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)

PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

SUMMARY OF 2016 ANNUAL RESULTS

- Contracted sales amount was RMB10,417.5 million and contracted sales area was 1,141,853 square metres, representing increases of 39.1% and 23.4% respectively as compared to that of 2015
- Revenue increased by 8.5% to RMB6,965.2 million
- Profit for the year decreased by 62.3% to RMB231.4 million
- Basic and diluted earnings per share was RMB0.08
- Total assets increased by 23.1% to RMB53,088.4 million, and the total equity attributable to the equity shareholders of the Company was RMB6,239.1 million, representing an increase of 0.7% as compared to that as of 31 December 2015
- Attributable land reserves area reached 9.7 million square metres as of 31 December 2016
- The Board does not recommend the payment of any final dividend for the year ended 31 December 2016

The board of directors (the “**Board**”) of Sunshine 100 China Holdings Ltd (the “**Company**”) is pleased to announce the annual audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2016 (the “**Reporting Period**”) as compared to the corresponding period in 2015. The annual results of the Group for the year ended 31 December 2016 have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and approved by the Board on 29 March 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016
(Expressed in Renminbi)

	Note	**2016**	2015
		RMB'000	*RMB'000*
Revenue	*4*	**6,965,202**	6,418,190
Cost of sales		**(5,880,748)**	(5,249,703)
Gross profit		**1,084,454**	1,168,487
Valuation gains on investment properties		**910,917**	578,179
Other (losses)/income		**(39,760)**	246,841
Selling expenses		**(787,685)**	(576,032)
Administrative expenses		**(458,117)**	(404,275)
Other operating expenses		**(36,165)**	(47,486)
Profit from operations		**673,644**	965,714
Finance income	*5*	**136,980**	86,528
Finance costs	*5*	**(341,802)**	(171,212)
Share of profits less losses of associates and a joint venture		**70,603**	121,522
Profit before taxation		**539,425**	1,002,552
Income tax	*6*	**(308,058)**	(389,593)
Profit for the year		**231,367**	612,959

	Note	**2016**	2015
	Note	***RMB'000***	*RMB'000*
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(12,528)**	(2,780)
Total comprehensive income for the year		**218,839**	610,179
Profit attributable to:			
Equity shareholders of the Company		**195,405**	600,591
Non-controlling interests		**35,962**	12,368
Profit for the year		**231,367**	612,959
Total comprehensive income attributable to:			
Equity shareholders of the Company		**182,877**	597,811
Non-controlling interests		**35,962**	12,368
Total comprehensive income for the year		**218,839**	610,179
Basic and diluted earnings per share (RMB)	*7*	**0.08**	0.27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2016
(Expressed in Renminbi)

	Note	2016 RMB'000	2015 RMB'000
Non-current assets			
Property and equipment		**745,980**	784,100
Investment properties		**9,111,522**	7,964,552
Restricted deposits		**338,871**	405,019
Investments in associates and a joint venture		**642,004**	536,496
Trade and other receivables	9	**137,348**	294,300
Deferred tax assets		**1,010,103**	730,423
Total non-current assets		**11,985,828**	10,714,890
Current assets			
Properties under development and completed properties held for sale		**28,362,478**	24,541,073
Land development for sale		**784,398**	767,869
Trade and other receivables	9	**5,531,218**	5,091,648
Restricted deposits		**1,956,703**	698,178
Cash and cash equivalents		**4,467,731**	1,325,221
Total current assets		**41,102,528**	32,423,989
Current liabilities			
Loans and borrowings		**8,551,448**	7,577,551
Trade and other payables	10	**6,714,767**	6,166,680
Contract retention payables		**253,256**	161,917
Sales deposits		**6,615,966**	4,408,362
Current tax liabilities		**1,020,852**	1,025,252
Total current liabilities		**23,156,289**	19,339,762
Net current assets		**17,946,239**	13,084,227
Total assets less current liabilities		**29,932,067**	23,799,117

	Note	**2016**	2015
	Note	***RMB'000***	*RMB'000*
Non-current liabilities			
Loans and borrowings		**18,201,011**	12,190,959
Contract retention payables		**235,268**	216,139
Trade and other payables	*10*	**463,996**	880,943
Deferred tax liabilities		**3,350,153**	3,008,661
Total non-current liabilities		**22,250,428**	16,296,702
NET ASSETS		**7,681,639**	7,502,415
CAPITAL AND RESERVES	*11*		
Share capital		**18,718**	18,718
Reserves		**6,220,334**	6,177,367
Total equity attributable to equity shareholders of the Company		**6,239,052**	6,196,085
Non-controlling interests		**1,442,587**	1,306,330
TOTAL EQUITY		**7,681,639**	7,502,415

1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board (IASB), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and a joint venture.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the Company and the entities carrying out the principal activities of the Group in the People's Republic of China (the "PRC").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment property;
- financial instruments classified as available-for-sale or as trading securities;
- derivative financial instruments; and
- loans and borrowings designated at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 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. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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

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:

	2016	2015
	RMB'000	*RMB'000*
Sale of properties	**6,519,910**	5,983,945
Property management and hotel operation income	**342,277**	318,829
Rental income from investment properties	**103,015**	115,416
	6,965,202	6,418,190

5 FINANCE INCOME AND FINANCE COSTS

	Note	2016 RMB'000	2015 RMB'000
Finance income			
Interest income on financial assets not at fair value through profit or loss		**(136,980)**	(71,504)
Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust		**–**	(15,024)
		(136,980)	(86,528)
Finance costs			
Total interest expense on loans and borrowings not at fair value through profit or loss		**2,116,903**	1,805,884
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	*(i)*	**(1,918,382)**	(1,675,192)
		198,521	130,692
Net change in fair value of the derivative components of the convertible bonds		**43,858**	–
Net foreign exchange loss		**55,375**	1,143
Bank charges and others		**44,048**	39,377
		341,802	171,212

Note:

(i) The borrowing costs have been capitalized at a rate of 3.29%–15.00% per annum (2015: 5.50%–15.00%).

