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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2608)

PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

SUMMARY OF 2019 ANNUAL RESULTS

- Revenue increased by 9.4% to RMB8,288.6 million, gross profit increased by 32.0% to RMB2,100.0 million, and gross profit margin increased to 25.3%.
- Profit for the year increased by 1,224.3% to RMB3,215.1 million, mainly due to the gain from the disposal of interest in the residential sector under the Arles Town project development, and secondarily because of the increase in gross profit from the sales of non-residential core products for the period. Profit attributable to equity shareholders for the year increased to RMB1,804.8 million.
- Basic and diluted earnings per share was RMB0.70 and RMB0.55, respectively.
- Total assets slightly decreased by 5.0% to RMB58,395.6 million, and the total equity attributable to the equity shareholders of the Company was RMB9,166.7 million, representing an increase of 22.6% as compared to that as of 31 December 2018.
- Total loans and borrowings of the Company decreased by 15.6% to RMB25,054.2 million, total gearing ratio decreased to 79.9% from 84.4% as of 31 December 2018.
- Contracted sales and the corresponding property value from the disposal of the equity interest in residential project reached RMB22 billion, including the amount of contracted sales of RMB10.338 billion and the corresponding property value from the disposal of the equity interest in residential project company of approximately RMB11.7 billion.
- Total GFA of the land reserves were 12.34 million square meters as of 31 December 2019.

The board of directors (the "**Board**") of Sunshine 100 China Holdings Ltd (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**" or "**Sunshine 100**") for the year ended 31 December 2019 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2018. The annual results of the Group for the Reporting Period have been reviewed by the Audit Committee of the Company (the "**Audit Committee**") and approved by the Board on 31 March 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019
(Expressed in Renminbi)

		2019	2018
			(Note)
	Note	***RMB'000***	*RMB'000*
Revenue	4	**8,288,648**	7,579,091
Cost of sales		**(6,188,628)**	(5,988,281)
Gross profit		**2,100,020**	1,590,810
Valuation gains on investment properties		**529,499**	888,666
Other income	5	**2,521,513**	278,970
Selling expenses		**(483,241)**	(553,707)
Administrative expenses		**(590,769)**	(545,904)
Other operating expenses		**(182,864)**	(990,400)
Profit from operations		**3,894,158**	668,435
Finance income	6	**696,812**	519,354
Finance costs	6	**(585,580)**	(550,788)
Share of profits less losses of associates		**12,888**	(28,216)
Profit before taxation		**4,018,278**	608,785
Income tax	7	**(803,169)**	(366,012)
Profit for the year		**3,215,109**	242,773
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**(3,016)**	(18,017)
Other comprehensive income for the year		**(3,016)**	(18,017)
Total comprehensive income for the year		**3,212,093**	224,756

	Note	2019 RMB'000	2018 (Note) RMB'000
Profit/(loss) for the year attributable to:			
Equity shareholders of the Company		**1,804,811**	(29,954)
Non-controlling interests		**1,410,298**	272,727
Profit for the year		**3,215,109**	242,773
Total comprehensive income for the year Attributable to:			
Equity shareholders of the Company		**1,801,795**	(47,971)
Non-controlling interests		**1,410,298**	272,727
Total comprehensive income for the year		**3,212,093**	224,756
Earnings/(loss) per share (RMB)	8		
Basic		**0.70**	(0.01)
Diluted		**0.55**	(0.01)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	31 December 2019 RMB'000	31 December 2018 (Note) RMB'000
Non-current assets			
Property and equipment		**643,367**	697,864
Investment properties		**11,670,105**	11,707,246
Intangible assets		**863,900**	–
Restricted deposits		**42,900**	130,054
Investments in associates		**1,325,528**	905,007
Trade and other receivables	9	**192,315**	576,506
Deferred tax assets		**691,570**	1,400,667
Other non-current financial assets		**273,730**	103,777
Total non-current assets		**15,703,415**	15,521,121
Current assets			
Properties under development and completed properties held for sale		**27,977,447**	32,464,688
Land development for sale		**2,013,294**	866,431
Contract costs		**249,106**	246,555
Trade and other receivables	9	**8,338,127**	7,674,633
Restricted deposits		**1,567,656**	1,975,407
Cash and cash equivalents		**2,438,612**	2,588,630
Trading securities		**107,953**	114,663
Total current assets		**42,692,195**	45,931,007
Current liabilities			
Loans and borrowings		**10,601,383**	10,419,807
Trade and other payables	10	**6,805,049**	7,207,298
Contract liabilities		**9,106,391**	9,094,428
Lease liabilities		**23,738**	–
Contract retention payables		**155,554**	173,482
Current tax liabilities		**1,677,894**	1,093,894
Total current liabilities		**28,370,009**	27,988,909
Net current assets		**14,322,186**	17,942,098

	Note	**31 December 2019**	31 December 2018
			(Note)
		RMB'000	*RMB'000*
Total assets less current liabilities		**30,025,601**	33,463,219
Non-current liabilities			
Loans and borrowings		**14,452,841**	19,275,499
Contract retention payables		**154,463**	170,166
Lease liabilities		**61,251**	–
Trade and other payables	10	**423,249**	469,535
Deferred tax liabilities		**3,185,570**	3,939,724
Total non-current liabilities		**18,277,374**	23,854,924
NET ASSETS		**11,748,227**	9,608,295
CAPITAL AND RESERVES	11		
Share capital		**20,240**	20,704
Reserves		**9,146,484**	7,454,138
Total equity attributable to equity shareholders of the Company		**9,166,724**	7,474,842
Non-controlling interests		**2,581,503**	2,133,453
TOTAL EQUITY		**11,748,227**	9,608,295

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

NOTES TO THE FINANCIAL STATEMENTS

1 STATEMENT OF COMPLIANCE

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

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interests in associates.

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

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

– investment property, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest;

– investments in equity securities; and

– derivative financial instruments.

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

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

3 CHANGES IN ACCOUNTING POLICIES

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

Except for IFRS 16, *Leases*, 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. 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.

IFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

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. 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.

b. Lessee accounting and transitional impact

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 which are exempt.

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 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 RMB83,355,000 right-of-use assets (RMB29,466,000 was recognised in investment properties and RMB53,889,000 was recognised in property and equipment) and RMB84,989,000 lease liabilities as at 31 December 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 year ended 31 December 2019, the Group recognised RMB24,797,000 depreciation charges and RMB7,686,000 interest costs from these leases.

c. 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. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

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.

d. 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.

e. Lessor accounting

In addition to leasing out the investment property referred to in paragraph d. above, the Group leases out a number of items of properties 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 significant impact on the Group's financial statements in this regard.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Disaggregation of revenue

The principle 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:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**7,638,985**	6,944,119
Property management and hotel operation income	**457,899**	443,365
Light-asset operation income	**29,363**	38,726
	8,126,247	7,426,210
Revenue from other sources		
Rental income from investment properties	**162,401**	152,881
	8,288,648	7,579,091
Disaggregated by timing of revenue recognition		
Point in time	**6,568,202**	6,094,501
Over time	**1,720,446**	1,484,590
	8,288,648	7,579,091

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

(b) Segment reporting

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

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

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

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

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

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

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

(i) Segment results, assets and liabilities

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

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities with the exception of unallocated head office and corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

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

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

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

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 years ended 31 December 2019 and 2018 is set out below:

