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 2017

SUMMARY OF 2017 ANNUAL RESULTS

- Contracted sales amount was RMB10,607.7 million, representing an increase of 1.8% as compared to that of 2016; the average unit selling price for contracted sales increased significantly by 34.1% to RMB11,509 per square meter
- Revenue amounted to RMB6,874.6 million, gross profit increased sharply by 38.3% to RMB1,499.4 million, and gross profit margin rose to 21.8%
- Profit for the year surged by 266.8% to RMB848.7 million, and the profit attributable to equity shareholders for the year surged by 203.5% to RMB593.1 million
- Basic earnings per share was RMB0.25 and diluted earnings per share was RMB0.18
- Total assets increased by 5.1% to RMB55,780.3 million, and the total equity attributable to the equity shareholders of the Company was RMB7,446.9 million, representing an increase of 19.4% as compared to that as of 31 December 2016
- Total gross floor area ("**GFA**") and attributable GFA of the land reserves were 15.17 million square metres and 10.09 million square metres, respectively, as of 31 December 2017

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 2017 (the "**Reporting Period**") as compared to the corresponding period in 2016. The annual results of the Group for the year ended 31 December 2017 have been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 28 March 2018.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017
(Expressed in Renminbi)

	Note	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*4*	**6,874,583**	6,965,202
Cost of sales		**(5,375,157)**	(5,880,748)
Gross profit		**1,499,426**	1,084,454
Valuation gains on investment properties		**788,968**	910,917
Other income/(losses)		**20,767**	(39,760)
Selling expenses		**(599,713)**	(787,685)
Administrative expenses		**(456,663)**	(458,117)
Other operating expenses		**(26,249)**	(36,165)
Profit from operations		**1,226,536**	673,644
Finance income	*5*	**417,091**	136,980
Finance costs	*5*	**(358,915)**	(341,802)
Share of profits less losses of associates		**10,869**	70,603
Profit before taxation		**1,295,581**	539,425
Income tax	*6*	**(446,859)**	(308,058)
Profit for the year		**848,722**	231,367

	Note	2017 RMB'000	2016 RMB'000
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified subsequently to profit or loss:			
Valuation surplus on investment properties transferred from property and equipment, net of deferred tax		**3,171**	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**11,532**	(12,528)
Other comprehensive income for the year		**14,703**	(12,528)
Total comprehensive income for the year		**863,425**	218,839
Profit attributable to:			
Equity shareholders of the Company		**593,093**	195,405
Non-controlling interests		**255,629**	35,962
Profit for the year		**848,722**	231,367
Total comprehensive income attributable to:			
Equity shareholders of the Company		**607,796**	182,877
Non-controlling interests		**255,629**	35,962
Total comprehensive income for the year		**863,425**	218,839
Earnings per share *(RMB)*			
Basic	*7(a)*	**0.25**	0.08
Diluted	*7(b)*	**0.18**	0.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2017
(Expressed in Renminbi)

	Note	**2017**	2016
	Note	***RMB'000***	*RMB'000*
Non-current assets			
Property and equipment		**718,429**	745,980
Investment properties		**10,757,187**	9,111,522
Restricted deposits		**62,335**	338,871
Investments in associates		**757,016**	642,004
Trade and other receivables	*9*	**338,948**	137,348
Deferred tax assets		**1,071,458**	1,010,103
Total non-current assets		**13,705,373**	11,985,828
Current assets			
Properties under development and completed properties held for sale		**28,180,123**	28,362,478
Land development for sale		**1,136,350**	784,398
Trade and other receivables	*9*	**7,079,906**	5,531,218
Restricted deposits		**887,778**	1,956,703
Cash and cash equivalents		**4,654,189**	4,467,731
Trading securities		**136,594**	–
Total current assets		**42,074,940**	41,102,528
Current liabilities			
Loans and borrowings		**8,823,334**	8,551,448
Trade and other payables	*10*	**5,299,267**	6,714,767
Contract retention payables		**232,874**	253,256
Sales deposits		**9,355,100**	6,615,966
Current tax liabilities		**964,966**	1,020,852
Total current liabilities		**24,675,541**	23,156,289
Net current assets		**17,399,399**	17,946,239
Total assets less current liabilities		**31,104,772**	29,932,067

	Note	2017	2016
		RMB'000	*RMB'000*
Non-current liabilities			
Loans and borrowings		**17,941,805**	18,201,011
Contract retention payables		**154,213**	235,268
Trade and other payables	*10*	**316,914**	463,996
Deferred tax liabilities		**3,529,507**	3,350,153
Total non-current liabilities		**21,942,439**	22,250,428
NET ASSETS		**9,162,333**	7,681,639
CAPITAL AND RESERVES	*11*		
Share capital		**20,700**	18,718
Reserves		**7,426,158**	6,220,334
Total equity attributable to equity shareholders of the Company		**7,446,858**	6,239,052
Non-controlling interests		**1,715,475**	1,442,587
TOTAL EQUITY		**9,162,333**	7,681,639

NOTES TO THE FINANCIAL STATEMENTS

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 2017 comprise the Group and the Group's interests in associates.

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:

– investment property;

– financial instruments classified as available-for-sale or as trading securities; and

– derivative financial instruments.