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2016	2015
	RMB'000	*RMB'000*
Provision for the year		
– PRC Corporate Income Tax	**170,410**	202,273
– Land Appreciation Tax	**117,609**	111,102
(Over-provision)/under-provision of PRC Corporate Income Tax in respect of prior years	**(24,829)**	10,445
Deferred tax	**44,868**	65,773
	308,058	389,593

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

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

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 3% to 7% based on types of properties.

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB195,405,000 (2015: RMB600,591,000) and the weighted average of 2,375,000,000 ordinary shares (2015: 2,194,791,667 shares) in issue during the year, calculated as follows:

	2016	2015
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**2,375,000,000**	2,000,000,000
Effect of issuance of shares	**–**	194,791,667
Weighted average number of ordinary shares at 31 December	**2,375,000,000**	2,194,791,667

There was no difference between basic and diluted earnings per share.

8 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

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment profit represents the profit after taxation generated by individual segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Management is provided with segment information concerning revenue, cost of sales, valuation gains on investment properties, net operating expenses, finance costs and income tax.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below:

	Year ended 31 December 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*
Reportable segment revenue	**1,153,864**	**5,366,046**	**103,015**	**433,372**	**7,056,297**
Cost of sales	**(888,547)**	**(4,782,367)**	**–**	**(339,300)**	**(6,010,214)**
Reportable segment gross profit	**265,317**	**583,679**	**103,015**	**94,072**	**1,046,083**
Valuation gains on investment properties	**–**	**–**	**910,917**	**–**	**910,917**
Net operating expenses	**(203,194)**	**(1,071,209)**	**(10,906)**	**(65,839)**	**(1,351,148)**
Finance costs	**(45,436)**	**(34,374)**	**(1,429)**	**(13,943)**	**(95,182)**
Reportable segment profit/(loss) before taxation	**16,687**	**(521,904)**	**1,001,597**	**14,290**	**510,670**
Income tax	**(29,651)**	**(116,379)**	**(228,867)**	**(56)**	**(374,953)**
Reportable segment (loss)/profit	**(12,964)**	**(638,283)**	**772,730**	**14,234**	**135,717**

	Year ended 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*
Reportable segment revenue	549,942	5,434,003	115,416	359,482	6,458,843
Cost of sales	(457,892)	(4,557,250)	–	(283,145)	(5,298,287)
Reportable segment gross profit	92,050	876,753	115,416	76,337	1,160,556
Valuation gains on investment properties	–	–	578,179	–	578,179
Net operating expenses	(121,353)	(758,316)	(12,528)	(50,747)	(942,944)
Finance costs	(50,576)	(6,327)	(1,219)	(32,879)	(91,001)
Reportable segment (loss)/profit before taxation	(79,879)	112,110	679,848	(7,289)	704,790
Income tax	(3,356)	(211,666)	(141,636)	(18)	(356,676)
Reportable segment (loss)/profit	(83,235)	(99,556)	538,212	(7,307)	348,114

(b) Reconciliations of reportable segment revenue and profit or loss

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**7,056,297**	6,458,843
Elimination of intra-group revenue	**(91,095)**	(40,653)
Consolidated revenue	**6,965,202**	6,418,190
Profit		
Reportable segment profit	**135,717**	348,114
Elimination of intra-group (profit)/loss	**(72,968)**	15,359
Unallocated head office and corporate income	**168,618**	249,486
Consolidated profit	**231,367**	612,959

(c) Geographical information

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

9 TRADE AND OTHER RECEIVABLES

	Note	2016 RMB'000	2015 RMB'000
Trade receivables, net of allowance for doubtful debts of RMB Nil	*(a)*	**934,370**	1,153,190
Advances provided to third parties		**2,743,437**	2,282,067
Amounts due from associates and a joint venture		**1,500**	404,849
Other receivables		**300,917**	193,813
		3,980,224	4,033,919
Less: allowance for doubtful debts		**9,536**	8,675
Loans and receivables		**3,970,688**	4,025,244
Deposits and prepayments		**1,697,878**	1,360,704
		5,668,566	5,385,948
Less: Non-current portion of trade receivables		**–**	16,661
Non-current portion of other receivables		**137,348**	277,639
Sub-total		**137,348**	294,300
		5,531,218	5,091,648

(a) Ageing analysis

The ageing analysis of trade receivables based on due date is as follows:

	2016 RMB'000	2015 RMB'000
Current	**140,101**	369,931
1 to 6 months past due	**19,536**	34,161
6 months to 1 year past due	**26,081**	28,214
More than 1 year past due	**748,652**	720,884
Amounts past due	**794,269**	783,259
	934,370	1,153,190

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 and a joint venture, 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.

