Sunshine 100 China Holdings Ltd
陽光100中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2608)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

HIGHLIGHTS OF INTERIM RESULTS

- Contracted sales amounted to RMB3,787.9 million and the aggregated contracted sales area was 312,441 square metres
- Revenue amounted to RMB3,594.6 million, representing a slight decrease of 3.0% from the corresponding period of 2018; gross profit increased by 20.2% to RMB811.0 million, and gross profit margin was 22.6%
- Profit for the period substantially increased by 77.4% to RMB793.1 million as compared with the corresponding period of 2018, and profit attributable to equity shareholders of the Company was RMB329.8 million, representing a year-on-year increase of 5.9%
- Basic and diluted earnings per share was RMB0.13 and RMB0.05, respectively
- Total assets amounted to RMB58,921.7 million, decreasing by 4.1% as compared with 31 December 2018. The total equity attributable to equity shareholders of the Company amounted to RMB7,732.1 million, representing an increase of 3.4% as compared to 31 December 2018
- As of 30 June 2019, our land reserves amounted to approximately 12.84 million square metres in terms of GFA

The board of directors (the "**Board**") of Sunshine 100 China Holdings Ltd (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2019 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2018. The interim results of the Group for the six months ended 30 June 2019 had been reviewed by the Audit Committee of the Company (the "**Audit Committee**") and approved by the Board on 27 August 2019. The following interim financial statements are unaudited, but have been reviewed by KPMG, the auditor of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	3	**3,594,646**	3,704,103
Cost of sales		**(2,783,651)**	(3,029,410)
Gross profit		**810,995**	674,693
Valuation gains on investment properties	8	**341,857**	554,002
Other income	4	**445,773**	8,667
Selling expenses		**(223,455)**	(277,498)
Administrative expenses		**(262,377)**	(260,013)
Other operating expenses		**(58,655)**	(16,564)
Profit from operations		**1,054,138**	683,287
Financial income	5	**363,931**	291,408
Financial costs	5	**(341,467)**	(280,334)
Share of profits less losses of associates		**26,221**	2,553
Profit before taxation		**1,102,823**	696,914
Income tax	6	**(309,712)**	(249,888)
Profit for the period		**793,111**	447,026

	Note	Six months ended 30 June **2019** ***RMB'000***	 2018 *(Note)* *RMB'000*
Other comprehensive income for the period (after tax and reclassification adjustments):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**135**	(10,818)
Total comprehensive income for the period		**793,246**	436,208
Profit attributable to:			
Equity shareholders of the Company		**329,806**	311,356
Non-controlling interests		**463,305**	135,670
Profit for the period		**793,111**	447,026
Total comprehensive income attributable to:			
Equity shareholders of the Company		**329,941**	300,538
Non-controlling interests		**463,305**	135,670
Total comprehensive income for the period		**793,246**	436,208
Earnings per share *(RMB)*	7		
Basic		**0.13**	0.12
Diluted		**0.05**	0.08

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2019** *RMB'000*	At 31 December 2018 *(Note)* *RMB'000*
Non-current assets			
Property and equipment		**659,344**	697,864
Investment properties		**11,234,110**	11,707,246
Restricted deposits		**214,073**	130,054
Investments in associates		**1,362,049**	905,007
Trade and other receivables	9	**532,203**	576,506
Deferred tax assets		**1,376,074**	1,400,667
Other non-current financial assets		**109,777**	103,777
Total non-current assets		**15,487,630**	15,521,121
Current assets			
Properties under development and completed properties held for sale		**27,938,739**	32,464,688
Land development for sale		**907,182**	866,431
Contract costs		**212,698**	246,555
Trade and other receivables	9	**8,735,672**	7,674,633
Restricted deposits		**2,069,587**	1,975,407
Cash and cash equivalents		**3,498,971**	2,588,630
Trading securities		**71,217**	114,663
Total current assets		**43,434,066**	45,931,007
Current liabilities			
Loans and borrowings		**8,304,550**	10,419,807
Trade and other payables	10	**6,262,944**	7,207,298
Contract liabilities		**10,187,342**	9,094,428
Contract retention payables		**163,690**	173,482
Current tax liabilities		**1,223,786**	1,093,894
Lease liabilities		**20,291**	–
Total current liabilities		**26,162,603**	27,988,909
Net current assets		**17,271,463**	17,942,098
Total assets less current liabilities		**32,759,093**	33,463,219

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Non-current liabilities			
Loans and borrowings		**18,031,720**	19,275,499
Contract retention payables		**106,255**	170,166
Trade and other payables	10	**623,230**	469,535
Deferred tax liabilities		**3,815,324**	3,939,724
Lease liabilities		**63,695**	–
Total non-current liabilities		**22,640,224**	23,854,924
NET ASSETS		**10,118,869**	9,608,295
CAPITAL AND RESERVES	11		
Share capital		**20,268**	20,704
Reserves		**7,711,793**	7,454,138
Total equity attributable to equity shareholders of the Company		**7,732,061**	7,474,842
Non-controlling interests		**2,386,808**	2,133,453
TOTAL EQUITY		**10,118,869**	9,608,295

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a new International Financial Reporting Standards ("**IFRSs**"), IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

None of the 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property and equipment as disclosed in Note 19(b).

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically laptops or office furniture. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment property are carried at fair value.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(iii) Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("**leasehold investment properties**"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at fair value.

(iv) Lessor accounting

In addition to leasing out the investment property referred to in paragraph (a)(iii) above, the Group leases out a number of items of machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

Under IFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of IFRS 16 does not have a material impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Classification of interest in buildings held for own use

In accordance with IAS 16, *Property, plant and equipment*, the Group chooses to apply either the cost model as its accounting policy for items of property and equipment held for own use on a class-by-class basis. In applying this policy, the Group has concluded that the right to use other properties leased under tenancy agreements are carried at depreciated cost.

(ii) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 8.54%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and presents lease liabilities separately in the statement of financial position.

The Group recognised right-of-use assets of RMB88,376,000 (RMB22,788,000 was recognised in investment properties and RMB65,588,000 was recognised in property and equipment) and the lease liabilities of RMB88,376,000 as at 1 January 2019.

As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RMB82,780,000 right-of-use assets (RMB29,025,000 was recognised in investment properties and RMB53,755,000 was recognised in property and equipment) and RMB83,986,000 lease liabilities as at 30 June 2019.

Also in relation to those leases under IFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised RMB13,933,000 depreciation charges and RMB3,655,000 interest costs from these leases.

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		**At 1 January 2019**	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	**Present value of the minimum lease payments** *RMB'000*	**Total minimum lease payments** *RMB'000*
Within 1 year	**20,291**	**27,296**	**15,916**	**23,199**
After 1 year but within 5 years	**40,795**	**53,684**	**50,528**	**65,758**
After 5 years	**22,900**	**34,857**	**21,932**	**33,040**
	63,695	**88,541**	**72,460**	**98,798**
	83,986	**115,837**	**88,376**	**121,997**
Less: total future interest expenses		**31,851**		**33,621**
Present value of lease liabilities		**83,986**		**88,376**

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17.

IFRS 16 has no material impact on financial result, segment results and cash flows of the Group.