	Year ended 31 December 2019					
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Light-asset operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	2,104,247	4,434,592	–	–	29,363	6,568,202
Over time	548,502	551,644	162,401	457,899	–	1,720,446
Revenue from external customer	2,652,749	4,986,236	162,401	457,899	29,363	8,288,648
Inter-segment revenue	–	–	32,553	81,089	–	113,642
Reportable segment revenue	2,652,749	4,986,236	194,954	538,988	29,363	8,402,290
Cost of sales	(1,901,808)	(3,888,888)	–	(560,913)	(5,695)	(6,357,304)
Reportable segment gross profit/ (loss)	750,941	1,097,348	194,954	(21,925)	23,668	2,044,986
Valuation gains on investment properties	–	–	529,499	–	–	529,499
Other (loss)/income	(494,093)	3,032,716	(29,998)	4,432	–	2,513,057
Net operating expenses	(351,836)	(622,006)	(22,262)	(64,676)	(44)	(1,060,824)
Net finance costs	(20,910)	(36,872)	(7,816)	(14,689)	–	(80,287)
Reportable segment (loss)/ profit before taxation	(115,898)	3,471,186	664,377	(96,858)	23,624	3,946,431
Income tax	(27,719)	(655,109)	(167,345)	(2,005)	(2,126)	(854,304)
Reportable segment (loss)/profit	(143,617)	2,816,077	497,032	(98,863)	21,498	3,092,127
Additions on investment properties and property and equipment	11,191	2,310	96,761	14,629	367	125,258

	At 31 December 2019					
	Mixed-use business complexes	**Multi-functional residential communities**	**Investment properties**	**Property management and hotel operation**	**Light-asset operation**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Loans and borrowings	**2,822,903**	**14,344,693**	**–**	**952,490**	**–**	**18,120,086**
Reportable segment assets	**12,870,293**	**35,641,319**	**11,808,640**	**1,399,824**	**102,136**	**61,822,212**
Reportable segment liabilities	**12,399,072**	**34,243,571**	**527,285**	**1,047,487**	**32,785**	**48,250,200**

	Year ended 31 December 2018					
	Mixed-use business complexes	Multi-functional residential communities	Investment properties	Property management and hotel operation	Light-asset operation	Total
	(Note)	*(Note)*	*(Note)*			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition						
Point in time	1,176,631	4,879,144	–	–	38,726	6,094,501
Over time	221,258	667,086	152,881	443,365	–	1,484,590
Revenue from external customer	1,397,889	5,546,230	152,881	443,365	38,726	7,579,091
Inter-segment revenue	–	–	11,650	61,907	–	73,557
Reportable segment revenue	1,397,889	5,546,230	164,531	505,272	38,726	7,652,648
Cost of sales	(1,445,083)	(4,157,448)	–	(447,391)	(12,648)	(6,062,570)
Reportable segment gross (loss)/ profit	(47,194)	1,388,782	164,531	57,881	26,078	1,590,078
Valuation gains on investment properties	–	–	888,666	–	–	888,666
Net operating expenses	(209,004)	(901,665)	(13,550)	(91,306)	(1,538)	(1,217,063)
Net finance (costs)/income	(579)	(171,049)	31	(20,268)	3	(191,862)
Reportable segment (loss)/ profit before taxation	(256,777)	316,068	1,039,678	(53,693)	24,543	1,069,819
Income tax	45,453	(280,720)	(256,344)	(1,668)	(2,209)	(495,488)
Reportable segment (loss)/profit	(211,324)	35,348	783,334	(55,361)	22,334	574,331
Additions on investment properties and property and equipment	26,003	8,517	197,098	3,927	62	235,607

	At 31 December 2018					
	Mixed-use business complexes *(Note)*	Multi-functional residential communities *(Note)*	Investment properties *(Note)*	Property management and hotel operation	Light-asset operation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans and borrowings	4,571,818	16,453,862	–	581,440	–	21,607,120
Reportable segment assets	11,692,208	38,992,879	11,930,806	1,238,111	107,395	63,961,399
Reportable segment liabilities	11,628,000	38,458,643	534,896	1,017,670	55,804	51,695,013

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

(ii) Reconciliations of reportable segment revenue, profit, assets and liabilities

	2019	2018 *(Note)*
	RMB'000	*RMB'000*
Revenue		
Reportable segment revenue	**8,402,290**	7,652,648
Elimination of intra-group revenue	**(113,642)**	(73,557)
Consolidated revenue	**8,288,648**	7,579,091
Profit		
Reportable segment profit	**3,092,127**	574,331
Elimination of intra-group loss	**34,468**	25,581
Unallocated head office and corporate income/(loss)	**88,514**	(357,139)
Consolidated profit	**3,215,109**	242,773
Loans and borrowings		
Reportable segment loans and borrowings	**18,120,086**	21,607,120
Unallocated head office and corporate loans and borrowings	**6,934,138**	8,088,186
Consolidated loans and borrowings	**25,054,224**	29,695,306

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**61,822,212**	63,961,399
Elimination of intra-group balances	**(21,157,594)**	(19,957,249)
Unallocated head office and corporate assets	**17,730,992**	17,447,978
Consolidated total assets	**58,395,610**	61,452,128
Liabilities		
Reportable segment liabilities	**48,250,200**	51,695,013
Elimination of intra-group balances	**(20,561,523)**	(19,217,022)
Unallocated head office and corporate liabilities	**18,958,706**	19,365,842
Consolidated total liabilities	**46,647,383**	51,843,833

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

(iii) Geographical information

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

5 OTHER INCOME

	Note	**2019** **RMB'000**	2018 RMB'000
Disposal of subsidiaries		**2,117,598**	–
Remeasurement to fair value of pre-existing interest in acquiree	(i)	**399,839**	–
Gain on bargain purchase		**–**	250,519
Net (loss)/gain on disposal of investment properties		**(31,192)**	9,085
Others		**35,268**	19,366
		2,521,513	278,970

Notes:

(i) The remeasurement to fair value of the Group's pre-existing interest in a subsidiary acquired during the year, resulted in a gain of RMB399,839,000.

6 FINANCE INCOME AND FINANCE COSTS

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Finance income		
Interest income on financial assets measured at amortised cost	**(435,205)**	(517,404)
Dividend income from the trading securities	**(3,215)**	(1,950)
Net change in fair value of the derivative component of the convertible bonds	**(258,392)**	–
	(696,812)	(519,354)
Finance costs		
Total interest expense on loans and borrowings	**2,888,167**	2,657,834
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction*	**(2,391,047)**	(2,274,488)
	497,120	383,346
Net change in fair value of the derivative component of the convertible bonds	**–**	16,745
Net foreign exchange loss	**26,227**	130,450
Net change in fair value of the trading securities	**38,133**	6,154
Interest element of lease rentals paid	**7,686**	–
Bank charges and others	**16,414**	14,093
	585,580	550,788

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.

* The borrowing costs have been capitalised at a rate of 4.20% – 14.00% per annum (2018: 4.69% – 18.00%).

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2019	2018
	RMB'000	*RMB'000*
Provision for the year		
– PRC Corporate Income Tax	**662,574**	254,721
– Land Appreciation Tax	**304,584**	184,381
Over-provision of PRC Corporate Income tax in respect of prior years	**(1,748)**	(348)
Deferred tax	**(162,241)**	(72,742)
	803,169	366,012

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

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

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

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to equity shareholders of the Company of RMB1,804,811,000 (2018: loss attributable to equity shareholders of the Company of RMB29,954,000) and the weighted average of 2,563,577,724 ordinary shares (2018: 2,611,907,327 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares:

	2019	2018
Issued ordinary shares at 1 January	**2,611,907,327**	2,611,736,625
Effect of shares repurchased and cancelled	**(48,206,200)**	–
Effect of treasury shares	**(123,403)**	–
Exercise of conversion of convertible bonds	**–**	170,702
Weighted average number of ordinary shares at 31 December	**2,563,577,724**	2,611,907,327

(b) Diluted earnings per share

There was no difference between basic and diluted loss per share for the year ended 31 December 2018.