10 TRADE AND OTHER PAYABLES

		2016	2015
	Note	***RMB'000***	*RMB'000*
Trade payables	*(a)*	**4,822,274**	4,616,295
Advances received from third parties		**898,502**	1,362,291
Consideration payables		**114,226**	211,799
Amounts due to related parties		**147,614**	84,828
Other payables		**1,022,852**	683,001
Financial liabilities measured at amortized cost		**7,005,468**	6,958,214
Receipts in advance		**118,272**	37,354
Other taxes payable		**55,023**	52,055
		7,178,763	7,047,623
Less: Non-current portion of trade payables		**463,996**	880,943
		6,714,767	6,166,680

(a) The ageing analysis of trade payables based on due date is as follows:

	2016	2015
	RMB'000	*RMB'000*
Due within 1 year or on demand	**4,358,278**	3,735,352
Due after 1 year but within 2 years	**235,072**	737,141
Due after 2 years but within 5 years	**228,924**	143,802
	4,822,274	4,616,295

11 CAPITAL AND DIVIDENDS

(a) Dividends

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

	2016	2015
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB Nil per ordinary share (2015: RMB5.89 cents per ordinary share)	**–**	139,910

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

	2016	2015
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB5.89 cents per share (2015:RMB Nil)	**139,910**	–

(b) Share capital

	2016		2015	
	No. of shares	***HKD'000***	*No. of shares*	*HKD'000*
Authorised:				
Ordinary shares	**3,000,000,000**	**30,000**	3,000,000,000	30,000

	2016		2015	
	No. of shares	***RMB'000***	*No. of shares*	*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**2,375,000,000**	**18,718**	2,000,000,000	15,760
Issuance of shares	**–**	**–**	375,000,000	2,958
At 31 December	**2,375,000,000**	**18,718**	2,375,000,000	18,718

REVIEW OF 2016

In 2016, in spite of the slowdown of Chinese economic growth, the housing market sentiment remained strong, and the sales area and amount of real estate reached 1,570,000,000 square metres and RMB11.8 trillion, hitting a historic high. The housing prices in first-tier cities and certain hot second-tier cities soared rapidly. Meanwhile, the government further intensified regulation. Ever since October of the last year, 28 cities in the PRC have promulgated nearly 80 new policies on regulation of real estate. The government is utilising means in terms of finance, land, taxation, investment and legislation in an all-round way and speeding up the study on establishment of fundamental systems and sustainable mechanisms that are in line with the national conditions and market laws, to restrain real estate bubble and prevent drastic fluctuations in the real estate market.

Continuously promoted the development of key products "Commercial Street Complex" and "Phoenix Community"

Adhering to the direction of transformation, the Group, on one hand, further consolidated the advantages of high profit, high turnover and low risk of its main commercial real estate product – Commercial Street Complex; on the other hand, carried out the upgrade of residential products through extending business focus from development to sale and service, and laid emphasis on the provision of diversified value added items for projects in the past year.

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 2016, for Yaobu TOWN project, the Group fostered its popular atmosphere through various characteristic campaigns. Throughout the year, a total of 54 campaigns in different sizes were held, including 10 city-level campaigns with daily average participants exceeding 50,000, and attracted citizens of up to 4.72 million person-times. For example, during the National Day holiday, the project was backed with governmental resources to hold "Liuzhou International Water Carnival (柳州國際水上狂歡節)", which received over 650,000 people in seven days and promoted the opening of over 20 shops and the sales of shops with a total value of approximately RMB30 million. Meanwhile, the "Phoenix Market", a cultural creativity market created by the Group for Yaobu TOWN project, has accumulatively attracted nearly 300,000 people, becoming a characteristic landmark campaign of this project, and building certain influence in the market. Yaobu TOWN project has become an iconic attraction for the government of Liuzhou to showcase the urban culture of Liuzhou through external exchange and reception of visit. The Phoenix Street in Shenyang opened for business on 30 September and attracted nearly 40,000 person-times within one day. The project has become a lifestyle destination for the local and surrounding citizens. For Lijiang COART Village project, while holding theme campaigns with strong local characteristics, the Group continued cooperation with various external resources including cooperation with the School of Tourism

Culture of Yunnan University in holding a graduation show and establishment of an experimental teaching base, cooperation with a photographic association in holding the “Asia Photography Festival”, and cooperation with Yinglun Kindergarten in holding the “New Year Lawn Music Festival”. In respect of the Yixing project, the Group continued to vigorously work on tenant recruitment and organised customer attraction activities. A tenant recruitment event was held in the Phoenix Street in August and attracted over 160 merchants and 190 property investors. In November, the “2016 First Yixing Danish Culture Season (2016首屆宜興丹麥文化季)” sponsored by the government was inaugurated, which further enhanced the brand awareness and market influence of Yixing Phoenix Street project, the undertaker of the campaign. In addition, the Group acquired Changzhou project in the year, which will be built into a commercial street complex. We plan to develop it into a business center and shared community in eastern Changzhou featuring three themes, i.e. sports, parent-child and social contact.