3 REVENUE AND SEGMENT REPORTING

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

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

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

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

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

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

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

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**3,296,153**	3,391,702
Property management and hotel operation income	**211,680**	219,099
Light-asset operation income	**15,658**	21,626
	3,523,491	3,632,427
Revenue from other sources		
Rental income from investment properties	**71,155**	71,676
	3,594,646	3,704,103
Disaggregated by timing of revenue recognition		
Point in time	**2,629,058**	3,274,860
Over time	**965,588**	429,243
	3,594,646	3,704,103

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

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

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

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

	Mixed-use business complexes		Multi-functional residential communities		Investment properties		Property management and hotel operation		Light-asset operation		Total	
For the six months ended 30 June	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
		(Note)		*(Note)*		*(Note)*		*(Note)*		*(Note)*		*(Note)*
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition												
Point in time	**271,427**	802,640	**2,341,973**	2,450,594	**–**	–	**–**	–	**15,658**	21,626	**2,629,058**	3,274,860
Over time	**177,564**	96,645	**505,189**	41,823	**71,155**	71,676	**211,680**	219,099	**–**	–	**965,588**	429,243
Revenue from external customers	**448,991**	899,285	**2,847,162**	2,492,417	**71,155**	71,676	**211,680**	219,099	**15,658**	21,626	**3,594,646**	3,704,103
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**49,204**	32,031	**–**	–	**49,204**	32,031
Reportable segment revenue	**448,991**	899,285	**2,847,162**	2,492,417	**71,155**	71,676	**260,884**	251,130	**15,658**	21,626	**3,643,850**	3,736,134
Reportable segment gross profit/(loss)	**95,225**	(115,117)	**652,989**	664,727	**71,155**	71,676	**(10,846)**	44,065	**14,647**	17,583	**823,170**	682,934
Reportable segment (loss)/profit	**(448,263)**	(221,781)	**1,010,375**	50,497	**237,264**	460,690	**(69,489)**	(6,403)	**8,871**	14,161	**738,758**	297,164
As at 30 June/31 December												
Loans and borrowings	**1,035,000**	4,571,818	**17,029,400**	16,453,862	**203,500**	–	**494,091**	581,440	**–**	–	**18,761,991**	21,607,120
Reportable segment assets	**6,813,851**	11,692,208	**38,681,665**	38,992,879	**11,082,614**	11,930,806	**1,242,664**	1,238,111	**115,123**	107,395	**57,935,917**	63,961,399
Reportable segment liabilities	**6,931,894**	11,628,000	**38,023,318**	38,458,643	**765,545**	534,896	**1,000,352**	1,017,670	**74,062**	55,804	**46,795,171**	51,695,013

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2019	2018
		(Note)
	RMB'000	*RMB'000*
Reportable segment profit	**738,758**	297,164
Elimination of intra-group loss	**7,644**	8,079
Unallocated head office and corporate income	**46,709**	141,783
Consolidated profit for the period	**793,111**	447,026

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 2.

4 OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Disposal of subsidiaries	**432,142**	–
Others	**13,631**	8,667
	445,773	8,667

5 FINANCIAL INCOME AND FINANCIAL COSTS

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Financial income		
Interest income on financial assets not at fair value through profit or loss	**(150,812)**	(178,851)
Net change in fair value of the derivative components of convertible bonds	**(213,119)**	(112,557)
	(363,931)	(291,408)
Financial costs		
Total interest expense on loans and borrowings	**1,379,116**	1,371,586
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction	**(1,131,103)**	(1,154,821)
	248,013	216,765
Net foreign exchange loss	**20,331**	50,897
Net change in fair value of financial assets at fair value through profit or loss	**42,165**	9,405
Interest on lease liabilities	**3,655**	–
Bank charges and others	**27,303**	3,267
	341,467	280,334

6 INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax	**201,206**	113,298
– Land Appreciation Tax	**147,711**	93,936
Over-provision of PRC Corporate Income Tax in respect of prior years	**(24,006)**	–
Deferred taxation	**(15,199)**	42,654
	309,712	249,888

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

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

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 5% to7% 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 RMB329,806,000 for the six months ended 30 June 2019 (six months ended 30 June 2018: RMB311,356,000) and the weighted average of RMB2,567,440,000 ordinary shares (six months ended 30 June 2018: 2,611,737,000 ordinary shares) in issue during the interim period.

(b) Diluted earnings per share

For the six months ended 30 June 2019, the calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB160,370,000 (six months ended 30 June 2018: RMB230,185,000) and the weighted average number of ordinary shares of 3,155,840,000 (six months ended 30 June 2018: 3,033,907,000 shares).

8 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2019 by CHFT Advisory And Appraisal Ltd ("**CHFT**"), the Group's independent valuer, using the same valuation techniques as were used when carrying out the valuations as 31 December 2018. As a result of the update, a net gain of RMB341,857,000(six months ended 30 June 2018: RMB554,002,000), and deferred tax thereon of RMB85,464,000 (six months ended 30 June 2018: RMB137,329,000), has been recognised in profit or loss for the period in respect of investment properties.

9 TRADE AND OTHER RECEIVABLES

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

	Note	**At 30 June 2019** *RMB'000*	At 31 December 2018 *RMB'000*
Within 6 months		**217,499**	130,814
6 months to 1 year		**105,277**	22,227
Over 1 year	(i)	**647,948**	799,561
Trade receivables and bills receivables, net of allowance for doubtful debts of RMB Nil		**970,724**	952,602
Loans provided to third parties, net of loss allowance	(ii)	**2,809,642**	3,029,336
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**1,805,266**	951,818
Loans provided to associates		**709,328**	648,417
Consideration receivables		**139,921**	–
Amounts due from related parties		**94,011**	138,059
Other receivables, net of loss allowance		**352,169**	354,885
Financial assets measured at amortised cost, net of loss allowance		**6,881,061**	6,075,117
Deposits and prepayments		**2,386,814**	2,176,022
		9,267,875	8,251,139
Less: non-current portion		**532,203**	576,506
		8,735,672	7,674,633

(i) Receivables that were past due but not impaired mainly included revenue from land development for sale of RMB581,089,000 as at 30 June 2019 and 31 December 2018 from the Government of Chenghua District. Based on a series of agreements entered into by the Group and the Government of Chenghua District, the Group is entitled to receive RMB581,089,000 and the Government of Chenghua District issued a notice to confirm this amount on 2 July 2013. Considering the long ageing of the receivables, in February 2015, the Group sued and asked for the repayment of RMB581,089,000 as well as a management fee of RMB15,000,000. The first trial went to court on 17 June 2015 and the judge asked the Group and the Government of Chenghua District to further negotiate so as to reach a settlement. The court has accepted and approved an application for withdrawal of the trial by the Group on 26 July 2018. As of the date of this report, the Group is still negotiating with the Government of Chenghua District.

As at 30 June 2019, the directors of the Group were of the opinion that no provision on the receivables of RMB581,089,000 due from the Government of Chenghua District was required, as the Group has consulted its legal adviser and understood that if the parties could not reach an agreement on the settlement agreement, the Group may reinstate the trial and there is no indication that the Government of Chenghua District will not, or will have financial difficulties to fulfil its obligation to settle the balance.

Accordingly, the management believes that no impairment allowance is necessary in respect of these balances and the balances are still considered fully recoverable.