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. However, additional disclosure will be included in the annual report to satisfy the new disclosure requirements introduced by the amendments to IAS7, statement of cash flows: Disclosure initiative, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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, property management and hotel operation, and light-asset operation. Revenue represents sale of properties, rental income from investment properties, property management and hotel operation income, and light-asset operation income, net of business tax, analyzed as follows:

	2017	2016
	RMB'000	*RMB'000*
Sale of properties	**6,285,412**	6,519,910
Property management and hotel operation income	**388,472**	342,277
Rental income from investment properties	**112,672**	103,015
Light-asset operation income	**88,027**	–
	6,874,583	6,965,202

5 FINANCE INCOME AND FINANCE COSTS

	2017	2016
	RMB'000	*RMB'000*
Finance income		
Interest income on financial assets not at fair value through profit or loss	**(285,662)**	(136,980)
Net foreign exchange gain	**(26,116)**	–
Net change in fair value of trading securities	**(12,260)**	–
Dividend income from trading securities	**(8,464)**	–
Net change in fair value of the derivative component of the convertible bonds	**(84,589)**	–
	(417,091)	(136,980)

	Note	2017	2016
		RMB'000	*RMB'000*
Finance costs			
Total interest expense on loans and borrowings		**2,506,616**	2,116,903
Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction	*(i)*	**(2,168,544)**	(1,918,382)
		338,072	198,521
Net change in fair value of the derivative component of the convertible bonds		**–**	43,858
Net foreign exchange loss		**–**	55,375
Bank charges and others		**20,843**	44,048
		358,915	341,802

Note:

(i) The borrowing costs have been capitalized at a rate of 3.29%–13.00% per annum (2016: 3.29%–15.00%).

6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2017	2016
	RMB'000	*RMB'000*
Provision for the year		
– PRC Corporate Income Tax	**164,916**	170,410
– Land Appreciation Tax	**179,430**	117,609
Over-provision of PRC Corporate Income Tax in respect of prior years	**(14,429)**	(24,829)
Deferred tax	**116,942**	44,868
	446,859	308,058

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the "BVI"), the Group 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

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB593,093,000 (2016: RMB195,405,000) and the weighted average number of ordinary shares 2,377,214,149 (2016: 2,375,000,000 ordinary shares) in issue during the year, calculated as follows:

	2017	2016
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 January	**2,375,000,000**	2,375,000,000
Effect of issuance of shares	**1,931,959**	–
Exercise of conversion of convertible bonds	**282,190**	–
Weighted average number of ordinary shares at 31 December	**2,377,214,149**	2,375,000,000

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the diluted profit attributable to equity shareholders of the Company of RMB516,318,000 (2016: RMB195,405,000) and the diluted weighted average number of ordinary shares of 2,797,366,786 (2016: 2,375,000,000 ordinary shares), calculated as follows:

(i) Profit attributable to equity shareholders of the Company (diluted)

	2017	2016
	RMB'000	*RMB'000*
Profit attributable to equity shareholders	**593,093**	195,405
After tax effect of effective interest on the liability component of convertible bonds	**39,442**	–
After tax effect of gains recognised on the derivative component of convertible bonds	**(116,217)**	–
Profit attributable to equity shareholders (diluted)	**516,318**	195,405

(ii) Weighted average number of ordinary shares (diluted)

	2017	2016
Weighted average number of ordinary shares at 31 December	**2,377,214,149**	2,375,000,000
Effect of conversion of convertible bonds	**420,152,637**	–
Weighted average number of ordinary shares (diluted) at 31 December	**2,797,366,786**	2,375,000,000

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, property management and hotel operation, and light-asset operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments:

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

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

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

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

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

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

(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 or which otherwise arise from the depreciation of assets 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 2017 and 2016 is set out below:

	Year ended 31 December 2017					
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Light-asset operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	**1,271,224**	**5,014,188**	**121,248**	**466,804**	**88,027**	**6,961,491**
Cost of sales	(1,158,180)	(3,950,906)	–	(366,225)	(22,010)	(5,497,321)
Reportable segment gross profit	**113,044**	**1,063,282**	**121,248**	**100,579**	**66,017**	**1,464,170**
Valuation gains on investment properties	–	–	788,968	–	–	788,968
Net operating expenses	(210,035)	(767,221)	(5,165)	(109,572)	(1,721)	(1,093,714)
Finance costs	4,944	(98,991)	4	(37,140)	(50)	(131,233)
Reportable segment (loss)/profit before taxation	**(92,047)**	**197,070**	**905,055**	**(46,133)**	**64,246**	**1,028,191**
Income tax	5,720	(177,994)	(218,462)	8,068	(5,792)	(388,460)
Reportable segment (loss)/profit	**(86,327)**	**19,076**	**686,593**	**(38,065)**	**58,454**	**639,731**

	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

(b) Reconciliations of reportable segment revenue and profit

	2017	2016
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**6,961,491**	7,056,297
Elimination of intra-group revenue	**(86,908)**	(91,095)
Consolidated revenue	**6,874,583**	6,965,202
Profit		
Reportable segment profit	**639,731**	135,717
Elimination of intra-group loss/(profit)	**17,851**	(72,968)
Unallocated head office and corporate income	**191,140**	168,618
Consolidated profit	**848,722**	231,367

(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	2017	2016
		RMB'000	*RMB'000*
Trade receivables, net of allowance for doubtful debts of RMB Nil	*(a)*	**930,582**	934,370
Advances provided to third parties		**4,270,640**	2,813,436
Amounts due from related parties		**54,103**	1,500
Other receivables		**233,288**	230,918
		5,488,613	3,980,224
Less: allowance for doubtful debts		**9,619**	9,536
Loans and receivables		**5,478,994**	3,970,688
Deposits and prepayments		**1,939,860**	1,697,878
		7,418,854	5,668,566
Less: non-current portion of other receivables		**338,948**	137,348
		7,079,906	5,531,218

(a) Ageing analysis

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

	2017	2016
	RMB'000	*RMB'000*
Within 6 months	**128,331**	159,637
6 months to 1 year	**43,698**	26,081
Over 1 year	**758,553**	748,652
	930,582	934,370

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 related parties, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty 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

		2017	2016
	Note	***RMB'000***	*RMB'000*
Trade payables	*(a)*	**3,875,485**	4,822,274
Advances received from third parties		**490,162**	898,502
Consideration payables		**6,000**	114,226
Amounts due to related parties		**32,676**	147,614
Other payables		**992,408**	1,022,852
Financial liabilities measured at amortized cost		**5,396,731**	7,005,468
Receipts in advance		**146,252**	118,272
Other taxes payable		**73,198**	55,023
		5,616,181	7,178,763
Less: non-current portion of trade payables		**316,914**	463,996
		5,299,267	6,714,767

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

	2017	2016
	RMB'000	*RMB'000*
Within 1 year	**3,558,571**	4,358,278
After 1 year but within 2 years	**153,557**	235,072
After 2 years but within 5 years	**163,357**	228,924
	3,875,485	4,822,274

11 CAPITAL AND DIVIDENDS

(a) Dividends

(i) The Company did not declare any dividends for the year ended 31 December 2017 and 2016.