In respect of residential products, 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 “Phoenix Community”, the key product of Sunshine 100, to create a brand new living experience while fostering a distinctive community culture through common services. In 2016, we further advanced the development and sales of existing Phoenix Community products in a number of cities including Qingyuan, Changsha, Shenyang, Weifang and Wuhan. At the end of June, the “400-Box Community City (400盒子的社區城市)”, a conceptual product designed by us in cooperation with “China House Vision (中國理想家)” by reference to “Qingyuan Phoenix Community”, was exhibited at the Venice Architecture Biennale. In the same period, the products of Qingyuan Phoenix Community was launched for sale and recorded hot sales performances. During the National Day holiday, the project reached a sales amount of approximately RMB100 million. In October, the “Community Group Cultural Festival and Phoenix Community Group Launch Forum (社群文化節暨鳳凰社社群發佈論壇)” was held at Changsha Phoenix Community, marking the formal establishment of Changsha Phoenix Community Group. At the end of November, five buildings of Phase III C4 Phoenix Community of Shenyang Project, the first pilot project of Phoenix Community product, were delivered as scheduled. Besides, the Entrepreneur Club of Phoenix Community Villa, the representative villa project following the concept of Sunshine 100 “Social Community (社交型住區)”, was formally established in the last year, with the aim of building an information and resource sharing social ecosystem with the elements of community group culture among like-minded owners in the Phoenix Community.

Developed innovative product Themed Towns

In addition, the Group also integrated strong European cultural elements into the community to build innovative and characteristic towns featured by share, social contact, entertainment and interaction. In 2016, the Group continued to promote the sales of projects in Qingyuan, Wenzhou, Wuxi and Chongqing. Qingyuan Arles Town consists of diversified urban streets with a total area of 300,000 square metres, several or even ten times that of other premises in northern Guangzhou, and the types of businesses include child-friendly space, youth cultural creativity platform, specialty stores, supermarket and catering. The sales of the project throughout the year amounted to RMB2.07 billion. Wenzhou Arles Project integrates ecological residence, holiday and rest, sports and leisure, investment and value maintenance, and other functions. On 19 November and 15 December of last year, this project was launched for sales twice, and the sales in 42 days from the first launch to the end of the year reached RMB930 million. Furthermore, for Wuxi Arles, the Group capitalized on the supporting facilities of International New Town and the street business of Arles Town with an area of 80,000 square metres to build a complex integrating rich types of business including leisure, entertainment, life, art and shopping. Chongqing Arles Town, located at Longzhouwan, Banan District, Chongqing, covers an area of 600 Mu and has a total gross floor area ("GFA") of 500,000 square metres. It is the sole pure villa project that is close to Nanshan Mountain, accessible to the light rail and adjacent to Wanda Plaza in Chongqing. The community is planned to have an open town block with a total GFA of 100,000 square metres and consisting of a number of business types including shopping, leisure, children training, parent-child entertainment, light travel and art education.

Steadily and progressively supplemented high-quality land reserves

In 2016, the Group further expanded the land reserves for core products and obtained quality project lands via low-cost equity investment or market acquisition, in particular the land parcels with development potentials in the Yangtze River Delta and Pearl River Delta, providing strong support for the Group to continue to promote its commercial projects and expand its business coverage. During the Reporting Period, major land reserves obtained by the Group included three land parcels in Wenzhou with a total GFA of 246,051 square metres, and Zone 7 Upper East Project in Changzhou. Situated at the superior location of the golden crossroad in Changzhou Economic Zone, the newly obtained Changzhou project covers an area of approximately 73,000 square metres, has a total GFA of approximately 250,000 square metres and is planned to be built into a street complex and shared community.

Continuously optimised capital structure

In 2016, the Company issued several tranches of corporate bonds in China, of which RMB3.0 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%, and 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%. The coupon rate for such issue was almost halved as compared with the issue of US$215 million senior notes in 2014, thereby significantly lowering the Company's borrowing costs. Moreover, Sunshine 100 property fee asset-backed security products were successfully issued, with an issue size of approximately RMB757 million and coupon rates ranging from 6.5% to 7.5%.

BUSINESS OUTLOOK

Since the beginning of this year, with the continued implementation of regulating policies including "implementation of policies depending on the actual conditions of cities" by the state, the market has seen significant changes and the housing price has continued to stabilise and fall. Insiders expect that the overall contracted sales by real estate companies will decrease in 2017, and the overall price in the real estate market will stabilise. Meanwhile, it is expected that the measures for stabilising the real estate market will be introduced on a continued basis and regulation will be implemented according to the actual conditions of different cities to intensify the regulation of both supply and demand. We believe that the stabilising market environment is conducive to the benign development of real estate enterprises, in particular those who have been a long-time player in the industry for many years and have high potential products, core competitiveness and clear development strategy.

As a real estate developer with focus on provincial capitals, regional economic centers or second-tier cities with high growth in all provinces, the Group possesses leading products with distinct characteristics and broad prospects including Commercial Street Complexes, Phoenix Community and Themed Towns. The experience accumulated in years of development in these market segments facilitates the Group to make full use of the opportunities brought about by the favourable market environment to further expand its product portfolio and business scale. We are committed to becoming a developer in the new economic era standing out of the homogenized product mode of the real estate market to satisfy the demands of market segments with precise product orientation, enhance value of properties with high-quality management services and improve quality of living of owners.