The remaining receivables that were past due but not impaired mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. The Group holds the title of the property units as collateral over the balance of trade receivables of RMB135,181,000 (2018: RMB178,424,000). The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price and management considers that the credit risk arising from these trade receivables is significantly mitigated by related property units held as collateral, with reference to the estimated market value of those property units.

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measure loss allowances at an amount equal to lifetime expected credit losses ("**ECLs**"), which is calculated using a provision matrix. At 30 June 2019 and 31 December 2018, the Group's exposure to credit risk and ECLs for these trade receivables are insignificant.

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

The balance mainly represented loans provided to third parties which were interest bearing at a weighted interest rate of 12% (six months ended 30 June 2018: 10%) per annum. Pursuant to the Group's accounting policy, management measures loss allowance for loans provided to third parties on an individual basis at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the loan balance since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

During the six months ended 30 June 2019, no loss allowance had been recognised. During the year ended 31 December 2018, a total loss allowance of RMB902 million was recognised on the loans provided to third parties, which was primarily related to loans provided to a number of companies indirectly owned by an individual (the "**Individual**") or guaranteed by the Individual, with an outstanding balance totalled RMB1,002 million as at 31 December 2018. Management determined that the credit risks of such balances of RMB1,002 million related to the Individual increased significantly, and, therefore, a loss allowance based on lifetime ECLs totalled RMB852 million has been recognised thereon. Management's estimation on the loss allowance has considered the value of the legal titles of land and properties obtained by the Group as collaterals and other forms of guarantees provided by the debtors and the Individual as credit enhancements.

In connection with a loan with principal of RMB120 million included in the loans provide to third parties, subsequent to the reporting date, the Group filed a lawsuit on 31 January 2019 before the No.3 Intermediate People's Court of Beijing Municipality against a guarantor to recover the principal together with accrued interest plus penalty.

As the Group with the counterparty intend to reach an out-of-court settlement on the case, the Group has applied for the withdrawal of the case to the No. 3 Intermediate People's Court of Beijing Municipality, completed all procedures in relation to the withdrawal by 18 July 2019 and received the civil ruling issued by the No. 3 Intermediate People's Court of Beijing Municipality approving the withdrawal. The Group believe the withdrawal of the lawsuit will not have any material adverse impact on the Company's production and operation, financial position or solvency.

10 TRADE AND OTHER PAYABLES

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

	At 30 June 2019	At 31 December 2018
	RMB'000	*RMB'000*
Within 1 year	**3,187,831**	3,959,015
1 year to 2 years	**506,411**	223,679
2 years to 5 years	**261,199**	137,781
Trade payables	**3,955,441**	4,320,475
Advances received from third parties	**307,724**	473,589
Consideration payables	**157,000**	157,000
Amounts due to related parties	**103,527**	111,956
Other payables	**1,487,245**	1,350,791
Financial liabilities measured at amortised cost	**6,010,937**	6,413,811
Other taxes payable	**875,237**	1,263,022
	6,886,174	7,676,833
Less: Non-current portion of trade payables	**623,230**	469,535
	6,262,944	7,207,298

11 CAPITAL AND DIVIDENDS

(a) Dividends

The Company did not declare any dividends for the six months ended 30 June 2019 and 2018.

(b) Purchase of own shares

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

	Number of shares repurchased	**Highest price paid per share** *HKD*	**Lowest price paid per share** *HKD*	**Aggregated price paid** *RMB'000*
January 2019	46,188,000	1.79	1.36	66,203
February 2019	4,739,000	1.73	1.51	6,519
				72,722

The total amount paid on the repurchased shares of Hong Kong dollar 84,558,000, which was equivalent to RMB72,722,000 was paid out of share capital and share premium.

CHAIRMAN'S STATEMENT

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

RESULTS

In the first half of 2019, the Group realized contracted sales in the amount of RMB3,787.9 million and an aggregate contracted sales area of 312,441 square metres. As the Company strengthed its efforts in the sales of non-residential products, contracted sales of commercial properties and car parks contributed RMB1,559.8 million, accounting for 41%, representing an increase of 27% as compared with the corresponding period of the previous year. As compared with the first half of 2018, income slightly decreased by 3.0% to RMB3,594.6 million, gross profit increased by 20.2% to RMB811.0 million, and gross profit margin rose by 4.4 percentage points to 22.6%.

In the first half of the year, the Group implemented the asset structure adjustment strategy to accelerate the destocking of land reserve. Gains on the equity transfer of two non-core projects in Chongqing and Qingyuan of Guangdong Province respectively led to a substantial increase of 77.4% in net profit to RMB793.1 million, with net profit margin up by 10 percentage points to 22.1%. Profit attributable to equity shareholders recorded an increase of 5.9% to RMB329.8 million. In addition, transactions involving disposal of assets also improved the debt structure, overall liquidity and asset structure. As at the end of the first half of the year, the Company's cash and cash equivalents increased by 35.2% to RMB3,499.0 million as compared with the end of 2018, total interest-bearing liabilities decreased by 11.3% to RMB26,336.3 million, and net gearing ratio (which is total loans and borrowings plus total lease liabilities minus cash and cash equivalents and current restricted deposit, divided by total equity) substantially decreased by 55.5 percentage points to 206.1%. We believe that with the gradual receipt of proceeds from disposal of assets, the Company's financial structure will be further optimised and its core competitiveness will be continuously enhanced.

BUSINESS REVIEW

Over the recent years, China has maintained regulation and control over the real estate industry, and the restrictions on price and sales and financing crunch are gradually normalizing. In addition, the residential market is approaching saturation and with the homogeneous competition in the industry intensifying, resulting in shrinking profits. In response to the market changes and severe survival environment, the Company has gradually switched its focus to the non-residential market in recent years, and considers innovative products in market segments as a future profit growth driver of the Company. Since the beginning of the year, we have further consolidated and enhanced the advantages of our core products by continuously promoting the transformation of our business model. Relying upon high-quality land reserve, we capitalised on market opportunities through disposal of the equity interest in some of our residential projects. With the receipt of sales proceeds, we proactively reduced our debts and substantially improved our profit and financial structure. In addition, we actively deploy new projects which focused on our core product lines, thereby laying a solid foundation for the steady growth of business for the coming year and onwards.

Promoted the Transformation of Business Model to Enhance the Competitiveness of Our Core Products

The mixed rental and sales business model is key to the sustainable development of non-residential core products of Sunshine 100. This business model is characterised by securing income through high premium sales, which is in turn re-invested in the operation service platform, and to ensure quality and continuous receipt of operating income through unified after-sales management. Such business model has been developed based on the Company's long-term exploration of commercial street products. The 12 street projects we have developed so far have generally delivered satisfactory development and operating results without failure. It has been proved by practice that in the market environment of "high interest and low rent", the mixed rental and sales business model enables Sunshine 100 to effectively replicate its non-residential products, thus forming a virtuous product cycle. Since the beginning of the year, the mixed rental and sales business model has continuously achieved new success in our products at Himalaya projects and Cultural Blocks.