For the year ended 31 December 2019, the calculation of diluted earnings per share is based on the diluted profit attributable to equity shareholders of the Company of RMB1,655,588,000 and the diluted weighted average number of ordinary shares of 3,025,337,438 calculated as follows:

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

	2019
	RMB'000
Profit attributable to equity shareholders	**1,804,811**
After tax effect of effective interest on the liability component of convertible bonds	**105,109**
After tax effect of gains recognised on the derivative component of convertible bonds	**(254,332)**
Profit attributable to equity shareholders (diluted)	**1,655,588**

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

	2019
Weighted average number of ordinary shares at 31 December	**2,563,577,724**
Effect of conversion of convertible bonds	**461,759,714**
Weighted average number of ordinary shares (diluted) at 31 December	**3,025,337,438**

9 TRADE AND OTHER RECEIVABLES

	Note	**31 December 2019** *RMB'000*	31 December 2018 *RMB'000*
Trade receivables and bill receivables	(a)	**929,451**	952,602
Loans provided to third parties, net of loss allowance	(b)	**2,852,398**	3,029,336
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**752,160**	951,818
Loans provided to associates		**242,339**	648,417
Amounts due from other related parties		**24,265**	138,059
Consideration receivables		**1,085,145**	–
Other receivables, net of loss allowance		**324,576**	354,885
Financial assets measured at amortised cost, net of loss allowance		**6,210,334**	6,075,117
Deposits and prepayments		**2,320,108**	2,176,022
		8,530,442	8,251,139
Less: non-current portion of other receivables		**192,315**	576,506
		8,338,127	7,674,633

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bill receivables, based on the revenue recognition date, is as follows:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 6 months	**70,974**	130,814
6 months to 1 year	**18,283**	22,227
Over 1 year	**840,194**	799,561
	929,451	952,602

(b) Loans provided to third parties

The balance mainly represented loans provided to third parties which were interest bearing at a weighted interest rate of 11% (2018: 11%) per annum. 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 year ended 31 December 2019, a total loss allowance of RMB102 million was recognised on the loans provided to third parties, which was related to loans provided to a number of companies with no guarantees and with an outstanding balance totalled RMB102 million as at 31 December 2019. Management determined that the credit risks of such balances of RMB102 million increased significantly, and, therefore, a loss allowance based on lifetime ECLs totalled RMB102 million has been recognised thereon.

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. As at 31 December 2019, the above loss allowance of RMB902 million was not reversed due to the credit risks have not been changed.

10 TRADE AND OTHER PAYABLES

	Note	**31 December 2019** *RMB'000*	31 December 2018 *RMB'000*
Trade payables	(a)	**4,162,880**	4,320,475
Advances received from third parties		**376,159**	473,589
Consideration payables in respect of acquisition of subsidiaries		**297,224**	157,000
Amounts due to related parties		**5,187**	111,956
Other payables		**1,232,214**	1,350,791
Financial liabilities measured at amortised cost		**6,073,664**	6,413,811
Other taxes payable		**1,154,634**	1,263,022
Less: non-current portion of trade payables		**423,249**	469,535
		6,805,049	7,207,298

(a) 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:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 1 year	**3,739,631**	3,959,015
1 to 2 years	**252,233**	223,679
Over 2 years but within 5 years	**171,016**	137,781
	4,162,880	4,320,475

11 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Company did not declare any dividends for the years ended 31 December 2019 and 2018.

(b) Share capital and treasury shares

(i) Share capital

		2019		2018	
		No of shares	***HKD'000***	*No of shares*	*HKD'000*
Authorised:					
Ordinary shares		**4,000,000,000**	**40,000**	4,000,000,000	40,000

		2019		2018	
		No of shares	***RMB'000***	*No of shares*	*RMB'000*
Ordinary shares, issued and fully paid:					
At 1 January		**2,612,160,477**	**20,704**	2,611,736,625	20,700
Shares repurchase and cancelled	(ii)	**(54,082,000)**	**(464)**	–	–
Conversion of convertible bonds		**–**	**–**	423,852	4
At 31 December		**2,558,078,477**	**20,240**	2,612,160,477	20,704

(ii) Shares repurchase and cancelled

During the year ended 31 December 2019, 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	65,955
February 2019	(4,739,000)	1.73	1.51	6,767
September 2019	(189,000)	1.45	1.40	241
October 2019	(711,000)	1.43	1.40	906
November 2019	(2,255,000)	1.46	1.37	2,874
	(54,082,000)			76,743

54,082,000 shares out of the total repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37 of the Cayman Islands Companies Law, an amount equivalent to the par value of the shares cancelled of RMB464,000 was transferred from share premium to capital redemption reserve.

(iii) Treasury shares

	2019		2018	
	No of shares	***RMB'000***	*No of shares*	*RMB'000*
At 1 January	**–**	**–**	–	–
Shares repurchase to be cancelled	**2,230,000**	**2,862**	–	–
At 31 December	**2,230,000**	**2,862**	–	–

During the year ended 31 December 2019, the Company repurchased 2,230,000 shares on The Stock Exchange of Hong Kong Limited, at a total consideration of HKD3,185,000 which were cancelled on 20 January 2020.

Details of treasury shares purchased during the year ended 31 December 2019 are as follow:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregated price paid
		HKD	*HKD*	*RMB'000*
November 2019	566,000	1.44	1.39	726
December 2019	1,664,000	1.47	1.39	2,136
	2,230,000			2,862

CHAIRMAN'S STATEMENT

I am pleased to present the business review for the Reporting Period and outlook of the Company to the shareholders of the Company.

RESULTS

1. *Sources of income tend to diversify and grow significantly*

With the initial results of the Group's business transformation, the sources of income in 2019 became more diversified, with contracted sales and the corresponding property value from the disposal of the equity interest in residential project amounting to RMB22 billion. Among these sources of income, the amount of contracted sales of properties was RMB10,338.1 million, and the current recognized revenue from sales of properties was RMB7,639.0 million; the corresponding property value from the disposal of the equity interest in residential project company amounted to approximately RMB11.7 billion, and the current recognized gains after tax was approximately RMB1,924.3 million. In addition, operating revenue other than sales of properties was recognized currently at approximately RMB649.7 million.

2. *Significant increase in profit*

Non-residential products achieved contracted sales of RMB5,133.7 million, representing an increase of 42.5% from 2018, and increasing the proportion to 50%; while the recognized revenue of which reached RMB2,487.4 million, driving the gross profit margin to increase by 4.3 percentage points to 25.3%, and the gross profit increase by 32.0% to RMB2,100.0 million. Adding the disposal of land and project equity during the period, profit for the year increased by approximately 12.2 times to RMB3,215.1 million, with net profit margin increased by 35.6 percentage points to 38.8%, and profit attributable to equity shareholders was RMB1,804.8 million.

3. *Significant decrease in liabilities*

At the end of 2019, total interest-bearing liabilities of the Company decreased by 15.6% to RMB25,054.2 million, total gearing ratio decreased from 84.4% at the end of 2018 to 79.9% and the net gearing ratio substantially decreased by 82.4 percentage points to 179.2%.

We believe that as the deepening of the business transformation and upgrading intensifies, the financial structure of the Company will be further optimised, and its core competitiveness will be continuously enhanced, so as to achieve continuous profitable growth.

BUSINESS REVIEW

In 2019, the Company experienced fluctuations in stock price in the Hong Kong market, and restrictions on purchases and prices in the domestic market. With such difficult external environment, we insisted on business transformation and upgrading, to effectively improve our operational capabilities, capitalized opportunities through the disposal of part of our lands and residential projects to optimise our asset structure and increase our cash reserve, and successfully expanded the land reserve and development of the primary project. We not only achieved profitable results of the year but also laid a solid foundation for the development in the next few years.

1. *Further strengthening of the competitiveness of our core products*

2019 is a year when the core products of the Company have been vigorously developed and improved. The unit sales price of the contracted sales of Himalaya for the year reached RMB27,500 per square metre, which led to an increase in the contracted sales price and gross profit for the year. Among the RMB10.338 billion contract sales of the year, the proportion of sales of non-residential core products rose to 50%.

One of the core products, Commercial Street Complex, has matured over the past year. The completion of Changsha Phoenix Street and Changzhou Phoenix Street both achieved expected success. The opening of sale of Wuhan Phoenix Street was also met with popular response, with an average price of RMB44,000 per square metre. In addition, the Wuhan Phoenix Street project has obtained residential area at a low price from the government, which has significantly improved investment returns. This mode of commercial street complex with residential project is also being negotiated and implemented in other cities, which will become a new highlight for the development of Sunshine 100 in the future.