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

	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB Nil per share (2016: RMB5.89 cents per ordinary share)	**–**	139,910

(b) Share capital

	Note	**2017**		2016	
		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
		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**	2,375,000,000	18,718
Issuance of shares	*(i)*	**235,055,000**	**1,968**	–	–
Conversion of convertible bonds		**1,681,625**	**14**	–	–
At 31 December		**2,611,736,625**	**20,700**	2,375,000,000	18,718

(i) Issuance of shares

During the year ended 31 December 2017, the Company issued 235,055,000 ordinary shares at HKD3.10 per share, and received a net proceed of HKD716,670,500 (equivalent to approximately RMB594,715,000).

CHAIRMAN'S STATEMENT

I am pleased to present the business review for the year ended 31 December 2017 and outlook of Sunshine 100 China Holdings Ltd (the "**Company**" or "**Sunshine 100**") to the shareholders of the Company.

RESULTS

In 2017, the Group's contracted sales amount was RMB10,607.7 million and the average selling price for contracted sales increased sharply by approximately 34.1% to RMB11,509 per square metre. Sales were generated from approximately 22 projects, more than 60% of which were derived from the Yangtze River Delta and the Pearl River Delta. In particular, Qingyuan Sunshine 100 Arles and Changzhou Sunshine 100 Zone 7 Upper East Side contributed significantly to the sales. Due to the increase of the gross profit margin recognized for properties delivered in the year, as well as the decrease of the selling expenses as a result of enhanced cost control, gross profit increased significantly by 38.3% to RMB1,499.4 million and gross profit margin rose to 21.8%. The profit attributable to equity shareholders for the year surged by 203.5% to RMB593.1 million.

REVIEW OF 2017

The year 2017 was of significance for the transformation and development of Sunshine 100. During this year, the national real estate market was generally favourable. In particular, the real estate markets in second-tier and third-tier cities witnessed a decrease in inventory and an increase in price though confronted with the pressure from elevated regulation and limitation on house price and supply. In the past year, thanks to the concerted efforts of all employees, the Company made achievements and progress in the following three aspects: firstly, returns of the Company's projects increased dramatically, recording an increase of 34.1% in average selling price, which was attributable to the enhancement of product quality as well as transformation and upgrade of products; secondly, two core products have gradually honed their edges. Sunshine 100 Commercial Street Complexes have established their presence in different cities and achieved success as expected, meanwhile Hima Alaya Apartment products have been launched in a number of cities and were well received in the market; thirdly, the Company vigorously implemented the reform of management and operation mechanism and introduced "co-investment" and "benefit sharing" mechanism for the majority of its projects, thus revitalizing the "United Task Force" (UTF) operation system featuring subdivision of accounting units, which has been put into trial implementation by the Company for years, and paving the way for the high-speed growth of the Company in the coming years.

I. Benefits-prioritized Development Strategy

In spite of unprecedentedly fierce acquisitions and competitions among real estate enterprises in the past year, we firmly believe that an enterprise will maintain its advantageous position as long as it is able to improve returns and win the customers over. Therefore, the Company exerted great efforts on upgrading our products, quality and service in the past year, having resulted in favourable results considering the input and output of projects. Thanks to the smooth upgrade of products, average selling price for the year rose by 34.1% to RMB11,509 per square metre, in spite of the slight increase in contracted sales amount for the year. It is expected that the gross profit of products may continue to rise in the future.

Improvement in management of Sunshine 100 Commercial Streets and quality of after-sale services for Hima Alaya apartments drove up the rental and drove down the vacancy rate, thus laying down a solid foundation for the steady growth in rental in the future.

II. Core Products Gaining Competitive Advantages

In 2017, Sunshine 100 Commercial Street Complexes opened for business and expanded operation in Liuzhou, Yixing and Weifang, respectively, having achieved desired results. For example, Sunshine 100 Yaobu Town in Liuzhou received over 6 million tourists throughout the year and the average rental went up by 20%–30%. After opening for business, Sunshine 100 Phoenix Street in Yixing ushered in larger-than-expected number of visitors and the attraction for tenants went on well as effected by the stationing of anchor stores, which drove up the selling price of the tail part of property units to over RMB130,000 per square metre. The successful operation of the commercial street in Weifang contributed to the sharp rise in housing price. Meanwhile, the commercial street complexes in Changsha and Changzhou were going like hot cakes since launched for sale, and the average unit price of shops on the first floor in Changsha exceeded RMB50,000 per square metre. In addition, admirable social benefits were achieved in Ciyun Old Street in Chongqing benefiting from the integration of the Imperial Palace culture. As Sunshine 100 Commercial Street Complexes had delivered positive urban effects and social response, a number of cities expressed their cooperation initiatives. Currently, we are in talks with several cities on cooperation matters.