The Himalaya product line, which the Company has focused on expanding over the past two years, has achieved satisfactory sales performance with its high-quality and high-value brand image, and has become one of stable performance contributors of the Company. In the first half of the year, the contracted sales of 5 Himalaya projects for sale amounted to approximately RMB383 million, with an average selling price of approximately RMB22,000 per square metre. With the opening of sales channels, the de-stocking of Himalaya projects has been accelerating. Since the beginning of 2019, the Himalaya projects have successively been delivered and put into operation, and the chain operation service system will become fully operational. The Company participated in the establishment of the Himalaya Hospitality International Pte Ltd with the team members of the former Ascott Group to ensure the service quality, thereby steadily increasing the service income with an international and professional operation team. In the first half of the year, Chongqing Sunshine 100 Himalaya became operational and had 532 rooms available for rent. By providing an experience that blends international with local cultural features, the project received the highest rating among its peer hotels on the Ctrip platform. The first Himalaya club will also commence operation in the fourth quarter of 2019 under this project, which will provide premium services and experiences for business travellers.

In addition, Tianjin Sunshine 100 Nankai Himalaya, Wuxi Sunshine 100 Himalaya and Tianjin Sunshine 100 Tianta Himalaya are expected to open at the end of 2019, in the first quarter of 2020 and the third quarter of 2020, respectively, which will offer more than 2,000 guest rooms, thus providing strong support for the increase in future operating income. As a result, the Himalaya operating service system will be further optimised.

The industry-leading edge of the Commercial Street Complex product line has become increasingly prominent. The business model characterised by mixed rental and sales and unified management has achieved new successful experiences. Alliance Art Group (合縱文化集團) was introduced in Liuzhou Sunshine 100 City Plaza project to reposition and package the indoor commercial street area, which has an aggregate GFA of approximately 28,000 square meters and was previously used as a traditional department store, into Utopia Music City (烏托邦音樂城), a scene-based complex which accommodates tenants from a variety of industries and integrates fashion with local cultural elements. The complex has quickly become the most popular consumer destination in the region since its official opening on 22 June 2019.

To create a cultural highland and generate city guesthouse effects is our key to solving the problems for sales-oriented business operations. Yixing Sunshine 100 Phoenix Street blends commercial activities with waterfront recreation and cultural creativity. In the first half of the year, this project held more than 26 large-scale theme events and attracted over 1.23 million visitors. In March 2019, it received China's Best New Tourism Project Award of the China Tourism Investment ITIA Award (中國旅遊投資ITIA獎之中國最佳新型旅遊項目獎). In addition, Changsha Sunshine 100 Phoenix Street and Changzhou Sunshine 100 Zone 7 Upper East Side, which are expected to commence operation in October and November 2019, respectively, also entered the preparatory operation stage and achieved a smooth progress of attracting investments.

Moreover, the Arles product line, which is characterised by shared living, continued to focus on content operations. By establishing "Friendly Neighbours Community" and organising a series of community activities, it has developed a unique community culture, won a good reputation among its target customers and promoted steady increase in both sales volume and selling price. Xi'an Sunshine 100 Arles was launched for the first time in April 2019 with more than 600 suites quickly sold out, and achieved contracted sales of RMB703.5 million in the first half of the year. Wenzhou Sunshine 100 Arles achieved contracted sales amount of RMB520.3 million, while Wuxi Sunshine 100 Arles and Chongqing Sunshine 100 Arles also made continuous sales contributions. For the next step, we will explore a long-term mechanism to support the Arles product line to strengthen its operating system and focus on content construction, thereby making Arles more distinctive.

Accelerated the Expansion of Innovative Business by Relying on High-Quality Land Reserve

After disposal of the equity interest in some of its projects, the Company continues to maintain high-quality land reserve sufficient to support its long-term development. As at 30 June 2019, we had land reserve with an aggregate planned GFA of approximately 12.84 million square metres, most of which are located in areas surrounding Beijing, Wenzhou, Wuxi, Xi'an, Wuhan, Shenyang and other provincial capital cities.

In addition, the Company and its primary associated companies has a wealth of potential land reserve, which are mainly located in Xinglong County, Chengde City, Hebei Province and Wenzhou City, Zhejiang Province and are carrying out land consolidation work. Specifically, Xinglong Sunshine 100 High-speed Railway New Town project has a planned area (including aspirational land use area) of more than 6,000 mu, and is being developed around the Xinglong West Station of the future Beijing-Shenyang High-speed Railway. Upon inauguration of the high-speed railway, the project is within only 20 minutes' ride from Beijing. In this May, the Group won the public tender for a parcel of land of approximately 46,600 square meters for residential and commercial service use at the consideration of RMB258.67 million. The Group will continue to expand its land reserve in this area so as to build it into the most distinctive high-speed rail ecological new town in the surrounding areas of Beijing. The saleable site area of our primary development project in Wenzhou exceeds 3,000 mu. As of the end of the first half of the year, the Group had accumulatively completed the land consolidation work and sold out more than 820 mu through public tender. On the one hand, these parcels of land, after having been consolidated and delisted, can continue to provide sufficient land reserve for the Company's development and sales in the future. On the other hand, we can also realise the value of such land parcels early by co-developing or transferring such land parcels.

With the rising demand of the middle class in China's cities for "reverse urbanisation", the market conditions became ripe to develop the Company's high-quality cultural and tourism project lands reserved in different periods, which includes the two development projects in Xinglong County, Chengde City, Hebei Province and Pingle County, Guilin City, Guangxi. The cultural and tourism town project located in Liudaohe Town, Xinglong County covers a site area of more than 3,000 mu, and is adjacent to Miyun District, Beijing. It enjoys convenient transportation, superior ecological environment and rich cultural resources such as the Great Wall of the Ming Dynasty, and is believed to be the back garden of Beijing with great potentials. The Lijiang River Cultural and Tourism Town Project located in Pingle County covers a planned site area of more than 12 million square meters and boasts river frontage of 16 kilometers along the Lijiang River. It enjoys convenient transportation and is a popular holiday destination for people living in the Guangdong-Hong Kong-Macau Greater Bay Area and the surrounding cities. In addition, the Liyuan Project in Xiangshan District, Guilin City, and the Lijiang COART Village Project in Lijiang, Yunnan Province have both entered the stage of accelerated development and are expected to achieve market breakthroughs in the future.

Adhering to the principle of prudent land acquisition, the Company will continue to focus on business expansion in the Yangtze River Delta, the Pearl River Delta and cities located in the surrounding economic circles of Beijing, concentrate on developing its core product lines and speed up the deployment of its new business. It is expected that the cities where new projects will be located in for the coming year will include, amongst others, Xi'an, Zhengzhou, Haikou, Yueyang, Yancheng.

Optimized Asset Structure to Support Strategic Transformation and Upgrading

The Group proactively implemented the asset structure adjustment strategy this year. It disposed of Chongqing Sunshine 100 Himalaya and Qingyuan Sunshine 100 Arles in April 2019, and Dongguan project in early August 2019, respectively, amounting to an aggregate GFA of approximately 2,459,000 square meters. The total value from disposal of the three projects exceeded RMB8 billion, and the interest-bearing liabilities were reduced by more than RMB3 billion. Although the disposal of multiple non-core projects will reduce the properties available for sale in the short run, which in turn will affect the contracted sales for this year, it will be beneficial to the overall operation of the Company and have a very positive impact on the Company's long-term business transformation. The realisation of the value of land reserve to obtain proceeds in advance not only helps to improve our operating cash flow, optimise our debt structure and continuously reduce the financial risk, but also provides additional funds for the expansion of non-residential innovative products, which contributes to the transformation of the Company's business model from development profits to income generated from value-added services.