In 2017, by virtue of the real estate development capability of more than 20 years and the advantage in land reserves, the Group will strengthen its overall planning capacity, particularly in respect of planning differential complex products including Commercial Street Complex and Themed Town series, being flagship products of the Group, to build differential real estate products meeting consumption demands of the new era and to provide power support for strategic acquisition of lands at lows costs in key cities and regions. The Group will focus on its core products by putting great efforts in developing Themed Towns and Commercial Street Complexes in the cities with great demands represented by those in the Pearl River Delta and Yangtze River Delta, and continually launch highly cost-effective products with investment value. Town products will be equipped with standard supporting facilities and gain customer recognition. The stress on construction of community group culture and continued improvement of service quality will generate barriers to competition. In respect of Commercial Street Complex, further efforts will be made to give play to the intrinsic high investment value of products and the follow-up business operation ability will be constantly enhanced to satisfy the upgrade demands of cities.

Also, the Group will step up reforms in project management to strengthen its soft power. By removing the limitations in existing corporate structure and delegating managerial and decision-making power to first-line staff, the Group aims to encourage various business innovation and develop itself into a platform where everyone's talents are put to good use and to further raise its comprehensive operation level and efficiency by fully performing power and responsibilities. At the same time, the Group is going to push ahead with mechanism reforms: on one hand, divide large projects into different segments and delegate decision-making powers to relevant managers, on the other, streamline performance appraisal in respect of indicators and time and motivate self-advancement and initiative to increase sense of honor towards the Company. Moreover, to meet the demand of bidding for project operating rights, the Group has formulated and put forward a supporting plan for the deposits system in project management, pursuant to which, regional and project managers will co-invest in the project with different ratio, which is believed to be a greater boost to their initiative and performance.

In addition, the Group will continue enhancing sales advantage as one of its core competitive forces with more sales investment and systematic reforms. Last year, the Group spun off and operated its sales department as a company to improve the current sales system and the capability of sales personnel. Specifically, each of the project companies and the sales company enter into internal agency agreements on joint responsibilities for sales target, pricing, allotment and settlement of projects. This will not only solidify cooperation between the project department and the sales system, which brings down sales and operating cost but give full play to their initiative, thereby intensifying the core competitiveness of Sunshine 100. Meanwhile, the Group will create a business-starting platform in the sales system and guarantee secure power delegation to bolster sales staff's sense of responsibility and entrepreneurship, turning outside pressure into inside driving forces to build up the quality of sales personnel.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted Sales

During the Reporting Period, the Group realized contracted sales in the amount of RMB10,417.5 million, representing an increase of 39.1% from 2015, and contracted sales area in the amount of 1,141,853 square metres, representing an increase of 23.4% from 2015. Among which, contracted sales generated from residential properties amounted to RMB8,840.8 million, representing an increase of 50.0% from 2015, and the contracted sales area amounted to 1,074,674 square metres, representing an increase of 28.2% from 2015. The regions where contracted sales were generated from were evenly distributed, among which, contributions from Qingyuan, Wuxi and Wuhan projects were more significant, with the contracted sales being RMB2,072.6 million, RMB1,638.1 million and RMB1,325.0 million respectively, accounting for 19.9%, 15.7% and 12.7% of the total contracted sales of the Group, respectively. Moreover, the Group's average unit selling price for contracted sales was RMB8,584/square metre, representing an increase of 8.4% from 2015.

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

			For the year ended 31 December					
Economic area	**City**	**Project**	**Contracted sales area** *(square metres)*[1]		**Contracted sales amount** *(RMB million)*[2]		**Unit selling price** *(RMB/square metre)*[1]	
			2016	2015	**2016**	2015	**2016**	2015
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	**209,091**	153,230	**1,638**	1,055	**7,834**	6,885
	Wenzhou	Sunshine 100 Wenzhou Center	**33,437**	21,546	**688**	401	**20,576**	18,611
		Wenzhou Sunshine 100 Arles	**107,533**	–	**934**	–	**8,686**	–
	Yixing	Yixing Sunshine 100 Phoenix Street	**7,132**	8,655	**221**	278	**30,987**	32,120
	Sub-total		**357,193**	183,431	**3,481**	1,734	**9,745**	9,453
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**137,793**	117,774	**1,325**	880	**9,231**	7,387
	Chongqing	Chongqing Sunshine 100 International New Town	**30,182**	10,119	**626**	118	**20,476**	10,871
		Chongqing Sunshine 100 Arles	**37,525**	–	**341**	–	**8,314**	–
	Changsha	Changsha Sunshine 100 International New Town	**56,960**	39,828	**537**	417	**8,954**	10,068