The year 2017 witnessed the excellent market performance of Sunshine 100 Hima Alaya apartments. During the year, the Hima Alaya apartments in Chongqing were almost sold out, Hima Alaya apartments in Wuxi made a good start, and Hima Alaya apartments in Wenzhou and Tianjin are ready to be launched in the markets. The increasingly sophisticated Hima Alaya products will also become a source of growth of Sunshine 100.

Buildings in suburbs targeting young white-collar workers are the traditional core products of Sunshine 100. Our experience in running commercial street complexes gave Arles Town projects a touch of vitality and a sense of community, thus driving both the sales volumes and prices of Sunshine 100 Arles Towns in Qingyuan, Wuxi and Wenzhou.

III. Development of New Projects

In 2017, the Company replenished its land reserves at a low cost leveraging on its advantageous core products. The Company secured the Beijing North – Xinglong County High-speed Rail New Town Project, Wuming Project in Guangxi, Wuzhou Project in Guangxi, Hima Alaya Project in Wuxi and Lijin Mansion Project in Tianjin by way of bidding, acquisition and equity investment. In particular, Beijing North –Xinglong County High-speed Rail New Town Project was a large complex property project in northern suburb of Beijing in possession of great growth potential, which is expected to cover an area of 1,000 Mu for phase I and an area of 5,000 Mu for phase II after scaled up as planned. The Company, in cooperation with Guangxi Communications Investment Group Co., Ltd., invested in its two large projects through acquisition of minority interests, i.e., the Wuming Project in northern Nanning with an area of 1,800 Mu, which is owned as to 30% by the Company, and the Wuzhou Project with a GFA of approximately 1.6 million square metres, which is owned as to 27.75% by the Company. These projects cemented a solid foundation for the Company's growth in the coming years.

In the meantime, the Company acquired interests in the building complex project in Putian, Fujian (with a GFA of approximately 300,000 square metres) and the building complex project in Xuzhou (with a GFA of approximately 200,000 square metres) by way of "asset-light" operation. In particular, Putian Project recorded contracted sales amount of RMB986 million and gross profit margin on investment of 80% in 2017.

Capitalizing on the advantages of Commercial Street Complex projects, the Company is in talks on some quality projects in a number of cities.

IV. Reform of Mechanism

In 2017, the Company made great effort to reform internal mechanisms and achieved initial success.

Firstly, the internal cooperation program in the form of "co-investment" was adopted to "share" project profits with employees. Secondly, the decision-making power for projects was delegated through subdivision of accounting units by way of "asset package", which created the UTF featuring risk sharing, benefit sharing, independent operation and self-motivation.

Sunshine 100 has been exploring the reform of incentive mechanism for years. Ever since 2011, the Company has commenced the reform by introduction of an internal "UTF" system, which has achieved notable results in the sales division. In the recent two years, the project department has established independent "operating division" by way of "asset packages", which has unleashed tremendous vitality and also remarkably enhanced the return on existing assets, propelled the attraction of tenants for commercial properties and enhanced the quality of after-sales services of properties.

OUTLOOK OF 2018

I. Maintaining Growth

The year 2018 will witness rapid development of the Company. While maintaining continuous profit growth, the Company will speed up business development. Meanwhile, it will devote more efforts to continually promoting product upgrading and transformation and increase the sales proportion of two core products, aiming for growth in both sales volume and selling price.

II. Promoting Reform

In 2018, the Company will implement the "co-investment mechanism" in a wider range to transform the Group into a business platform and cooperation platform, empowering more front-line and young employees to pursue entrepreneurship and career development, thereby motivating its employees' enthusiasm to pool their wisdom and efforts. The innovation in terms of products and services will reach new highs.

The new cooperation mechanism, under which various ways including acquisition, equity investment and brand output are adopted, also greatly widened the source of new projects and speeded up corporate development. In 2018, the Company will pay close attention to the development of Arles Town projects in the Greater Beijing Area and Greater Bay Area. In second-tier cities in central China, we will focus on Commercial Street Complexes and Hima Alaya projects.

III. Accelerating Transformation

It is imperative to increase the proportions of two core products, i.e. Commercial Street Complex and Hima Alaya Apartments, for enhancing our product competitiveness, increasing profit as well as facilitating the development of the Company in future. In respect of future expansion, we believe the development of projects featuring our core products will bring us a strong competitive edge, instead of adopting the traditional way of acquisition of land at a high price or depending on high turnover of residential properties.

In 2017, the sales amount of non-residential real estate products (commercial, office, resort, etc.) was over RMB2 trillion in China, indicating a tremendous market capacity, and there is no monopolistic enterprise brand in the market. On the contrary, in the residential property market, despite an enormous capacity of RMB11 trillion, large monopolistic players have gained an advantageous position and the competition has become increasingly brutal. After years of trial and error in the process of transformation, Sunshine 100 has taken the leading position in the industry in terms of the Commercial Street Complex products, producing favourable social effects. Therefore, this field should be the future focus of growth of the Company.

Based on the experience of developed countries, such as the United States and Japan, the residential property market will shrink sharply after the real estate market matures (the second hand housing market will take the dominant position). In contrast, the non-residential property market will continue to grow and experience quite a long flourishing period. At present, China has started entering a mature period of real estate development. In the recent three years, the proportion of sales from non-residential real estate products gradually picked up and governmental policies also showed greater support for the operation of rental housing and commercial properties. We believe that commercial properties, apartments, culture and tourism-related products etc. will embrace a greater upside potential in the market, which will bring a bright prospect for Sunshine 100.

It should be emphasized that no matter it is about the enterprise mechanism reform or about product innovation, what's required is the support of matching "talents". Sunshine 100 has always underlined "talents" as its primary resource. Long-term focus on building corporate culture and clear corporate values will strongly underpin the reform and development of the Company in the coming years.