FUTURE OUTLOOK

In response to the changes in market landscapes and the survival environment of the real estate industry in China, we will firmly take the transformation and innovation direction to capitalise on the enormous opportunities in the non-residential market in the second half of the year and onwards. We will continue to consolidate and expand our achievements in business transformation, ride on the advantages of our innovative core product lines and preserve products which we have pricing power, so as to secure profit margin through high premium.

At the same time, we will strengthen our corporate culture and value which focus on product innovation, and extend the innovative thinking to the details of our management and services, thereby continuously enhancing the competitive advantages of our core products and achieving profitable growth in the long run.

The sales of the Himalaya product line have shown an accelerated growth momentum. In the second half of the year, we will continue to expand sales channels while, guided by high quality and high value, consolidating our operational service system. We will also endeavour to establish competition barriers by strengthening our professionalism in the whole process of development, marketing and operation, so as to develop it into a mature product line and achieve scale expansion. In addition, we will accelerate the implementation of a number of new projects.

In terms of Cultural Blocks products, we will further improve the existing mixed rental and sale business model, strengthen the operational capacity system and incorporate local culture into business experiences, accumulate valuable experience in building the city guesthouse and culture name card. We will vigorously expand our cooperation with local governments to secure more high-quality land parcels in the centre of cities on favourable terms.

The Arles product line is expected to focus on cultural and tourism products, taking into account the needs of emerging markets. Cultural and tourism products will become an important business segment for the Company's future development. We have engaged experienced talents and teams to carry out the preliminary positioning, innovation and post-operation of our existing land reserve with cultural and tourism characteristics, and achieve market breakthroughs with new thinking different from that for traditional residential development to achieve rapid development, thus accelerating the revitalisation of land reserve and focusing on securing new opportunities for expansion in the target areas.

The Company's long-term development would never be achieved without the support of our staff. Business transformation and product innovation require a matching team structure. Sunshine 100 has consistently emphasised "people-oriented" management philosophy and always believes that outstanding talents who share the same values as ours are the most important assets of the Company. Looking ahead, we will continue our focus on the corporate culture while actively promoting organisational changes which are compatible with business transformation, striding towards higher efficiency and growth with the courage to transform and the passion to innovate.

Last but not least, on behalf of the Board, I would like to express my sincere gratitude to all our colleagues, clients, shareholders and all friends who care about Sunshine 100.

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 RMB3,787.9 million, representing a decrease of 14.1% from the corresponding period of 2018, and an aggregate contracted sales area in the amount of 312,441 square metres, representing a decrease of 10.6% from the corresponding period of 2018. The Company increased efforts in the sales of non-residential real estate products. The contracted sales generated from commercial properties and car parks amounted to RMB1,559.8 million, representing an increase of 27.0% from the corresponding period of 2018. Approximately 38.9% and 33.5% of the contracted sales was generated from the Yangtze River Delta and Midwest respectively, among which, contributions from Xi'an Sunshine 100 Arles and Wenzhou Sunshine 100 Arles were significant, with the contracted sales being RMB703.5 million and RMB520.3 million respectively, accounting for 18.6% and 13.7% of the Group's total contracted sales respectively.

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

			For the six months ended 30 June					
			Contracted sales area *(square metres)*(1)		Contracted sales amount *(RMB million)*(2)		Unit selling price *(RMB/square metre)*(1)	
Economic area	City	Project name	**2019**	2018	**2019**	2018	**2019**	2018
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**30,197**	14,062	**267**	148	**8,636**	9,174
		Shenyang Sunshine 100 Golf Mansion	**3,695**	1,033	**39**	8	**10,080**	6,776
	Jinan	Jinan Sunshine 100 International New Town	**14,051**	22,131	**311**	484	**21,908**	21,237
	Dongying	Dongying Sunshine 100 Phoenix Community	**3,194**	11,426	**30**	111	**8,952**	9,365
	Weifang	Weifang Sunshine 100 Phoenix Community	**17,222**	18,130	**148**	135	**8,577**	7,446
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**2,999**	2,156	**114**	72	**37,870**	33,395
		Tianjin Sunshine 100 International New Town	**58**	–	**10**	8	**9,256**	–
	Sub-total		**71,416**	68,938	**919**	966	**12,550**	13,345

Economic area	City	Project name	For the six months ended 30 June Contracted sales area *(square metres)*[(1)] 2019	2018	Contracted sales amount *(RMB million)*[(2)] 2019	2018	Unit selling price *(RMB/square metre)*[(1)] 2019	2018
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**14,873**	80,177	**198**	972	**12,739**	12,061
		Wuxi Sunshine 100 Himalaya	**5,994**	12,454	**113**	201	**18,923**	16,139
	Wenzhou	Sunshine 100 Wenzhou Center	**7,957**	2,593	**156**	58	**18,735**	22,368
		Wenzhou Sunshine 100 Arles	**42,992**	61,430	**520**	676	**11,944**	10,809
		Wenzhou Sunshine 100 Repulse Bay[(3)]	**36,540**	–	**404**	–	**11,045**	–
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**2,884**	4,513	**62**	92	**20,620**	20,386
	Yixing	Yixing Sunshine 100 Phoenix Street	**1,198**	1,719	**19**	44	**15,684**	25,596
	Sub-total		**112,438**	162,886	**1,472**	2,043	**12,872**	12,438
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**4,118**	20,687	**55**	265	**13,032**	11,892
	Putian	Putian Sunshine 100 Phoenix Plaza[(3)]	**3,972**	5,269	**72**	99	**17,198**	16,322
	Sub-total		**8,090**	25,956	**127**	364	**15,077**	12,791

Economic area	City	Project name	For the six months ended 30 June Contracted sales area *(square metres)*[1] **2019**	 2018	Contracted sales amount *(RMB million)*[2] **2019**	 2018	Unit selling price *(RMB/square metre)*[1] **2019**	 2018
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**319**	–	**5**	–	**9,537**	–
	Chongqing	Chongqing Sunshine 100 Himalaya	**–**	5,273	**–**	109	**–**	19,533
		Chongqing Sunshine 100 Arles	**10,342**	4,192	**113**	57	**9,956**	11,689
	Changsha	Changsha Sunshine 100 Phoenix Street	**5,545**	20,430	**119**	404	**20,898**	19,432
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**292**	64	**11**	2	**33,830**	31,250
		Liuzhou Sunshine 100 City Plaza	**–**	–	**6**	2	**–**	–
	Chengdu	Chengdu Sunshine 100 Mia Center	**–**	157	**2**	4	**–**	19,108
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	–	**1**	55	**–**	–
		Nanning Sunshine 100 Nine Peninsulas[3]	**30,504**	55,408	**224**	347	**7,105**	6,263
	Wuzhou	Wuzhou Sunshine 100 Sankee City[3]	**11,353**	5,903	**84**	55	**7,089**	7,793
	Lijiang	Lijiang Sunshine 100 COART Village	**–**	211	**–**	2	**–**	9,479
	Xi'an	Xi'an Sunshine 100 Arles	**61,997**	–	**704**	–	**11,342**	–
	Guilin	Pingle Sunshine 100 Li River Cultural Village	**145**	–	**1**	–	**7,212**	–
	Sub-total		**120,497**	91,638	**1,270**	1,037	**10,251**	10,356
Total			**312,441**	349,418	**3,788**	4,410	**11,845**	12,097

