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

Property management and hotel operation income

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

Rental income from investment properties

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

Cost of sales

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

Gross profit

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

Valuation gains on investment properties

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

Selling expenses

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

Administrative expenses

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

Financial expenses

During the Reporting Period, financial expenses of the Group increased by 11.7% to RMB124.7 million from RMB111.7 million in the corresponding period of 2015, mainly attributable to an increase in the scale of interest bearing liabilities of the Group.

Income tax

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

Profit

During the Reporting Period, the profit of the Group increased by 64.9% to RMB90.4 million from RMB54.8 million in the corresponding period of 2015.

Profit attributable to equity shareholders of the Company

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

Working capital, finance and capital resources

Cash and cash equivalents

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

Current ratio, gearing ratio and net gearing ratio

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

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

Contingent liabilities

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

Loans and borrowings and pledged assets

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

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

Capital commitments

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

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.

Human resources

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

INTERIM DIVIDENDS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yi Xiaodi was the Chairman and Chief Executive Officer of the Company during the Reporting Period. This deviates from the practice in A.2.1 of the Corporate Governance Code where the two positions should be held by different individuals. However, the Board considers that the roles of chairman and chief executive officer assumed by Mr. Yi Xiaodi did not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Group.

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

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

AUDIT COMMITTEE

The Company has established 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 2016).

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) providing recommendations to the Board in respect of the remuneration packages of the Directors and senior management; (iii) reviewing and approving the remuneration packages of the management with reference to the Group's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants under the share option scheme adopted by the Company on 17 February 2014.

NOMINATION COMMITTEE

The Company has established a nomination committee (the "**Nomination Committee**") in compliance with the Listing Rules. At the time when this announcement was approved by the Board, the Nomination Committee comprised one executive Director, Mr. Yi Xiaodi, and two independent non-executive Directors, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Yi Xiaodi was at such time the chairman of the Nomination Committee.

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

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 2016.

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

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

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

SUFFICIENCY OF PUBLIC FLOAT

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

EVENTS AFTER THE REPORTING PERIOD

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

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

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

AUDITOR

KPMG, the Group's auditor, has agreed that the figures of the Group contained in the consolidated statement of comprehensive income, consolidated statement of financial position and related notes for the six months ended 30 June 2016 in this interim results announcement are consistent with the amounts as set out in the unaudited consolidated financial statements of the Group for the six months ended 30 June 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE STOCK EXCHANGE'S AND THE COMPANY'S WEBSITES

This results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ss100.com.cn. The interim report of the Company for the six months ended 30 June 2016 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above-mentioned websites in due course.

By Order of the Board of
Sunshine 100 China Holdings Ltd
Yi Xiaodi
Chairman and Executive Director

Beijing, the PRC
29 August 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Yi Xiaodi and Mr. Fan Xiaochong, the non-executive Directors of the Company are Ms. Fan Xiaohua and Mr. Wang Gongquan, and the independent non-executive Directors of the Company are Mr. Gu Yunchang, Mr. Ng Fook Ai, Victor and Mr. Wang Bo.