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

Yi Xiaodi
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted Sales

During the Reporting Period, the Group (including light asset operation projects) realized contracted sales in the amount of RMB10,607.7 million, representing an increase of 1.8% from the corresponding period of 2016, and an aggregate contracted sales area in the amount of 867,350 square metres, representing a decrease of 24.0% from the corresponding period of 2016. Moreover, the Group’s average unit price for contracted sales was RMB11,509 per square metre, representing a significant increase of 34.1% over the corresponding period of 2016. Particularly, the sales of commercial properties and car parks increased significantly thanks to the vigorous promotion of commercial operations and more efforts in de-stocking of car parks. The contracted sales generated from commercial properties and car parks amounted to RMB2,670.3 million, representing an impressive increase of 69.4% from the corresponding period of 2016. Contracted sales generated from residential properties amounted to RMB7,937.5 million, representing a decrease of 10.2% from the corresponding period of 2016. More than 60% of the contracted sales derived from the Yangtze River Delta and Pearl River Delta regions, among which, contributions from Qingyuan Sunshine 100 Arles and Changzhou Sunshine 100 Zone 7 Upper East Side were significant, with the contracted sales being RMB1,838.3 million and RMB1,456.9 million respectively, accounting for 17.3% and 13.7% of the total contracted sales respectively.

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

Economic area	City	Project	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)]	
			2017	2016	**2017**	2016	**2017**	2016
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**68,197**	111,935	**542**	765	**7,698**	6,629
		Shenyang Sunshine 100 Golf Mansion	**18,052**	21,861	**109**	123	**5,706**	5,535
	Jinan	Jinan Sunshine 100 International New Town	**18,537**	7,258	**566**	268	**21,686**	11,022
	Dongying	Dongying Sunshine 100 City Garden	**44,652**	33,937	**311**	224	**6,875**	6,512
	Weifang	Weifang Sunshine 100 City Plaza	**31,857**	19,243	**236**	117	**7,377**	6,028
	Tianjin	Tianjin Sunshine 100 International New Town	**–**	–	**86**	185	**–**	–
	Sub-total		**181,295**	194,234	**1,850**	1,682	**8,671**	6,590
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 International New Town	**77,125**	209,091	**965**	1,638	**12,499**	7,834
		Wuxi Sunshine 100 Hima Alaya (formerly named as Wuxi Tai Lake New Town)	**3,746**	–	**61**	–	**16,284**	–
	Wenzhou	Sunshine 100 Wenzhou Center	**2,367**	33,437	**58**	688	**24,504**	20,576
		Wenzhou Sunshine 100 Arles	**86,999**	107,533	**915**	934	**9,862**	8,686
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**145,585**	–	**1,457**	–	**10,008**	–
	Yixing	Yixing Sunshine 100 Phoenix Street	**10,233**	7,132	**313**	221	**30,587**	30,987
	Sub-total		**326,055**	357,193	**3,769**	3,481	**11,382**	9,745

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)]	
			2017	2016	**2017**	2016	**2017**	2016
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**171,881**	311,864	**1,838**	2,073	**10,048**	6,538
	Putian	Putian Sunshine 100 Phoenix Plaza	**67,547**	–	**986**	–	**14,597**	–
	Sub-total		**239,428**	311,864	**2,824**	2,073	**11,331**	6,538
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**4,489**	137,793	**97**	1,325	**11,138**	9,231
	Chongqing	Chongqing Sunshine 100 International New Town	**44,234**	30,182	**891**	626	**19,646**	20,476
		Chongqing Sunshine 100 Arles	**35,206**	37,525	**416**	341	**10,623**	8,314
	Changsha	Changsha Sunshine 100 International New Town	**22,466**	56,960	**526**	537	**21,900**	8,954
	Liuzhou	Liuzhou Sunshine 100 Yaobu TOWN	**3,041**	8,097	**67**	197	**20,059**	21,860
	Chengdu	Chengdu Sunshine 100 Mia Centre	**3,630**	7,106	**71**	110	**15,702**	13,510
	Nanning	Nanning Sunshine 100 Upper East Side International	**507**	–	**16**	28	**3,945**	–
	Lijiang	Lijiang Sunshine 100 COART Village	**6,999**	868	**81**	16	**11,573**	18,433
	Guilin	Guilin Sunshine 100 Lijiang Project	**–**	31	**–**	1	**–**	24,225
	Sub-total		**120,572**	278,562	**2,165**	3,181	**16,471**	10,777
Total			**867,350**	1,141,853	**10,608**	10,417	**11,509**	8,584

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					
	Contracted sales area *(square metres)*[1]		**Contracted sales amount** *(RMB million)*[2]		**Unit selling price** *(RMB/square metre)*[1]	
Type	**2017**	2016	**2017**	2016	**2017**	2016
Residential properties	**728,319**	1,074,674	**7,938**	8,841	**10,899**	8,227
Commercial properties and car parks	**139,031**	67,179	**2,670**	1,576	**14,702**	14,305
Total	**867,350**	1,141,853	**10,608**	10,417	**11,509**	8,584
Proportion						
Residential properties	**84%**	94%	**75%**	85%		
Commercial properties and car parks	**16%**	6%	**25%**	15%		
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 1,438,253 square metres, representing a decrease of 7.7% from 2016. The completed GFA was 916,711 square metres, representing a decrease of 46.2% from 2016, mainly because in accordance with the project development timeline of the Company, a large number of projects which commenced construction in prior years were completed in 2016. The total GFA under construction was 4,205,378 square metres as at the end of the Reporting Period, representing an increase of 25.7% as compared with the end of 2016.