Notes:

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

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

Type	For the six months ended 30 June					
	Contracted sales area ***(square metres)***[1]		**Contracted sales amount** ***(RMB million)***[2]		**Unit selling price** ***(RMB/square metre)***[1]	
	2019	2018	**2019**	2018	**2019**	2018
Residential properties	**212,249**	285,830	**2,228**	3,182	**10,500**	11,132
Commercial properties and car parks	**100,192**	63,588	**1,560**	1,228	**14,698**	16,434
Total	**312,441**	349,418	**3,788**	4,410	**11,845**	12,097
Proportion						
Residential properties	**68%**	82%	**59%**	72%		
Commercial properties and car parks	**32%**	18%	**41%**	28%		
Total	**100%**	100%	**100%**	100%		

Notes:

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

Property Construction

During the Reporting Period, the total GFA of the Group's newly commenced construction was 511,701 square metres, representing a decrease of 26.5% from the corresponding period of 2018, while the completed GFA was 458,762 square metres, representing a decrease of 10.7% from the corresponding period of 2018, mainly because the disposal of projects has affected the original development timetable.

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

Economic area	City	Newly-started total GFA (square metres)	Completed total GFA (square metres)	Total GFA under construction as at the end of the period (square metres)
		For the six months ended 30 June 2019		
Bohai Rim	Jinan	–	–	227,417
	Shenyang	–	–	103,206
	Dongying	–	8,885	–
	Weifang	–	–	190,047
	Tianjin	–	–	125,986
	Sub-total	**–**	**8,885**	**646,656**
Yangtze River Delta	Wuxi	–	76,567	230,660
	Wenzhou	–	223,978	1,233,679
	Changzhou	–	95,032	154,409
	Sub-total	**–**	**395,577**	**1,618,748**
Pearl River Delta	Qingyuan	63,393	54,300	340,479
	Dongguan	–	–	69,693
	Putian	–	–	163,527
	Sub-total	**63,393**	**54,300**	**573,699**
Midwest	Chongqing	–	–	245,275
	Changsha	–	–	130,428
	Guilin	–	–	21,762
	Nanning	275,291	–	397,998
	Wuzhou	–	–	460,300
	Xi'an	–	–	163,056
	Wuhan	173,017	–	173,017
	Lijiang	–	–	32,932
	Sub-total	**448,308**	**–**	**1,624,768**
Total		**511,701**	**458,762**	**4,463,871**

Investment Properties

During the Reporting Period, the Group had new investment properties with a GFA of 10,927 square metres and sold completed investment properties with a GFA of 5,465 square metres. In the meantime, the GFA of investment properties decreased by 147,546 square metres due to disposal of projects. As at 30 June 2019, the Group held investment properties with a GFA of 565,368 square metres. Moreover, during the Reporting Period, the rental income was RMB71.2 million, remaining relatively stable as compared with the corresponding period of 2018.

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of approximately RMB421.2 million for various land acquisitions, which included the payment of approximately RMB269.2 million for acquiring the land use rights and related expenses in connection with a parcel of land located at Dayoutun Village, Xinglong Town, Xinglong County, Chengde City, Hebei Province, the PRC, and the payment of land premium of Yantai Sunshine 100 City Plaza in the amount of approximately RMB100.9 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	1,175,792	9%	1,175,792	14%
	Shenyang	731,283	6%	667,211	8%
	Yantai	450,174	3%	450,175	5%
	Jinan	336,910	3%	165,085	2%
	Tianjin	153,778	1%	73,958	1%
	Chengde	165,780	1%	165,780	2%
	Dongying	31,390	0%	31,390	0%
	Sub-total	**3,045,107**	23%	**2,729,391**	32%
Midwest	Chongqing	329,932	3%	263,946	3%
	Guilin	381,956	3%	347,216	4%
	Changsha	208,848	2%	208,849	2%
	Liuzhou	198,526	2%	168,223	2%
	Nanning	1,516,561	12%	559,367	7%
	Wuzhou	1,498,197	12%	415,750	5%
	Wuhan	447,993	3%	447,992	5%
	Chengdu	96,978	1%	96,979	1%
	Xi'an	617,745	5%	617,745	7%
	Lijiang	206,081	2%	105,101	1%
	Sub-total	**5,502,817**	45%	**3,231,168**	37%
Yangtze River Delta	Wenzhou	1,336,598	10%	681,665	8%
	Wuxi	700,922	5%	700,922	8%
	Changzhou	161,923	1%	82,580	1%
	Yixing	86,756	1%	69,404	1%
	Sub-total	**2,286,199**	17%	**1,534,571**	18%
Pearl River Delta	Qingyuan	1,694,173	13%	931,795	11%
	Dongguan	120,318	1%	120,318	1%
	Putian	187,136	1%	91,696	1%
	Sub-total	**2,001,627**	15%	**1,143,809**	13%
Total		**12,835,750**	100%	**8,638,939**	100%

Financial Performance

Revenue

During the Reporting Period, the revenue of the Group decreased by 3.0% to RMB3,594.6 million from RMB3,704.1 million in the corresponding period of 2018, mainly attributable to the decrease in income generated from sale of properties of the Group.

Income from sale of properties

During the Reporting Period, income generated from the sale of properties decreased by 2.8% to RMB3,296.2 million from RMB3,391.7 million in the corresponding period of 2018, mainly attributable to the decrease in the average selling price of the properties delivered during the Reporting Period.

Income from property management and hotel operation

During the Reporting Period, the income generated from property management and hotel operation of the Group decreased by 3.4% to RMB211.7 million from RMB219.1 million in the corresponding period of 2018, mainly attributable to the decrease in the income from hotel opeartion.

Rental income from investment properties

During the Reporting Period, the rental income from investment properties of the Group was RMB71.2 million, remaining stable as compared with RMB71.7 million in the corresponding period of the previous year.

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 RMB15.7 million, decreasing by 27.3% from RMB21.6 million in the corresponding period of 2018, mainly because the old projects by way of light-asset operation are approaching completion and new projects had not commenced large-scale pre-sales, resulting in the decrease in the overall contracted amount of the projects under the Group's operation as compared with the correspoding period of last year, which accordingly brought down the sales agency fee and brand royalties charged by the Group.

Cost of sales

During the Reporting Period, the cost of sales of the Group decreased by 8.1% to RMB2,783.7 million from RMB3,029.4 million in the corresponding period of 2018. Particularly, the cost of property sales decreased by 8.7% to RMB2,547.9 million from RMB2,791.8 million in the corresponding period of 2018, mainly attributable to the decrease in the average cost per square metre of the properties delivered during the Reporting Period as compared with the corresponding period of the previous year.