The core product Himalaya apartments has also developed considerably in the past year. For example, in Tianjin, the revenue recorded RMB575 million from contracted sales with the unit price reached RMB49,000 per square metre, which realized the increase in both quantity and price. The delivery and operation of Chongqing and Tianjin projects have achieved a good brand recognition in the market. At the same time, in 2019, Himalaya projects have established their presence in Beijing, Yantai, Yueyang, Weifang and other cities, and new projects are also under active negotiation.

In 2019, the Company prepared three high-quality cultural tourism-oriented projects around Beijing. With the maturity of the Guilin and Lijiang cultural tourism-oriented projects, the cultural tourism-oriented product line will also become a new business sector of Sunshine 100 in the next few years.

2. Gradual release of high-quality land reserve value

Over the years, the Company has set up primary land development projects in the Yangtze River Delta, the Pearl River Delta, and the Greater Beijing Circle. In 2019, the Company timely transferred the 1.2 million square metre residential area of the Qingyuan Arles project in Pearl River Delta and achieved ideal returns. At the same time, the Company completed the road opening works of the Wenzhou Arles project last year and the demolition works of Beijing North Xinlong County High-speed Rail New Town, thus laying a solid foundation for land listing in 2020 and the next few years.

After years of planning, Sunshine 100 leads its peers with huge margin in land reserve across the country. As at the end of 2019, the Company has obtained a planned land area of more than 12 million square metre at a value of more than RMB150 billion. Xinglong and Wenzhou Lucheng District have primary development lands that exceed 6,000 mu and 2,000 mu respectively, while the land area of cultural tourism-oriented projects contracted and intended exceed 3,000 mu. Among them, over 2,000 mu of primary development land will be approved for listing and sales in 2020. It is foreseeable that within the next decade, primary land development will become a growing focus for the continued profitability of the Company.

3. The improving operation system

The high returns achieved by Sunshine 100's core products and its good market brand are inseparable from the strong investment in establishing a good operating guarantee system. For example, after the opening of the commercial street complex, the Company will introduce the Phoenix Fair, anchor stores and partners. Himalaya apartments adopted a unified three-to-five-years leaseback operation. In the short term, the operating investment of the Company will increase year by year, but the service income will also increase rapidly. In 2019, the operating income of the Company for the year increased by 3.2% to RMB649.7 million. With the substantial increase in holding and leaseback properties, the operating income of the Company will increase significantly.

As the commercial properties operated and held by the Company are located in the downtown section of the city or landmark buildings, rents and operating income will increase steadily and continuously as the operation matures.

FUTURE OUTLOOK

The golden era of the rapid development of China's real estate has ended, and real estate enterprises entering the second half of the competition are facing elimination-based competition that are more cruel and fierce. Sunshine 100 has persisted in business transformation and upgrading for many years to create the competitiveness of its core products in specific market segments. Its competitive advantages and benefits are beginning to emerge. I believe that the next few years will be a good opportunity for the Company to vigorously develop and progress.

1. ***Speeding up the process of inventory turnover in 2020, continuously improve profitability and reduce corporate liabilities***

   The Company persists on effective growth strategies and will not blindly compare the scale of sales. In 2020, the Company will seize the opportunity to sell primary lands in Wenzhou and Xinglong after improvement in transportation in those areas, actively promote the transfer and cooperation of residential projects, and increase cash flow to support core product expansion, while continuing to control its debts and leverage ratios and reducing the risk therein. We expect the Company to experience a favourable growth in profit in the next few years.

2. ***Accelerating the development of core products***

   With the promotion of the branding of Sunshine 100's core products, in the development of new projects, the commercial street complex has been provided with a low-cost residential area by the government in the tender, which will greatly accelerate the return of cash and improve profitability. The Himalaya apartments products have been favored by the capital market, and the Company will be able to invest a small amount of funds for rapid expansion and implementation of its new projects. The cultural tourism-oriented projects will focus on projects around Beijing, which will be launched in 2020 successively.

3. ***Promoting organizational reform and establising a sound incentive mechanism***

   In order to adapt to the business transformation and product upgrading of the Company, the Company will vigorously promote internal reform and innovation of incentive mechanisms. The Company will be developed into a professional enterprise with innovation capability, profitability and brand influence. The Company will change its strategy from pursuing scale strength and expansion in the past to continuously pursuing professional capabilities.

It should be emphasized that the transformation, upgrading, innovation and reform require great courage to break through, like the break of the pupae into a butterfly. Such courage cannot exist without the consensus of all employees to support the reform. Sunshine 100 focuses on innovative corporate culture, clear and firm values, which is a solid foundation to enable us to complete the transformation and upgrading, and for us to pursue a new course of development.

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

Chairman of the Board
Yi Xiaodi

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted Sales

During the Reporting Period, the Group (including light-asset operation projects) realized contracted sales of RMB10,338.1 million, representing a decrease of 14.5% from 2018, and contracted sales area of 787,395 square metres, representing a decrease of 16.9% from 2018. Moreover, the Group's average unit price for contracted sales was RMB12,825 per square metre, representing an increase of 4.4% over 2018. The Group increased efforts in the sales of non-residential products. The contracted sales generated from commercial properties and car parks was RMB5,133.7 million, representing an increase of 42.5% from 2018. Approximately 38.9% and 31.4% of the contracted sales amount was generated from the Midwest and Yangtze River Delta respectively, among which, contributions from Wenzhou Sunshine 100 Arles, Jinan Sunshine 100 International New Town and Wuxi Sunshine 100 Arles contributed significantly, with the contracted sales being RMB1,175.1 million, RMB890.9 million and RMB879.8 million respectively, accounting for 11.4%, 8.6% and 8.5% of the Group's total contracted sales respectively.

Breakdown of contracted sales of the Group by geographic location during the Reporting Period is as follows:

			For the year ended 31 December					
			Contracted sales area		Contracted sales amount		Unit selling price	
Economic area	City	Project name	*(square metres)*[1]		*(RMB million)*[2]		*(RMB/square metre)*[1]	
			2019	2018	**2019**	2018	**2019**	2018
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**63,213**	53,300	**638**	499	**9,852**	8,829
		Shenyang Sunshine 100 Golf Mansion	**19,913**	5,205	**177**	51	**8,675**	9,330
	Jinan	Jinan Sunshine 100 International New Town	**38,815**	47,263	**891**	1,051	**21,832**	21,371
	Dongying	Dongying Sunshine 100 Phoenix Community	**5,580**	24,846	**53**	236	**8,976**	9,278
	Weifang	Weifang Sunshine 100 Phoenix Community	**40,855**	53,729	**334**	423	**8,097**	7,866
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**6,247**	10,493	**214**	316	**34,251**	30,072

			For the year ended 31 December					
			Contracted sales area		Contracted sales amount		Unit selling price	
Economic area	City	Project name	*(square metres)*[1]		*(RMB million)*[2]		*(RMB/square metre)*[1]	
			2019	2018	**2019**	2018	**2019**	2018
		Tianjin Sunshine 100 Tianta Himalaya[3]	**14,101**	11,875	**575**	413	**40,771**	34,804
		Tianjin Sunshine 100 International New Town	**58**	–	**19**	27	**9,256**	–
	Sub-total		**188,782**	206,711	**2,901**	3,016	**14,902**	14,083
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**57,268**	230,867	**880**	2,812	**14,621**	12,015
		Wuxi Sunshine 100 Himalaya	**8,277**	24,105	**157**	423	**18,917**	17,556
	Wenzhou	Sunshine 100 Wenzhou Center	**19,795**	16,042	**396**	342	**19,526**	19,174
		Wenzhou Sunshine 100 Arles	**97,115**	156,465	**1,175**	1,720	**11,832**	10,909
		Wenzhou Sunshine 100 Repulse Bay[3]	**42,678**	10,723	**479**	122	**11,212**	11,331
	Changzhou	Changzhou Sunshine 100 Zone 7 Upper East Side	**4,752**	14,178	**106**	310	**20,940**	19,764
	Yixing	Yixing Sunshine 100 Phoenix Street	**3,646**	4,403	**55**	103	**15,105**	23,441
	Sub-total		**233,531**	456,783	**3,248**	5,832	**13,542**	12,515
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**5,447**	48,551	**48**	621	**8,453**	12,197
	Dongguan	Dongguan Songshan Mansion	**–**	493	**–**	5	**–**	11,010
	Putian	Putian Sunshine 100 Phoenix Plaza[3]	**5,986**	6,713	**122**	126	**19,352**	16,439
	Sub-total		**11,433**	55,757	**170**	752	**14,160**	12,698