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

		2017		
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	122,608	115,701	122,608
	Shenyang	50,128	216,547	120,314
	Dongying	8,489	68,436	20,261
	Weifang	–	75,426	76,401
	Tianjin	31,075	–	31,075
	Sub-total	**212,300**	**476,110**	**370,659**
Yangtze River Delta	Wuxi	98,364	78,086	383,929
	Wenzhou	182,754	–	1,329,698
	Changzhou	248,321	–	248,321
	Sub-total	**529,439**	**78,086**	**1,961,948**
Pearl River Delta	Qingyuan	–	198,684	514,577
	Putian	–	–	337,278
	Sub-total	**–**	**198,684**	**851,855**
Midwest	Wuhan	–	120,316	–
	Chongqing	40,131	–	214,445
	Changsha	161,996	42,373	238,178
	Nanning	158,369	–	158,369
	Wuzhou	333,723	–	333,723
	Guilin	2,295	1,142	43,269
	Lijiang	–	–	32,932
	Sub-total	**696,514**	**163,831**	**1,020,916**
Total		**1,438,253**	**916,711**	**4,205,378**

Investment properties

During the Reporting Period, the Group had new investment properties with a GFA of 66,503 square metres. In the meantime, the GFA of investment properties in the previous year decreased by 12,195 square metres. For the year ended 31 December 2017, the GFA of investment properties completed and under construction held by the Group was 579,304 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 RMB112.7 million, representing an increase of 9.4% as compared to 2016.

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB496.2 million for various land acquisitions and project acquisitions, which included the acquisition consideration of Tianjin Lijin Mansion (天津麗津大廈) project in the amount of RMB140.0 million, the land premium of Changzhou Sunshine 100 Zone 7 Upper East Side in the amount of RMB78.0 million and the equity transfer consideration of Wuxi Sunshine 100 Hima Alaya in the amount of RMB57.0 million.

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

Economic area	**City**	**Total GFA**	**Proportion**	**Attributable GFA**	**Proportion**
		(square metres)		*(square metres)*	
Bohai Rim	Weifang	1,518,897	10%	1,518,896	15%
	Shenyang	814,594	5%	748,085	7%
	Yantai	403,028	3%	403,028	4%
	Jinan	357,379	2%	175,115	2%
	Tianjin	150,866	1%	134,096	1%
	Dongying	72,624	0%	72,625	1%
	Sub-total	**3,317,388**	**21%**	**3,051,845**	**30%**

Economic area	City	Total GFA	Proportion	Attributable GFA	Proportion
		(square metres)		*(square metres)*	
Midwest	Chongqing	1,167,148	8%	999,613	10%
	Guilin	374,422	2%	340,582	3%
	Changsha	283,002	2%	283,002	3%
	Liuzhou	277,454	2%	244,691	2%
	Nanning	1,672,849	11%	606,620	6%
	Wuzhou	1,498,004	10%	415,696	4%
	Wuhan	112,086	1%	112,086	1%
	Chengdu	98,607	1%	98,607	1%
	Lijiang	196,594	1%	100,263	1%
	Sub-total	**5,680,166**	**38%**	**3,201,160**	**31%**
Yangtze River Delta	Wenzhou	1,508,137	10%	769,150	8%
	Wuxi	1,145,440	7%	1,145,441	11%
	Changzhou	248,321	2%	126,644	1%
	Yixing	90,641	1%	72,513	1%
	Sub-total	**2,992,539**	**20%**	**2,113,748**	**21%**
Pearl River Delta	Qingyuan	2,725,462	18%	1,499,004	15%
	Putian	337,278	2%	165,266	2%
	Sub-total	**3,062,740**	**20%**	**1,664,270**	**17%**
Northern Mariana Islands	Saipan	120,000	1%	61,200	1%
	Sub-total	**120,000**	**1%**	**61,200**	**1%**
Total		**15,172,833**	**100%**	**10,092,223**	**100%**

Financial Performance

Revenue

During the Reporting Period, the Group's revenue decreased by 1.3% to RMB6,874.6 million in 2017 from RMB6,965.2 million in 2016 mainly due to the decrease in revenue generated from sale of properties of the Group.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties decreased by 3.6% to RMB6,285.4 million in 2017 from RMB6,519.9 million in 2016, mainly due to the decrease in the GFA delivered during the Reporting Period as compared with 2016.

Income from property management and hotel operation

During the Reporting Period, revenue generated from property management and hotel operation of the Group increased by 13.5% to RMB388.5 million in 2017 from RMB342.3 million in 2016, mainly due to an increase in the area of properties under management of the Group.

Rental income from investment properties

During the Reporting Period, rental income from investment properties of the Group increased by 9.4% to RMB112.7 million in 2017 from RMB103.0 million in 2016, mainly due to an increase in the rentable area since the Group actively adjust the positioning and types of leasing properties during the Reporting Period, which resulted in an increase in rental income.

Light-asset operation income

During the Reporting Period, the Group participated in certain complex projects by way of light-asset operation and provided property selling agency and brand-use services to the projects, thus recording light-asset operation income of RMB88.0 million.

Cost of sales

During the Reporting Period, the cost of sales of the Group decreased by 8.6% to RMB5,375.2 million in 2017 from RMB5,880.7 million in 2016. Cost of sales of properties decreased by 10.1% to RMB4,980.7 million in 2017 from RMB5,537.8 million in 2016, primarily due to the decrease in area and average cost per square meter of properties delivered during the Reporting Period as compared with 2016. Cost of property management and hotel operation increased by 8.6% to RMB372.5 million in 2017 from RMB342.9 million in 2016, primarily due to an increase in the area of properties under management of the Group. In addition, the Group incurred a cost of RMB22.0 million due to the light-asset operation.