Gross profit

As a result of the above factors, during the Reporting Period, the gross profit of the Group increased by 20.2% to RMB811.0 million from RMB674.7 million in the corresponding period of 2018, and the gross profit margin increased to 22.6% from 18.2% in the corresponding period of 2018.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group decreased by 38.3% to RMB341.9 million from RMB554.0 million in the corresponding period of 2018, mainly attributable to the decrease in investment properties as a result of disposal of projects.

Other income

During the Reporting Period, other income of the Group substantialy increased to RMB445.8 million from RMB8.7 million in the corresponding period of 2018, mainly attributable to the gains derived from the disposal of projects during the Report Period.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 19.5% to RMB223.5 million from RMB277.5 million in the corresponding period of 2018, mainly attributable to the decrease in the payment of advertising expenses and sales agency fee as a result of the Group's strengthened cost control and adjustments to its commission policy.

Financial income

During the Reporting Period, financial income of the Group increased by 24.9% to RMB363.9 million from RMB291.4 million in the corresponding period of 2018, mainly attributable to the effect of gains on fair value change of the derivative component of the convertible bonds of the Group.

Financial costs

During the Reporting Period, financial costs of the Group increased by 21.8% to RMB341.5 million from RMB280.3 million in the corresponding period of 2018, mainly attributable to the increased interest expensed as a result of the increased number of completed projects as well as the effect of loss on fair value change of the financial assets at fair value through profit or loss.

Income tax

During the Reporting Period, the income tax expenses of the Group increased by 23.9% to RMB309.7 million from RMB249.9 million in the corresponding period of 2018, mainly attributable to the increase in the profit before taxation and the land appreciation tax of the Group.

Profit for the period

During the Reporting Period, the profit of the Group substantially increased by 77.4% to RMB793.1 million from RMB447.0 million in the corresponding period of 2018.

Profit attributable to equity shareholders of the Company

Based on the abovementioned factors, the profit attributable to equity shareholders of the Company increased by 5.9% to RMB329.8 million from RMB311.4 million in the corresponding period of 2018.

Working capital, finance and capital resources

Cash and cash equivalents

As at 30 June 2019, the Group had RMB3,499.0 million of cash and cash equivalents, representing an increase of RMB910.3 million as compared to 31 December 2018, mainly due to the cash received from the disposal of Chongqing project and Qingyuan project.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2019, the Group's current ratio (which is total current assets divided by total current liabilities) was 166.0%, remaining relatively stable as compared with that as at 31 December 2018. As at 30 June 2019, the Group's current assets and current liabilities amounted to RMB43,434.1 million and RMB26,162.6 million, respectively.

As at 30 June 2019, the Group's gearing ratio (which is total loans and borrowings plus total lease liabilities divided by total assets) decreased to 44.8% from 48.3% as at 31 December 2018. Net gearing ratio (which is total loans and borrowings plus total lease liabilities minus cash and cash equivalents and current restricted deposits, divided by total equity) decreased to 206.1% from 261.6% as at 31 December 2018, mainly attributable to the decrease in the total loans and borrowings and the increase in cash and cash equivalents as a result of the disposal of projects during the Reporting Period.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchasers of its properties. As at 30 June 2019, the Group provided guarantees for mortgage loans in an amount of RMB7,253.1 million (31 December 2018: RMB7,266.6 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 30 June 2019, the Group's total loans and borrowings amounted to RMB26,336.3 million. In particular, RMB8,304.6 million, RMB9,113.2 million, RMB8,518.5 million and RMB400.0 million were repayable within one year or on demand, after one year but within two years, after two years but within five years and after five years, respectively. The Group's borrowings are denominated in Renminbi and US dollar, mostly with fixed interest rate. As at 30 June 2019, the Group had comprehensive credit facilities granted by bank and other financial institutions in an aggregate amount of RMB17,750 million, of which RMB15,934 million had not been utilized. The Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

As at 30 June 2019, the Group's pledged properties and restricted deposits with a carrying value of RMB13,097.6 million (31 December 2018: RMB15,128.5 million) to secure banking facilities granted to the Group.

Capital commitments

As at 30 June 2019, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB6,874.3 million (31 December 2018: RMB4,686.2 million). As at 30 June 2019, the Group's capital commitment approved but not contracted for amounted to RMB10,110.3 million (31 December 2018: RMB10,012.7 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 70% Equity Interest in Chongqing Sunshine 100

On 1 April 2019, Sunshine 100 Real Estate Group Co., Ltd. (陽光壹佰置業集團有限公司) ("**Sunshine 100 Group**", a wholly-owned subsidiary of the Company) entered into the equity transfer agreement with Sunac South-West Real Estate Development (Group) Co., Ltd. (融創西南房地產開發(集團)有限公司) ("**Sunac**"), Sunshine 100 Real Estate (Liaoning) Co., Ltd. (陽光一佰置業(遼寧)有限公司), Yangpu Huadian Properties Co., Ltd.* (洋浦華電置業有限公司) and Chongqing Sunshine 100 Real Estate Development Co., Ltd. (重慶陽光壹佰房地產開發有限公司) ("**Chongqing Sunshine 100**"), pursuant to which Sunshine 100 Group has conditionally agreed to sell, and Sunac has agreed to purchase, 70% equity interest in Chongqing Sunshine 100 for a total consideration of RMB1,334,134,900 comprising (i) an equity consideration of RMB370,000,000 payable in cash (subject to adjustment); and (ii) the shareholder loan of RMB964,134,900.

In addition, pursuant to the equity transfer agreement, Sunshine 100 Group shall continue to extend a shareholder loan amounting to RMB292,782,933 to Chongqing Sunshine 100 after completion of the disposal. The completion of the disposal took place on 18 April 2019. For details, please refer to the Company's announcement dated 2 April 2019 and circular dated 13 June 2019.

Disposal of 100% Equity Interest in Eminent Star

On 13 April 2019, Chang Jia International Limited (長佳國際有限公司) ("**Chang Jia**", a subsidiary of the Company in which the Company owns 55% of the total issued share capital), Victor Select Limited (凱擇有限公司) ("**Victor Select**") and Eminent Star Group Limited (卓星集團有限公司) ("**Eminent Star**") entered into the equity and loan acquisition agreement, pursuant to which Chang Jia has conditionally agreed to sell, and Victor Select has conditionally agreed to purchase, the entire issued share capital and loans of Eminent Star at a total consideration of RMB4,661,241,775.98 payable in cash comprising (i) an equity consideration of RMB4,397,000,000 (subject to adjustment(s)); and (ii) the loan consideration of RMB264,241,775.98.

Sunshine 100 and certain subsidiaries of the Company (including Chang Jia) had advanced loans to Eminent Star in the past, which amounted to RMB264,241,775.98 as at 31 March 2019 (the "**Loans**"), which consists of offshore loans in the amount of approximately RMB126,110,639.92 (the "**Offshore Loans**") and onshore loans in the amount of approximately RMB138,131,136.06 (the "**Onshore Loans**"). Pursuant to the terms of the equity and loan acquisition agreement, the parties acknowledge that the Offshore Loans shall be assigned to Victor Select for a consideration of RMB126,110,639.92 and the Onshore Loans shall be assigned to Victor Select's nominee for a consideration of RMB138,131,136.06.