Economic area	City	Project name	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	**3,423**	–	**27**	–	**6,825**	–
		Wuhan Sunshine 100 Phoenix Street	**60,220**	–	**817**	–	**13,389**	–
	Chongqing	Chongqing Sunshine 100 Himalaya	**–**	9,447	**–**	217	**–**	20,885
		Chongqing Sunshine 100 Arles	**23,615**	49,801	**250**	586	**10,075**	11,204
	Changsha	Changsha Sunshine 100 Phoenix Street	**49,963**	36,547	**822**	670	**16,207**	17,939
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**3,124**	3,177	**67**	111	**20,883**	31,139
		Liuzhou Sunshine 100 City Plaza	**25,486**	–	**213**	–	**8,115**	–
	Chengdu	Chengdu Sunshine 100 Mia Center	**22,073**	157	**303**	5	**13,591**	16,511
	Nanning	Nanning Sunshine 100 Upper East Side International	**–**	177	**–**	59	**–**	11,419
		Nanning Sunshine 100 Nine Peninsulas[3]	**67,484**	78,038	**521**	513	**7,624**	6,414
	Wuzhou	Wuzhou Sunshine 100 Sankee City[3]	**36,666**	16,825	**302**	123	**8,126**	6,761
	Lijiang	Lijiang Sunshine 100 COART Village	**–**	952	**–**	13	**–**	14,149
	Xi'an	Xi'an Sunshine 100 Arles	**61,257**	30,828	**695**	178	**11,336**	5,576
	Guilin	Pingle Sunshine 100 Li River Cultural Village	**338**	2,431	**2**	21	**7,185**	8,693
	Sub-total		**353,649**	228,380	**4,019**	2,496	**11,196**	10,107
Total			**787,395**	947,631	**10,338**	12,096	**12,825**	12,287

(For the year ended 31 December)

Notes:

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

Breakdown of contracted sales of the Group by type of business during the Reporting Period is as follows:

Type	For the year ended 31 December					
	Contracted sales area *(square metres)*[1]		Contracted sales amount *(RMB million)*[2]		Unit selling price *(RMB/square metre)*[1]	
	2019	2018	**2019**	2018	**2019**	2018
Residential properties	**480,213**	743,285	**5,204**	8,492	**10,838**	11,426
Commercial properties and car parks	**307,182**	204,346	**5,134**	3,604	**15,932**	15,422
Total	**787,395**	947,631	**10,338**	12,096	**12,825**	12,287
Proportion						
Residential properties	**61%**	78%	**50%**	70%		
Commercial properties and car parks	**39%**	22%	**50%**	30%		
Total	**100%**	100%	**100%**	100%		

Notes:

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

Property Construction

During the Reporting Period, the Group commenced construction on GFA of 1,309,821 square metres, representing a decrease of 12.5% from 2018. The completed GFA was 1,010,154 square metres, representing a decrease of 9.0% from 2018. The decrease was mainly due to the completion of certain large projects in 2018. The total GFA under construction was 4,587,294 square metres at the end of the Reporting Period, remaining stable as compared with the end of 2018.

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

		2019		
Economic area	**City**	**Newly-started total GFA**	**Completed total GFA**	**Total GFA under construction at the end of the Period**
		(square metres)	*(square metres)*	*(square metres)*
Bohai Rim	Jinan	–	–	219,915
	Shenyang	–	31,565	71,640
	Dongying	–	8,801	–
	Weifang	–	–	190,047
	Chengde	5,860	–	5,860
	Yantai	748,212	–	748,212
	Tianjin	–	27,977	97,855
	Sub-total	**754,072**	**68,343**	**1,333,529**
Yangtze River Delta	Wuxi	–	174,985	132,241
	Wenzhou	–	223,978	1,230,578
	Changzhou	–	249,440	–
	Sub-total	**–**	**648,403**	**1,362,819**
Pearl River Delta	Qingyuan	52,158	185,978	197,566
	Putian	–	–	163,527
	Sub-total	**52,158**	**185,978**	**361,093**
Midwest	Chongqing	64,633	32,230	277,678
	Changsha	–	75,200	55,228
	Guilin	–	–	21,762
	Nanning	264,704	–	394,621
	Wuzhou	–	–	410,322
	Xi’an	–	–	163,056
	Wuhan	174,254	–	174,254
	Lijiang	–	–	32,932
	Sub-total	**503,591**	**107,430**	**1,529,853**
Total		**1,309,821**	**1,010,154**	**4,587,294**

Investment Properties

During the Reporting Period, the GFA of investment properties of the Group increased by 30,239 square metres. In the meantime, the GFA of investment properties decreased by 155,104 square metres from that of the previous year. During the Reporting Period, the GFA of the Group's investment properties, both completed and under construction, was 582,587 square metres. Moreover, the Group's rental income for the Reporting Period was RMB162.4 million, representing an increase of 6.2% as compared with 2018.

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB564.4 million for various land and project acquisitions, which included the payment of approximately RMB276.7 million in total 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 RMB114.9 million.

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

Economic area	**City**	**Total GFA**	**Proportion**	**Attributable GFA**	**Proportion**
		(square metres)		*(square metres)*	
Bohai Rim	Weifang	1,166,548	9%	1,166,548	13%
	Shenyang	659,176	5%	610,049	7%
	Yantai	823,440	7%	823,441	9%
	Jinan	328,924	3%	161,173	2%
	Tianjin	125,529	1%	45,726	1%
	Chengde	166,006	1%	166,006	2%
	Dongying	50,298	0%	50,298	1%
	Sub-total	**3,319,921**	**26%**	**3,023,241**	**35%**

Economic area	City	Total GFA	Proportion	Attributable GFA	Proportion
		(square metres)		*(square metres)*	
Midwest	Chongqing	297,702	2%	238,162	3%
	Guilin	381,956	3%	347,216	4%
	Changsha	124,578	1%	124,578	1%
	Yueyang	83,400	1%	42,534	0%
	Liuzhou	193,413	2%	163,221	2%
	Nanning	1,498,037	12%	541,950	6%
	Wuzhou	1,448,174	12%	401,868	5%
	Wuhan	455,705	4%	351,025	4%
	Chengdu	88,587	1%	88,588	1%
	Xi'an	617,745	5%	617,745	7%
	Lijiang	206,081	2%	105,101	1%
	Sub-total	**5,395,378**	**45%**	**3,021,988**	**34%**
Yangtze River Delta	Wenzhou	1,328,435	11%	1,328,435	15%
	Wuxi	461,041	4%	461,041	5%
	Changzhou	27,094	0%	13,818	0%
	Yixing	94,428	1%	75,542	1%
	Sub-total	**1,910,998**	**16%**	**1,878,836**	**21%**
Pearl River Delta	Qingyuan	1,529,102	12%	841,006	9%
	Putian	187,136	1%	91,696	1%
	Sub-total	**1,716,238**	**13%**	**932,702**	**10%**
Total		**12,342,535**	**100%**	**8,856,767**	**100%**

Financial Performance

Revenue

During the Reporting Period, the Group's revenue increased by 9.4% to RMB8,288.6 million in 2019 from RMB7,579.1 million in 2018 mainly due to an increase of income from sale of properties.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties increased by 10.0% to RMB7,639.0 million in 2019 from RMB6,944.1 million in 2018, mainly due to the increase in the area of delivered properties and average unit selling price.