Economic area	City	Project	For the year ended 31 December					
			Contracted sales area *(square metres)*[(1)]		Contracted sales amount *(RMB million)*[(2)]		Unit selling price *(RMB/square metre)*[(1)]	
			2016	2015	**2016**	2015	**2016**	2015
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**8,097**	8,162	**197**	263	**21,860**	30,630
	Chengdu	Chengdu Sunshine 100 Mia Centre	**7,106**	21,149	**110**	263	**13,510**	11,774
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	156	**28**	11	**–**	–
	Lijiang	Lijiang Sunshine 100 COART Village	**868**	3,481	**16**	68	**18,433**	19,535
	Guilin	Guilin Sunshine 100 Lijiang Project	**31**	3,612	**1**	32	**24,225**	8,859
	Sub-total		**278,562**	204,281	**3,181**	2,052	**10,777**	9,693
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles (formerly named as "Qingyuan Mango Town")	**311,864**	204,606	**2,073**	1,160	**6,538**	5,621
	Sub-total		**311,864**	204,606	**2,073**	1,160	**6,538**	5,621
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**111,935**	168,642	**765**	1,121	**6,629**	6,558
		Shenyang Sunshine 100 Golf Mansion	**21,861**	21,140	**123**	101	**5,535**	4,730
	Jinan	Jinan Sunshine 100 International New Town	**7,258**	81,004	**268**	912	**11,022**	10,851
	Dongying	Dongying Sunshine 100 City Garden	**33,937**	40,454	**224**	254	**6,512**	6,279
	Weifang	Weifang Sunshine 100 City Plaza	**19,243**	21,361	**117**	120	**6,028**	5,477
	Tianjin	Tianjin Sunshine 100 International New Town	**–**	221	**185**	38	**–**	22,624
	Sub-total		**194,234**	332,822	**1,682**	2,546	**6,590**	7,394
Total			**1,141,853**	925,140	**10,417**	7,492	**8,584**	7,918

Notes:

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

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

	For the year ended 31 December					
Type	**Contracted sales area** *(square metres)*[1]		**Contracted sales amount** *(RMB million)*[2]		**Unit selling price** *(RMB/square metre)*[1]	
	2016	2015	**2016**	2015	**2016**	2015
Residential properties	**1,074,674**	838,156	**8,841**	5,894	**8,227**	7,032
Commercial properties and car parks	**67,179**	86,984	**1,576**	1,598	**14,305**	16,451
Total	**1,141,853**	925,140	**10,417**	7,492	**8,584**	7,918
Proportion						
Residential properties	**94%**	91%	**85%**	79%		
Commercial properties and car parks	**6%**	9%	**15%**	21%		
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 GFA was 1,558,192 square metres, representing a decrease of 18.2% from 2015. The completed GFA was 1,702,910 square metres, representing an increase of 138.0% from 2015, mainly due to the acceleration of asset turnover by the Company and the large quantity of completion of certain projects in 2016 which commenced construction in prior years.

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

		2016		
Economic area	**City**	**Newly-started total GFA**	**Completed total GFA**	**Total GFA under construction as at the end of the period**
		(square metres)	*(square metres)*	*(square metres)*
Bohai Rim	Jinan	–	145,961	115,701
	Shenyang	58,758	133,065	286,733
	Dongying	2,973	67,776	80,208
	Weifang	–	–	151,827
	Sub-total	**61,731**	**346,802**	**634,469**
Yangtze River Delta	Wuxi	292,714	254,385	363,651
	Wenzhou	667,202	–	1,146,944
	Yixing	1,139	110,611	–
	Sub-total	**961,055**	**364,996**	**1,510,595**
Pearl River Delta	Qingyuan	480,351	330,258	713,261
	Sub-total	**480,351**	**330,258**	**713,261**
Midwest	Wuhan	–	312,895	120,316
	Chongqing	53,500	108,293	174,314
	Chengdu	–	143,978	–
	Changsha	1,555	–	118,555
	Guilin	–	–	42,116
	Liuzhou	–	60,327	–
	Lijiang	–	35,361	32,932
	Sub-total	**55,055**	**660,854**	**488,233**
Total		**1,558,192**	**1,702,910**	**3,346,558**

__Investment properties__

During the Reporting Period, the Group had new investment properties with a GFA of 3,928 square metres. In the meantime, the GFA of investment properties in the previous year decreased by 8,698 square metres. For the year ended 31 December 2016, the GFA of investment properties completed and under construction held by the Group was 524,996 square metres and the planned GFA of the investment properties used for future development was 120,000 square metres. Moreover, during the Reporting Period, the rental income was RMB103.0 million, representing a decrease of 10.7% as compared to 2015.

__Land Acquisition__

During the Reporting Period, the Group paid an aggregate amount of RMB1,181.1 million for various land premiums and related expenses, which included the land premiums and related expenses for Wenzhou Sunshine 100 Arles in an amount of RMB746.7 million and the land premiums and related expenses for Chongqing Sunshine 100 International New Town in an amount of RMB182.5 million.

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

Economic area	**City**	**Total GFA**	**Proportion**	**Attributable GFA**	**Proportion**
		(square metres)		*(square metres)*	
Bohai Rim	Weifang	1,574,915	12%	1,574,915	16%
	Shenyang	1,049,032	8%	971,662	10%
	Jinan	512,406	4%	251,079	3%
	Yantai	403,028	3%	403,028	4%
	Dongying	124,080	1%	124,080	1%
	Tianjin	143,997	1%	123,837	1%
	Sub-total	**3,807,458**	**29%**	**3,448,601**	**35%**
Midwest	Chongqing	1,199,684	9%	1,014,723	10%
	Wuhan	238,201	2%	238,201	2%
	Guilin	374,422	3%	340,582	4%
	Changsha	326,124	3%	326,124	3%
	Liuzhou	281,653	2%	248,601	3%
	Nanning	214,648	2%	169,872	2%
	Chengdu	105,934	1%	105,934	1%
	Lijiang	200,265	2%	102,135	1%
	Sub-total	**2,940,931**	**24%**	**2,546,172**	**26%**