Upon completion of the disposal, Eminent Star will cease to be a subsidiary of the Company and the financial results of Eminent Star and its subsidiaries will no longer be consolidated into the financial statements of the Group. For details, please refer to the Company's announcement dated 14 April 2019 and circular dated 13 June 2019. As of the date of this announcement, the first completion of the disposal has been taken place.

Acquisition of 15% Equity Interest in Hunan Sunshine 100 and 8.85% Equity Interest in Hubei Sunshine 100

On 22 April 2019, Sunshine 100 Group entered into two equity transfer agreements with Tianjin Nongken Hongyilian Investment Co., Ltd. (天津農墾宏益聯投資有限公司) ("**Tianjin Nongken Hongyilian**"), pursuant to which Sunshine 100 Group will acquire 15% equity interest in Sunshine 100 Real Estate (Hunan) Development Co., Ltd. (陽光壹佰(湖南)置業發展有限責任公司) ("**Hunan Sunshine 100**", a subsidiary of the Company) and 8.85% equity interest in Hubei Sunshine 100 Real Estate Development Co., Ltd. (湖北陽光一百房地產開發有限公司) ("**Hubei Sunshine 100**", a subsidiary of the Company), from Tianjin Nongken Hongyilian, at a consideration of RMB100,000,000 each. For details, please refer to the announcement of the Company dated 22 April 2019.

Acquisition of Land Use Rights in Xinglong

On 9 May 2019, Xinglong Sunshine 100 Real Estate Development Co., Ltd.* (興隆縣陽光壹佰房地產開發有限公司) ("**Xinglong Sunshine 100**"), an indirect non-wholly-owned subsidiary of the Company, entered into the letter of acceptance with Xinglong County Natural Resources and Planning Bureau confirming Xinglong Sunshine 100 of its successful bid for the land use rights of the Land Lot No. [2019]3 for a consideration of RMB258.67 million through the tender process held by Xinglong County Public Resources Trading Center on 9 May 2019 for transfer of state-owned land use rights. For details, please refer to the announcement of the Company dated 9 May 2019.

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

HUMAN RESOURCES

As at 30 June 2019, the Group employed a total of 4,446 employees (corresponding period of 2018: 4,643 employees). The staff costs of the Group were RMB284.2 million during the Reporting Period (corresponding period of 2018: RMB260.6 million). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. We have established a regular assessment mechanism to assess the performance of our employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by laws and regulations in China, we make contributions to mandatory social security funds such as pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and the housing provident fund for the benefit of our employees in China. For the six months ended 30 June 2019, we made contributions in an aggregate of approximately RMB19.5 million to the employee retirement scheme.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. For the six months ended 30 June 2019, the Company has adopted and complied with all applicable code provisions (the "**Code Provisions**") under the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except the following deviation:

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

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. At the time when this announcement was approved by the Board, the Audit Committee comprised three independent non-executive Directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Ng Fook Ai, Victor was at such time the chairman of the Audit Committee.

The primary duties of the Audit Committee are: (i) to deal with the relationship with the Company's external auditors; (ii) to review the Group's financial information; (iii) to supervise the Group's financial reporting system, risk management and internal control procedures; and (iv) to perform the Company's corporate governance functions.

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters of the Group (including reviewing the interim results of the Group for the six months ended 30 June 2019).

REMUNERATION COMMITTEE

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

The primary duties of the Remuneration Committee include (but are not limited to): (i) making recommendations to the Directors in respect of the remuneration policies and structure of Directors and senior management of the Company and the formal and transparent procedures in the formulation of remuneration policies; (ii) either: (a) to determine, with delegated responsibility by the Board, the remuneration packages of individual executive Directors and senior management; or (b) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management; (iii) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; (iv) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; (v) to review and approve the management's remuneration proposals with reference to the Board's corporate policies and objectives; and (vi) to consider and approve the granting of share options to eligible participants under the Share Option Scheme.

NOMINATION COMMITTEE

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

The primary duties of the Nomination Committee are (i) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive Directors; (iv) to make recommendations to the Board on appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and (v) to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and we issue two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results, reminding the Directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods in which the Directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code. Having made specific enquiries by the Company with all Directors, all of the Directors confirmed that they have complied with the provisions of the Model Code during the six months ended 30 June 2019.

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

Issue of US$200.0 Million 11.5% Senior Notes Due 2021

On 28 June 2019, the Company, the offshore subsidiaries providing guarantees for the notes and the initial purchasers comprising Haitong International Securities Company Limited ("**Haitong International**"), CCB International Capital Limited ("**CCB International**"), TFI Securities and Futures Limited ("**TF International**") and CM Securities (Hongkong) Company Limited ("**CM Financial**") entered into the subscription agreement in relation to the issue of US$200.0 million 11.5% senior notes due 5 July 2021. Haitong International and CCB International were the joint global coordinators, joint lead managers and joint bookrunners in connection with the issue of the notes. TF International and CM Financial were the joint lead managers and joint bookrunners in connection with the issue of the notes. The estimated gross proceeds of the notes, after deducting issue discounts in connection with the offering, amounted to approximately US$196.6 million, which was intended to be used to repay certain of its existing indebtedness and for general corporate purposes. The notes were listed on The Singapore Exchange Securities Trading Limited on 6 July 2019. For details, please refer to the announcement of the Company dated 28 June 2019.

Repurchase of Shares

During the Reporting period, the Company repurchased a total of 50,927,000 ordinary shares at share prices ranging from Hong Kong dollar 1.36 to Hong Kong dollar 1.79 per share. All of the repurchased shares were cancelled on 27 March 2019, and the issued share capital of the Company was correspondingly reduced. The expenses in an aggregate amount of Hong Kong dollar 84.558 million incurred by the Company for such repurchased shares cancelled during the Reporting Period have been included in retained earnings.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules for the six months ended 30 June 2019.

EVENTS AFTER THE REPORTING PERIOD

On 2 August 2019, Shenzhen Shoujia Holding Development Limited Company* (深圳首佳控股發展有限公司) ("**Shenzhen Shoujia**", an indirect wholly-owned subsidiary of the Company) entered into the equity transfer agreement with Shenzhen Shi Chengjin Holding Group Limited Company* (深圳市誠進控股集團有限公司) ("**Chengjin Holding**") and Dongguan Qingyuan Incubator Limited Company* (東莞市清園孵化器有限公司) ("**Qingyuan Incubator**"), pursuant to which Shenzhen Shoujia has conditionally agreed to sell, and Chengjin Holding has conditionally agreed to purchase, 100% equity interest and loans of Qingyuan Incubator for a total consideration of RMB513,000,000 payable in cash comprising (i) an equity consideration of RMB116,840,000; (ii) a loan consideration of RMB347,511,954.12; and (iii) a debt consideration of RMB48,648,045.88.

Upon completion of the disposal, Qingyuan Incubator will cease to be a subsidiary of the Company and the financial results of Qingyuan Incubator will no longer be consolidated into the financial statements of the Group. For details, please refer to the announcement of the Company dated 4 August 2019.

Save as disclosed above, from 30 June 2019 to the date of this announcement, there were no events after the Reporting Period which have material effect on the Group.

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

This results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ss100.com.cn. The interim report of the Company for the six months ended 30 June 2019 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above-mentioned websites in due course.

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

Beijing, the PRC
27 August 2019

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 purpose only*