Income from property management and hotel operation

During the Reporting Period, revenue generated from property management and hotel operation of the Group increased by 3.3% to RMB457.9 million in 2019 from RMB443.4 million in 2018, mainly due to the increase in the area under property management by the Group.

Rental income from investment properties

During the Reporting Period, rental income from investment properties of the Group increased by 6.2% to RMB162.4 million in 2019 from RMB152.9 million in 2018, mainly due to the increase in the area of rental properties.

Light-asset operation income

During the Reporting Period, light-asset operation income of the Group decreased by 24.0% to RMB29.4 million in 2019 from RMB38.7 million in 2018, mainly because the projects related to light-asset operation are at their closing stages, and the new projects have not yet started large-scale pre-sale, resulting in a decrease in the overall contracted amount of projects compared to last year, and a decrease in sales agency fees and brand agency fees during the Reporting Period.

Cost of sales

During the Reporting Period, the cost of sales of the Group increased by 3.3% to RMB6,188.6 million in 2019 from RMB5,988.3 million in 2018. Cost of sales of properties increased by 2.9% to RMB5,654.8 million in 2019 from RMB5,493.3 million in 2018, primarily due to the increase in the area of delivered properties during the Reporting Period. Cost of property management and hotel operation increased by 9.5% to RMB528.1 million in 2019 from RMB482.3 million in 2018, primarily due to the increased area of property management. In addition, the cost incurred for light-asset operation decreased by 54.8% to RMB5.7 million in 2019 from RMB12.6 million in 2018.

Gross profit

As a result of the foregoing, for the Reporting Period, the Group's gross profit increased by 32.0% to RMB2,100.0 million in 2019 from RMB1,590.8 million in 2018. The Group's gross profit margin increased by 4.3 percentage points to RMB25.3 % in 2019 from 21.0% in 2018, primarily due to the increase in the proportion of delivered property with a higher gross profit.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group were RMB529.5 million, primarily due to the conversion of certain properties under construction and completed properties into investment properties.

Other income

During the Reporting Period, the Group's other income significantly increased by 803.8% to RMB2,521.5 million in 2019 from RMB279.0 million in 2018, mainly due to the gain from the disposal of interest in the residential sector under the Arles Town project development.

Selling expenses

During the Reporting Period, the Group's selling expenses decreased by 12.7% to RMB483.2 million in 2019 from RMB553.7 million in 2018, primarily due to the Group stepping up its cost control measures and adjusting its commission policy, which led to a decrease in the advertising and sales agency fees.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group increased by 8.2% to RMB590.8 million in 2019 from RMB545.9 million in 2018, primarily due to the Company's active development of new projects, leading the increase of the related costs.

Other operating expenses

During the Reporting Period, the Group recorded other operating expenses of RMB182.9 million significantly decreased by 81.5% from RMB990.4 million in 2018, mainly due to the Group's provision for loss of the loans provided to third parties of RMB902.0 million for the outstanding balances with significantly increased credit risk in 2018.

Finance income

During the Reporting Period, finance income of the Group increased by 34.2% to RMB696.8 million in 2019 from RMB519.4 million in 2018, which was mainly attributable to the effect of gain on fair value change of the derivative components of convertible bonds of the Group.

Finance costs

During the Reporting Period, finance costs of the Group increased by 6.3% to RMB585.6 million in 2019 from RMB550.8 million in 2018, which was mainly attributable to the increased interest expense 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 119.5% to RMB803.2 million in 2019 from RMB366.0 million in 2018, which was mainly attributable to the increase in the profit before taxation and the land appreciation tax of the Group.

Profit for the year

During the Reporting Period, the Group's profit for the year increased by 1,224.3% to RMB3,215.1 million in 2019 from RMB242.8 million in 2018.

Profit attributable to equity shareholders of the Company

Due to the factors mentioned above, the loss attributable to equity shareholders of the Company for the year of 2018 was RMB30.0 million, and the profit attributable to equity shareholders of the Company for the year of 2019 was RMB1,804.8 million.

Working capital, financial and capital resources

Cash and cash equivalents

As at 31 December 2019, the Group had approximately RMB2,438.6 million of cash and cash equivalents, representing a decrease of RMB150.0 million as compared to those as at 31 December 2018, mainly due to the repayment of principal and interest on borrowings, payment of dividends and external investment.

Current ratio, gearing ratio and net gearing ratio

As at 31 December 2019, the Group's current ratio decreased to 150.5% from 164.1% as at 31 December 2018. The Group's current assets decreased from RMB45,931.0 million as at 31 December 2018 to RMB42,692.2 million as at 31 December 2019, while current liabilities increased to RMB28,370.0 million as at 31 December 2019 from RMB27,988.9 million as at 31 December 2018.

As at 31 December 2019, the Group's gearing ratio (calculated as total loans and borrowings divided by total assets) decreased to 42.9% from 48.3% as at 31 December 2018. Net gearing ratio (calculated as total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) decreased by approximately 82.4 percentage points to 179.2% from 261.6% as at 31 December 2018, which was mainly attributable to the significant increase of the annual profit compared with last year, and the decrease of the total loans and borrowings due to the sale of projects.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchases of its properties. As at 31 December 2019, the Group provided guarantees for mortgage loans in an amount of RMB6,563.9 million (31 December 2018: RMB7,266.6 million) to those banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 31 December 2019, the Group had total loans and borrowings of RMB25,054.2 million, of which RMB10,601.4 million, RMB8,111.2 million, RMB5,973.1 million and RMB368.5 million are payable within one year or on demand, after 1 year but within 2 years, after 2 years but within 5 years and after 5 years, respectively. The Group's borrowings are denominated in Renminbi and US dollar, mostly with fixed interest rate. As at 31 December 2019, the Group had comprehensive credit facilities granted by bank and other financial institutions in an amount of RMB16.75 billion, of which RMB12.39 billion 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 31 December 2019, the Group had pledged properties and restricted deposits with a carrying value of RMB13,727.4 million (31 December 2018: RMB15,128.5 million) to secure banking facilities granted to the Group.

Capital commitment

As at 31 December 2019, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements was RMB7,606.6 million (31 December 2018: RMB4,686.2 million). Approved but not contracted for capital commitment of the Group was RMB7,579.0 million as at 31 December 2019 (31 December 2018: approximately 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 ("**RMB**"), while certain bank deposits and loans are denominated in the Hong Kong dollar ("**HK$**") and US dollar ("**US$**"). 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 exposure 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) (the "**Sunshine 100 Group**", a wholly-owned subsidiary of the Company), entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Sunac South-West Real Estate Development (Group) Co., Ltd.* (融創西南房地產開發(集團)有限公司) ("**Sunac**"), Sunshine 100 Real Estate (Liaoning) Co., Ltd.* (陽光一佰置業(遼寧)有限公司) ("**Sunshine 100 Liaoning**"), 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 conditionally agreed to purchase, 70% equity interest in Chongqing Sunshine 100 for a total consideration of approximately RMB1,334.1 million comprising (i) an equity consideration of RMB370.0 million payable in cash (subject to adjustment); and (ii) the shareholder loan of approximately RMB964.1 million.

In addition, pursuant to the Equity Transfer Agreement, Sunshine 100 Group shall continue to extend a shareholder loan amounting to approximately RMB292.8 million to Chongqing Sunshine 100 after completion. The completion took place on 18 April 2019. As at the date of this Announcement, the Company indirectly holds 20% equity interest in Chongqing Sunshine 100 through Sunshine 100 Group and Sunshine 100 Liaoning.