Economic area	City	Total GFA	Proportion	Attributable GFA	Proportion
		(square metres)		*(square metres)*	
Yangtze River Delta	Wenzhou	1,392,995	11%	710,428	7%
	Wuxi	1,133,635	9%	1,133,635	12%
	Changzhou	249,729	2%	149,838	2%
	Yixing	100,381	1%	80,305	1%
	Sub-total	**2,876,740**	**23%**	**2,074,206**	**22%**
Pearl River Delta	Qingyuan	2,903,186	23%	1,596,752	16%
	Sub-total	**2,903,186**	**23%**	**1,596,752**	**16%**
Northern Mariana Islands	Saipan	120,000	1%	61,200	1%
	Sub-total	**120,000**	**1%**	**61,200**	**1%**
Total		**12,648,315**	**100%**	**9,726,931**	**100%**

Financial Performance

Revenue

During the Reporting Period, the Group's revenue increased by 8.5% to RMB6,965.2 million in 2016 from RMB6,418.2 million in 2015 mainly due to an increase in our income from sale of properties.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties increased by 9.0% to RMB6,519.9 million in 2016 from RMB5,984.0 million in 2015, mainly due to the higher average selling price of properties delivered as compared to 2015.

Income from property management and hotel operation

During the Reporting Period, revenue generated from property management and hotel operation of the Group increased by 7.4% to RMB342.3 million in 2016 from RMB318.8 million in 2015, primarily due to an increase in the area under property management of the Group.

Rental income from investment properties

During the Reporting Period, rental income from investment properties of the Group decreased by 10.7% to RMB103.0 million in 2016 from RMB115.4 million in 2015, primarily due to the Group's adjustment to the positioning and business type of certain rental properties and failure of renewal of relevant leases upon expiry.

Cost of sales

During the Reporting Period, the cost of sales of the Group increased by 12.0% to RMB5,880.7 million in 2016 from RMB5,249.7 million in 2015. Cost of sales of properties increased by 12.2% to RMB5,537.8 million in 2016 from RMB4,937.6 million in 2015, primarily due to the increase in average unit cost of properties delivered as compared to the last year. Cost of property management and hotel operation increased by 9.9% to RMB342.9 million in 2016 from RMB312.1 million in 2015, primarily due to the additional cost incurred as a result of the increase in the area under property management of the Group.

Gross profit

As a result of the foregoing, during the Reporting Period, our gross profit decreased by 7.2% to RMB1,084.5 million in 2016 from RMB1,168.5 million in 2015. Our gross profit margin decreased by 2.6 percentage points to 15.6% in 2016 from 18.2% in 2015 primarily due to an increase in the proportion of delivered properties with lower gross profit margin.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group increased by 57.5% to RMB910.9 million in 2016 from RMB578.2 million in 2015 mainly attributable to an increase in the appraised unit price of investment properties and 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 36.8% to RMB787.7 million in 2016 from RMB576.0 million in 2015, mainly attributable to an increase in the commission and agency fee paid to the sales team due to a significant rise in the contracted sales of the Group.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by 13.3% to RMB458.1 million in 2016 from RMB404.3 million in 2015, mainly attributable to an increase in employee wages and benefits as compared to 2015 as a result of the increase in the number of staff caused by the acquisition of subsidiaries in the second half of 2015.

Finance costs

During the Reporting Period, finance costs of the Group increased by 99.6% to RMB341.8 million in 2016 from RMB171.2 million in 2015, mainly attributable to an increase in interest-bearing liabilities of the Group, the negative impact of the change in the exchange rate of RMB versus US dollar on the offshore US dollar denominated bonds in 2016 and change in the fair value of the derivative components of the convertible bonds.

Income tax

During the Reporting Period, the income tax expenses of the Group decreased by 20.9% to RMB308.1 million in 2016 from RMB389.6 million in 2015, mainly attributable to a decrease in the profit before tax of the Group.

Profit for the year

During the Reporting Period, the profit for the year of the Group decreased by 62.3% to RMB231.4 million in 2016 from RMB613.0 million in 2015.

Profit attributable to equity shareholders of the Company

Based on the above mentioned factors, the profit attributable to equity shareholders of the Company decreased by 67.5% to RMB195.4 million in 2016 from RMB600.6 million in 2015.

Working capital, finance and capital resources

Cash and cash equivalents

As at 31 December 2016, the Group had approximately RMB4,467.7 million in cash and cash equivalents, representing an increase of RMB3,142.5 million as compared to that of 2015. The increase was mainly due to receipts from contracted sales and an increase in interest-bearing liabilities.

Current ratio, gearing ratio and net gearing ratio

As at 31 December 2016, the Group's current ratio increased to 177.5% from 167.7% as at 31 December 2015. As at 31 December 2016, the Group's current assets increased from RMB32,424.0 million as at 31 December 2015 to RMB41,102.5 million, while current liabilities increased to RMB23,156.3 million from RMB19,339.8 million as at 31 December 2015.

As at 31 December 2016, the Group's gearing ratio (which is total interest-bearing liabilities divided by total assets) increased to 50.4% 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 by approximately 28.1 percentage points to 264.6% from 236.5% as at 31 December 2015, mainly attributable to an increase in interest-bearing liabilities.