Gross profit

As a result of the foregoing, during the Reporting Period, the Group's gross profit increased by 38.3% to RMB1,499.4 million in 2017 from RMB1,084.5 million in 2016. The Group's gross profit margin increased by 6.2 percentage points to 21.8% in 2017 from 15.6% in 2016 primarily due to an increase in the proportion of delivered properties with higher gross profit margin.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group were RMB789.0 million, primarily due to the transfer of certain properties under development and completed for sale to investment properties.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 23.9% to RMB599.7 million in 2017 from RMB787.7 million in 2016, primarily due to substantial decrease in commission and advertising expenses as a result of enhanced cost control and adjustment to commission policy by the Company.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group decreased slightly by 0.3% to RMB456.7 million in 2017 from RMB458.1 million in 2016.

Finance income

During the Reporting Period, finance income of the Group increased by 204.5% to RMB417.1 million in 2017 from RMB137.0 million in 2016, mainly attributable to the fair value gain of the derivative component of the convertible bonds and the increase in interest income.

Income tax

During the Reporting Period, the income tax expenses of the Group increased by 45.1% to RMB446.9 million in 2017 from RMB308.1 million in 2016, primarily due to an increase in the profit before tax in the Reporting Period.

Profit for the year

During the Reporting Period, the profit for the year of the Group increased by 266.8% to RMB848.7 million in 2017 from RMB231.4 million in 2016.

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 203.5% to RMB593.1 million in 2017 from RMB195.4 million in 2016.

Working capital, finance and capital resources

Cash and cash equivalents

As at 31 December 2017, the Group had approximately RMB4,654.2 million in cash and cash equivalents, representing an increase of RMB186.5 million as compared to that as at 31 December 2016, mainly due to an increase in cash collection from contracted sales.

Current ratio, gearing ratio and net gearing ratio

As at 31 December 2017, the Group's current ratio decreased to 170.5% from 177.5% as at 31 December 2016. The Group's current assets increased from RMB41,102.5 million as at 31 December 2016 to RMB42,074.9 million as at 31 December 2017, while current liabilities increased to RMB24,675.5 million as at 31 December 2017 from RMB23,156.3 million as at 31 December 2016.

As at 31 December 2017, the Group's gearing ratio (which is total loans and borrowings divided by total assets) decreased to 48.0% from 50.4% as at 31 December 2016. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) decreased by approximately 33.0 percentage points to 231.6% from 264.6% as at 31 December 2016, mainly attributable to a significant increase in the profit for the year as compared with 2016 and the completion of the placement of new shares in the Reporting Period, which resulted in an increase in the total equity as compared with 2016.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchasers of its properties. As at 31 December 2017, the Group provided guarantees for mortgage loans in an amount of RMB6,562.9 million (31 December 2016: RMB5,774.2 million) to those banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 31 December 2017, the Group had total loans and borrowings of RMB26,765.1 million, of which RMB8,823.3 million, RMB6,083.9 million, RMB9,787.7 million and RMB2,070.2 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 2017, the Group had comprehensive credit facilities granted by bank and other financial institutions for an amount of RMB9,500.0 million, of which RMB8,179.1 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 2017, the Group had pledged properties and restricted deposits with a carrying value of RMB14,146.2 million (31 December 2016: RMB14,789.0 million) to secure banking facilities granted to the Group.

Capital commitment

As at 31 December 2017, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial information was approximately RMB4,302.7 million (31 December 2016: approximately RMB3,355.9 million). Approved but not contracted for capital commitment of the Group was approximately RMB5,973.3 million as at 31 December 2017 (31 December 2016: approximately RMB5,939.0 million).

Foreign exchange exposure

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

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

Major investments, acquisitions and disposals

*Disposal of 80% Equity Interest in Chongqing Sunshine 100 Real Estate Development Co., Ltd. (The "**Target Company**") (A Subsidiary of the Company) and Provision of Financial Assistance by the Company to the Target Company*

On 28 June 2017, Sunshine 100 Real Estate Group Co., Ltd. (a wholly-owned subsidiary of the Company), entered into an equity transfer agreement ("**Equity Transfer Agreement**") with Shenzhen Qianhai Hangmu Investment Management Co., Ltd. and the Target Company, pursuant to which Sunshine 100 Real Estate Group Co., Ltd. has conditionally agreed to sell, and Shenzhen Qianhai Hangmu Investment Management Co., Ltd. has conditionally agreed to purchase, 80% equity interest in the Target Company for a total consideration of RMB1,544,800,000. Certain subsidiaries/affiliates of the Company (including Sunshine 100 Real Estate Group Co., Ltd.) had provided financial assistance to the Target Company in the past. As at the date of 30 April 2017, the outstanding balance of such assistance or other receivables (the "**Loans**") amounted to RMB1,851 million. Pursuant to the terms of the Equity Transfer Agreement, the parties to the Equity Transfer Agreement acknowledge that the benefit of the Loans shall be assigned to Sunshine 100 Real Estate Group Co., Ltd. and that the Loans shall have a term of 12 months from the Completion Date of the equity transfer at an interest rate of 9.0% per annum and the liabilities thereunder shall continue to be borne by the Target Company. As certain completion conditions under the Equity Transfer Agreement were not satisfied within thirty days after the entering into of the Equity Transfer Agreement, Sunshine 100 Real Estate Group Co., Ltd. exercised its right under the Equity Transfer Agreement on 29 July 2017 by issuing a letter on termination of agreement to Shenzhen Qianhai Hangmu Investment Management Co., Ltd. and the Target Company to terminate the Equity Transfer Agreement. For further details about the disposal, please refer to the announcements of the Company dated 28 June 2017 and 31 July 2017.