On 16 March 2020, the parties to the Equity Transfer Agreement entered the Shareholders' Resolutions of Chongqing Sunshine 100 to provide for the replacement of the Consideration Adjustment Mechanism (as defined in the announcement issued on 1 April 2019) with another adjustment mechanism (the "**Dividend Adjustment Mechanism**") through a future dividend distribution plan of Chongqing Sunshine 100. It should be noted that although Completion has already taken place, under the Dividend Adjustment Mechanism, if the consideration and the Total SS100 Dividend (as defined in the announcement issued on 16 March 2020) which the Company is likely to obtain reaches to its maximum possible extent, the adjusted consideration will be approximately RMB3,034.1 million at most in total after adjustment from approximately RMB1,334.1 million (although the Company does not think it likely to be adjusted to its maximum extent). Under the Dividend Adjustment Mechanism, the consideration for the equity interest might be adjusted, but the majority of the adjustment will be out of the Total SS100 Dividend. The consideration for the shareholder loan will not be adjusted.

The consideration so adjusted will cause the consideration ratio of the size tests ratios under Chapter 14 of the Listing Rules to exceed 75%. As a result, the Disposal is now re-classified as a very substantial disposal of the Company, which is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

For details, please refer to the Company's announcements dated 1 April 2019 and 16 March 2020 and circular dated 13 June 2019.

Disposal of 100% Equity Interest in Eminent Star and Provision of Financial Assistance

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), entered into an equity and loan acquisition agreement (the "**Equity and Loan Acquisition Agreement**") with, inter alia, 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**"), 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 for a total consideration of approximately RMB4,661.2 million payable in cash comprising (i) an equity consideration of RMB4,397.0 million (subject to adjustment(s)); and (ii) the loan consideration of approximately RMB264.2 million (the "**Disposal**").

Sunshine 100 and certain subsidiaries of Sunshine 100 (including Chang Jia) had advanced loans to Eminent Star in the past, which amounted to approximately RMB264.2 million as at 31 March 2019 (the "**Loans**"), which consists of offshore loans in the amount of approximately RMB126.1 million (the "**Offshore Loans**") and onshore loans in the amount of approximately RMB138.1 million (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 approximately RMB126.1 million and the Onshore Loans shall be assigned to the nominee of Victor Select for a consideration of approximately RMB138.1 million.

Upon completion, 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 announcements dated 13 April 2019 and 31 December 2019 as well as circular dated 13 June 2019. As at 31 December 2019, Chang Jia has received approximately RMB1,744.2 million of the total consideration.

The Deposit (as defined in the announcements set out below) had been paid to the shareholders of Chang Jia for safe-keeping as then Chang Jia was in the process of opening a bank account in Hong Kong. On 1 September 2019, Chang Jia entered into an agreement with its shareholders (the "**Agreement**"), being Keyasia Investment Limited (基亞投資有限公司) ("**Keyasia**") (a wholly-owned subsidiary of the Company) (as to 55%), Shiny New Limited (耀新有限公司) ("**Shiny New**") (as to 24%) and Shan Ying Limited (善盈有限公司) ("**Shan Ying**") (as to 21%), to record that Chang Jia had directed that the Deposit be safe-kept by Keyasia, Shiny New and Shan Ying in proportion to their respective shareholding interest in Chang Jia. The portion of the Deposit received and safe-kept by Shiny New and Shan Ying is RMB495.0 million (being 45% of the Deposit). The Agreement is in fact a transitional measure to enable Chang Jia to be paid under the Equity and Loan Acquisition Agreement. Pursuant to the Agreement, the parties agree that if Chang Jia is required to pay tax in relation to the Disposal, the shareholders will apply the Deposit towards the payment thereof, and the shareholders will return the Deposit, or the balance of the Deposit if tax payment has been made for and on behalf of Chang Jia, to Chang Jia once Chang Jia has successfully opened its own bank account. For details, please refer to the Company's announcements dated 1 September 2019, 23 September 2019 and 31 December 2019.

As of the date of this announcement, the Deposit is no longer safe-kept by shareholders of Chang Jia as Chang Jia has opened its bank account in Hong Kong.

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 RMB100.0 million 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 a 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. 20193 for a consideration of approximately RMB258.7 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.

Provision of Financial Assistance by the Company or Sunshine 100 Group to the Borrowers

During the period between 28 January 2016 to 7 December 2018, the Company or Sunshine 100 Group granted loans to the borrowers, each being an independent third party, in an aggregate principal amount of approximately RMB1,547.4 million (consisting of RMB1,035.0 million, USD62.5 million and HKD95.0 million). For details, please refer to the announcement of the Company dated 19 July 2019.

Disposal of 100% Equity Interest in Dongguan Qingyuan

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 an equity transfer agreement with, inter alia, Shenzhen Shi Chengjin Holding Group Limited Company* (深圳市誠進控股集團有限公司) ("**Shenzhen Chengjin**") and Dongguan Qingyuan Incubator Limited

Company* (東莞市清園孵化器有限公司) ("**Dongguan Qingyuan**"), pursuant to which, Shenzhen Shoujia has conditionally agreed to sell, and Shenzhen Chengjin has conditionally agreed to purchase, 100% equity interest and loans of Dongguan Qingyuan for a total consideration of RMB513.0 million comprising (i) an equity consideration of approximately RMB116.8 million (the "**Equity Consideration**"); (ii) a loan consideration of approximately RMB347.5 million (the "**Loan Consideration**"); and (iii) a debt consideration of approximately RMB48.6 million (the "**Debt Consideration**").

The Equity Consideration is the consideration for the purchase of 100% equity interest in target company Dongguan Qingyuan. The Loan Consideration comprises loans in the amount of approximately RMB282.0 million and RMB59.6 million that Dongguan Qingyuan owes to each of Sunshine 100 Group and Beijing International Trust Limited Company* (北京國際信託有限公司) ("**Beijing Trust**"), respectively, and a premium of approximately RMB5.9 million. The Debt Consideration comprises debts that Dongguan Qingyuan owes to third parties in the amount of approximately RMB38.4 million (the "**Third Party Debts**") and interest payable by Dongguan Qingyuan to Beijing Trust in the amount of approximately RMB10.3 million.

Upon completion, Dongguan Qingyuan will cease to be the subsidiary of the Company and its financial results will cease to be consolidated in the financial statements of the Company. For details, please refer to the announcements of the Company dated 4 August 2019 and 18 October 2019. As of the date of this announcement, the First Completion (as defined in the abovementioned announcements) has taken place.

Exercise of Call Option and Acquisition of Equity Interest in Tianjin Langyida

On 27 June 2018, Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "**Joint Venture Agreement**") with Shanghai Youngor (上海雅戈爾置業開發有限公司) ("**Shanghai Youngor**"), Ningbo Hongyi (寧波泓懿股權投資合夥企業(有限合夥)) ("**Ningbo Hongyi**") and Suzhou Langyida Company Management Co., Ltd.* (蘇州琅壹達企業管理有限公司) ("**Suzhou Langyida**"). Pursuant to the Joint Venture Agreement, Shanghai Youngor and Ningbo Hongyi granted a call option to Sunshine 100 Group, pursuant to which Sunshine 100 Group has the right to request each of Shanghai Youngor and Ningbo Hongyi to sell 14.5% of their equity interest in Suzhou Langyida (the "**Call Option**") at a price equal to 29% of Suzhou Langyida's total paid-up capital with accrued interest thereon at a rate of 20% per annum. If Sunshine 100 Group exercises the Call Option, it shall simultaneously assume 29% of the outstanding shareholders' loan plus any outstanding interest at a rate of 12% per annum.

On 23 September 2019, Sunshine 100 Group entered into a supplemental and amendment agreement (the "**Supplemental and Amendment Agreement**") with Shanghai Youngor, Ningbo Hongyi and Tianjin Langyida Company Management Co., Ltd.* (天津琅壹達企業管理有限公司) ("**Tianjin Langyida**", formerly known as Suzhou Langyida) to supplement and amend the Joint Venture Agreement. Pursuant to the Supplemental and Amendment Agreement, the parties agreed that Sunshine 100 Group shall (i) exercise the Call Option at the consideration equal to 29% of Tianjin Langyida's total paid-up capital (being RMB29.0 million) with accrued interest at a rate of 15% per annum, (ii) purchase the remaining 51% equity interest in Tianjin Langyida held by Shanghai Youngor and Ningbo Hongyi at a consideration equal to 51% of Tianjin Langyida's total paid-up capital (being RMB51.0 million) with accrued interest at a rate of 15% per annum, and (iii) guarantee Tianjin Langyida's repayment of the Shareholders' Loan to Shanghai Youngor and Ningbo Hongyi with accrued interest at a rate of 15% per annum.