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 31 December 2016, the Group provided guarantees for mortgage loans in an amount of RMB5,774.2 million (31 December 2015: RMB5,317.6 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 31 December 2016, the Group had total loans and borrowings of RMB26,752.5 million, of which RMB8,551.5 million, RMB7,622.5 million, RMB8,277.1 million and RMB2,301.4 million are payable within one year or on demand, after 1 year but within 2 years, after 2 years but within 5 years and after 5 years, respectively. The Group's borrowings are denominated in Renminbi and US dollar, mostly with fixed interest rate. As at 31 December 2016, the Group had comprehensive credit facilities granted by bank and other financial institutions for an amount of RMB9,000.0 million, in which RMB7,603.6 million has 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 31 December 2016, the Group had pledged properties and restricted deposits with a carrying value of RMB14,789.0 million (31 December 2015: RMB12,514.7 million) to secure banking facilities granted to the Group.

Capital commitment

As at 31 December 2016, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB3,355.9 million (31 December 2015: approximately RMB2,686.0 million). Approved but not contracted for capital commitment of the Group was approximately RMB5,939.0 million as at 31 December 2016 (31 December 2015: approximately 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.

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.

Acquisition of land use rights in Wenzhou

On 4 August 2016 and on 5 August 2016, Wenzhou Shihe Shengtaicheng Development Co. Ltd.*, a non-wholly-owned subsidiary of the Company, has successfully bid for the land use rights of three land lots located in Linli, Lucheng District of Wenzhou City, 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* 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.

*Investment in Wuhu Zhongtou Huayang Investment Centre (Limited Partnership) ("**Partnership**")*

On 25 November 2016, Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Zhongtou Lianghua Investment Funds Management (Beijing) Co., Ltd.* ("**Zhongtou Lianghua**") and Zhongrong International Trust Co., Ltd ("**Zhongrong Trust**") to form the Partnership. The Partnership is principally engaged in investment in enterprises. The total capital commitment to the Partnership amounts to RMB1,350,100,000, of which Zhongtou Lianghua, Zhongrong Trust and Sunshine 100 Group will contribute RMB100,000, RMB950,000,000 and RMB400,000,000, respectively, representing approximately 0.00741%, 70.36516% and 29.62743% of the total commitment, respectively. For details, please refer to the announcement of the Company dated 25 November 2016.

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

Human resource

As at 31 December 2016, the Group employed a total of 4,616 employees (31 December 2015: 4,511 employees). The staff costs of the Group were RMB492.0 million for the year ended 31 December 2016 (2015: RMB442.7 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 year ended 31 December 2016, we made contributions in an aggregate of approximately RMB31.2 million to the employee retirement scheme.

FINAL DIVIDENDS

The Board does not recommend payment of any final dividends for the year ended 31 December 2016.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 26 June 2017, while the notice convening the AGM will be published and dispatched to the Company's shareholders in the form required in the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 21 June 2017 to Monday, 26 June 2017, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificate must be lodged with the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 20 June, 2017.

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 year ended 31 December 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 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 has been in compliance with Code Provision A.2.1 from 25 August 2016.

Since 25 August 2016, 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. Currently, 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 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 annual results of the Group for the year ended 31 December 2016).

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") in compliance with the Listing Rules. Currently, 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 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. Currently, 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 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 the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results, reminding the Directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods in which the Directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code. Having made specific enquiries by the Company with all Directors, all of the Directors confirmed that they have complied with the provisions of the Model Code for the year ended 31 December 2016.

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

For the year ended 31 December 2016, the Group had issued five 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 completed non-public issuance of two tranches of domestic corporate bonds of RMB560 million and RMB440 million respectively, both 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 non-public domestic corporate bonds of RMB1.5 billion with a term of 7 years and a coupon rate of 8.4% which were 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. In addition, the Issuer completed a non-public issuance of a tranche of domestic corporate bonds of RMB500 million with a term of 3 years and a coupon rate of 7.4% 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 second year. The bonds issued by the Issuer are fully and unconditionally secured by the Company.

On 28 July 2016, the Company entered into a subscription agreement with 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**"), 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 interest rate is 6.50% and the maturity date is 11 August 2021. 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 were listed on the Stock Exchange of Hong Kong Limited while the issuance was completed on 11 August 2016. For details, please refer to the announcements of the Company dated 29 July 2016 and 11 August 2016.

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 year ended 31 December 2016.

EVENTS AFTER THE REPORTING PERIOD

From 31 December 2016 to the date of this announcement, there were no 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 figures in related notes for the year ended 31 December 2016 published by the Group in this annual results announcement are consistent with the amounts as set out in the consolidated financial statement of the Group for the 2016.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF STOCK EXCHANGE AND THE COMPANY

The annual results announcement has been published on the websites of the Stock Exchange at www.hkexnews.com.hk and our Company at www.ss100.com.cn. The annual report of the Company for the year ended 31 December 2016, which contains all information required by the Listing Rules, will be dispatched to the Company's shareholders and published on the websites mentioned above in due course.

On behalf of the Board
Sunshine 100 China Holdings Ltd
Yi Xiaodi
Chairman and Executive Director

Beijing, the PRC
29 March 2017

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.

* *For identification purposes only*