Subscription for Trust Units

On 14 December 2017, Sunshine 100 Real Estate Group Co., Ltd., a wholly-owned subsidiary of the Group, entered into a subscription agreement and a trust agreement with Beijing International Trust Co., Ltd. (the "**Trustee**"), pursuant to which Sunshine 100 Real Estate Group Co., Ltd. will subscribe for 786,700,000 units of Class X trust units in the Trust with a par value of RMB1 at a total consideration of RMB786,700,000 as the sole investor in Beijing Trust – Fortune No. 24 (Xi'an Napa Project) Fund Trust (the "**Trust**"). The Trustee of the Trust currently owns 89.1089% of equity interest in the Shaan'xi Jinyuan Napa Property Development Co., Ltd. (the "**Shaan'xi Napa**"), whose remaining equity interest is held by Napa Property Development Group Co., Ltd. ("**Napa Property**") and Shaan'xi Jinyuan Investment Holding Group Co., Ltd ("**Shaan'xi Jinyuan**"), respectively. Shaan'xi Napa owns the Xi'an Napa Xigu – Jiyuan Project. The Trustee shall be entitled to the guarantee by Napa Property and Shaan'xi Jinyuan in respect of making up for any shortfall. Sunshine 100 Real Estate Group Co., Ltd. shall be entitled to the relevant trust interest under the Trust. For further details, please refer to the announcements of the Company dated 14 December 2017 and 19 January 2018.

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

Future plans for substantial investments or capital assets

As at the date of the announcement, there was no plan authorised by the Board for other substantial investments or additions of capital assets.

Human Resource

As at 31 December 2017, the Group employed a total of 4,439 employees (31 December 2016: 4,616 employees). The staff costs of the Group were RMB494.6 million for the year ended 31 December 2017 (2016: RMB492.0 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 year ended 31 December 2017, we made contributions in an aggregate of approximately RMB30.5 million to the employee retirement scheme.

FINAL DIVIDENDS

The Board did not recommend payment of any final dividend for the year ended 31 December 2017.

ANNUAL GENERAL MEETING

The annual general meeting is proposed to be held on Monday, 25 June 2018. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by 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 eligibility of the shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 20 June 2018 to Monday, 25 June 2018 (both days inclusive), during which no share transfer will be registered. In order to qualify for attending and voting at the AGM, all share transfer documents together with the relevant share certificate must be lodged with the Company's Hong Kong branch share registrar, 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, 19 June 2018 for registration.

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 2017, the Company has adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix 14 to the Listing Rules, except for the following deviations:

Code provision A.1.1 of the Code stipulates that the Board should meet regularly and board meeting should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, the Company held only two regular board meetings to review and discuss the annual and interim results. The Company does not announce its quarterly results, and the Company's business, operation and management have been conducted properly under the management and supervision of the executive Directors.

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 comprises three independent non-executive Directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Ng Fook Ai, Victor is 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 2017).

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the "**Remuneration Committee**") in compliance with the Listing Rules. Currently, the Remuneration Committee comprises an executive Director, Mr. Fan Xiaochong, and two independent non-executive Directors, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Wang Bo is 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 (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 comprises one executive Director, Mr. Yi Xiaodi, and two independent non-executive Directors, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Yi Xiaodi is 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 of the Company, 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 2017.

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

On 20 September 2017, the Company, overseas subsidiaries providing guarantees for the US$235,000,000 8.5% senior notes due 27 September 2020 (the "**Notes**")and the initial purchasers (including Haitong International Securities Company Limited ("**Haitong International**"), CMBC Securities Company Limited ("**CMBC Capital**"), China Industrial Securities International Brokerage Ltd. ("**China Industrial Securities International**"), Guotai Junan Securities (Hong Kong) Limited ("**Guotai Junan International**"), Zhongtai International Securities Limited ("**Zhongtai International**") and Yue Xiu Securities Company Limited ("**Yue Xiu Securities**") entered into a subscription agreement in relation to the issue of the Notes. Haitong International, CMBC Capital, China Industrial Securities International and Guotai Junan International are the joint global coordinators and Haitong International, CMBC Capital, China Industrial Securities International, Guotai Junan International, Zhongtai International and Yue Xiu Securities were the joint lead managers and joint bookrunners in connection with the issue of the Notes. At any time on or after 27 September 2019, the Company may redeem the Notes, in whole or in part, at a redemption price of 104.25% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date. The Notes was listed on The Singapore Exchange Securities Trading Limited on 28 September 2017. For details, please refer to the announcements of the Company dated 20 September 2017 and 21 September 2017.

On 18 December 2017, the Company entered into a subscription agreement with Beyond Steady Limited, a wholly owned subsidiary of Huarong International Financial Holdings Limited, pursuant to which, the Company agreed to allot and issue and Beyond Steady Limited agreed to subscribe for, a total of 235,055,000 new subscription shares at the price of HKD3.10 per subscription share (the "**Share Subscription**"). The Share Subscription was completed on 28 December 2017. For details, please refer to the announcements of the Company dated 18 December 2017 and 28 December 2017.

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 2017.

EVENTS AFTER THE REPORTING PERIOD

Following the issue of US$235,000,000 8.5% senior notes due 2020 on 20 September 2017, the Company further issued US$165,000,000 8.5% senior notes due 2020 on 6 February 2018 (the "**New Notes Issue**"). Such notes were secured by certain overseas subsidiaries of the Company. Haitong International, Orient Securities (Hong Kong) Limited, Guotai Junan International, China Industrial Securities International, Yue Xiu Securities and CCB International Capital Limited were the joint global coordinators, joint lead managers and joint bookrunners in connection with the New Notes Issue. For further details, please refer to the announcements of the Company dated 6 February 2018 and 7 February 2018.

Save as disclosed above, from 31 December 2017 to the date of this announcement, there were no events after the Reporting Period which have material effect on the Group.

SCOPE OF WORK OF KPMG

The financial figures in respect of Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE, THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED AND THE COMPANY

The annual results announcement has been published on the websites of the Stock Exchange at www.hkexnews.com.hk, The Singapore Exchange Securities Trading Limited at www.sgx.com and our Company at www.ss100.com.cn. The annual report of the Company for the year ended 31 December 2017, 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
28 March 2018

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.