For details, please refer to the announcement of the Company dated 23 September 2019 and the supplementary announcement of the Company dated 9 October 2019.

Acquisition of Remaining Equity Interests in Three Project Companies in Wenzhou

On 22 November 2019, Sunshine 100 Group, a wholly owned subsidiary of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with the Current Holders (as defined below), the Sellers (as defined below) and Wenzhou Zhongxin Tower Construction and Development Co., Ltd.* (溫州中心大廈建設發展有限公司) ("**Wenzhou Zhongxin**"), Wenzhou Shihe Shengtaicheng Development Co., Ltd.* (溫州世和生態城開發有限公司) ("**Wenzhou Shengtaicheng**") and Wenzhou Zhongxin Haoyuan Investment Co., Ltd.* (溫州中信昊園投資有限公司) ("**Wenzhou Zhongxin Haoyuan**", the connected persons of the Company at the subsidiary level, together with Wenzhou Zhongxin and Wenzhou Shengtaicheng, the "**Three Project Companies**"). The "Current Holders" are Sichuan Zhonghang Haoyuan Investment Co., Ltd.* (四川中行昊園投資有限公司), Chongqing Shihe Hengye Dichan Group Co., Ltd.* (重慶世和恆業地產(集團)有限公司) and Shanghai Haoming Equity Investment and Fund Management Co., Ltd.* (上海昊銘股權投資基金管理有限公司), each of them being the connected person of the Company at the subsidiary level. The "Sellers" are (i) Chengdu Rongren Yale Trading Co., Ltd.* (成都榮仁雅樂商貿有限公司), (ii) Shuozhou Sanyuan Commercial Group Co., Ltd.* (朔州市三源商業集團有限公司), (iii) Chongqing Xishang Huatian Agricultural Technology Co., Ltd.* (重慶溪上花沺農業科技有限公司), (iv) Sichuan Huahan Energy Development Co., Ltd.* (四川華漢能源開發有限公司), and (v) Lhasa Yuyong Automobile Services Co., Ltd.* (拉薩市豫勇汽車服務有限責任公司). Pursuant to the Equity Transfer Agreement, the Current Holders shall first transfer the remaining equity interest they hold in the Three Project Companies, comprising 49% equity interest in Wenzhou Zhongxin, 49% equity interest in Wenzhou Shengtaicheng and 51% equity interest in Wenzhou Zhongxin Haoyuan (the "**Remaining Equity Interest**"), to the Sellers. Thereafter, the Sellers shall transfer the remaining equity interest in Three Project Companies to Sunshine 100 Group for a total consideration of approximately RMB1,106.0 million.

For details, please refer to the announcement dated 22 November 2019 and the circular of the company dated 20 January 2020. As at the date of this announcement, the acquisition of Wenzhou Zhongxin Haoyuan has been completed. It is anticipated that the remaining conditions for Wenzhou Zhongxin and Wenzhou Shengtaicheng will be satisfied by the end of May 2020.

Disposal of 90% Equity Interest in Wenzhou Zhongxin Haoyuan

On 26 December 2019, Sunshine 100 Group, a wholly-owned subsidiary of the Company, entered into a series of project documents with Beijing Trust and Wenzhou Zhongxin Haoyuan, including an equity transfer agreement, an investment agreement, a capital increase agreement and a Wenzhou Zhongxin Haoyuan management agreement, pursuant to which the parties will collaborate on the development of Wenzhou Zhongxin Haoyuan project, while Sunshine 100 Group will be mainly responsible for the management and operation of Wenzhou Zhongxin Haoyuan, and Beijing Trust will invest capital into Wenzhou Zhongxin Haoyuan and be entitled to shareholder rights. As part of the collaboration, 90% equity interest in Wenzhou Zhongxin Haoyuan will be transferred from Sunshine 100 Group to Beijing Trust, with a consideration up to RMB790.0 million, while Sunshine 100 Group will be primarily responsible for the day-to-day operations and management of Wenzhou Zhongxin Haoyuan. For further details, please refer to the announcement of the Company dated 27 December 2019 and the supplemental announcement of the Company dated 8 January 2020.

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

Future plans for substantial investments or capital assets

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

Human Resources

As at 31 December 2019, the Group employed a total of 4,090 employees (31 December 2018: 4,472 employees). The staff costs of the Group for the Reporting Period were RMB570.9 million (2018: RMB565.8 million) The Group has adopted a performance-based incentive system to motivate its staff. In addition to basic salary, year-end bonuses are provided to employees 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. The Group has established a regular assessment mechanism to assess the performance of its employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by laws and regulations in China, the Group makes 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 its employees in China. During the Reporting Period, the Group made contributions in an aggregate of approximately RMB36.7 million to the employee retirement scheme (2018: RMB37.6 million).

FINAL DIVIDENDS

The Board did not recommend payment of any final dividend for the year ended 31 December 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. During the Reporting Period, the Company adopted and complied with all applicable code provisions under the Corporate Governance Code in Appendix 14 ("**CG Code**") to the Listing Rules, except for the following deviation:

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Yi Xiaodi has served as the chairman and chief executive of the Company since 11 May 2018. This arrangement deviates from the requirement that the two positions should be held separately by different individuals as prescribed in the code provision A. 2.1 of the CG Code. However, the Board is of the view that the roles of chairman and chief executive officer assumed by Mr. Yi Xiaodi will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operation of the Board as the majority of Board members are non-executive directors and independent non-executive directors. Moreover, the Board comprises experienced and high caliber individuals and meets regularly to discuss major issues affecting operations of the Company, and all directors are properly and promptly briefed on relevant matters with adequate, complete and reliable information.

AUDIT COMMITTEE

The Company has established the Audit Committee in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. Currently, the Audit Committee comprises three independent non-executive directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Ng Fook Ai, Victor is the chairman of the Audit Committee.

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters of the Group (including reviewing the annual results of the Group for the Reporting Period).

REMUNERATION COMMITTEE

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

The primary duties of the Remuneration Committee include (but are not limited to): (i) making recommendations to the directors of the Company (the "**Directors**") in respect of the remuneration policies and structure of Directors and senior management of the Company and the formal and transparent procedures in the formulation of remuneration policies; (ii) providing recommendations to the Board in respect of the remuneration packages of the Directors and senior management; (iii) reviewing and approving the remuneration packages of the management with reference to the Group's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants under the share option scheme adopted by the Company on 17 February 2014.

NOMINATION COMMITTEE

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standards contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Each Director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and the Company issues two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results of the Company, reminding the Directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods during 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 Reporting Period.

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

Issue of US$200.0 million 11.5% senior notes due 2021

On 27 June 2019, the Company, the offshore subsidiaries of the Company 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 a 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, and TF International and CM Finance 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 on 28 June 2019.

Repurchase of shares

During the Reporting Period, the Company repurchased a total of 56,312,000 ordinary shares at share prices ranging from HK$1.36 to HK$1.79 per share, of which 50,927,000 repurchased shares were cancelled on 27 March 2019; 3,155,000 shares were cancelled on 2 December 2019 and 2,230,000 shares were cancelled on 20 January 2020. The issued share capital of the Company has also been reduced accordingly. The expenses in an aggregate amount of HK$89.3 million incurred by the Company for such repurchased shares cancelled during the Reporting Period have been included in retained earnings.

The repurchase of shares by the Company during the Reporting Period was carried out by the directors in accordance with the authorization of shareholders at the last two annual general meetings 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.

Repurchase of senior notes

During the Reporting Period, the Company made on-market repurchases on the Singapore Exchange Securities Trading Limited of senior notes due on 5 July 2021 in the aggregate principal amount of approximately US$29.9 million for a total consideration of US$30.5 million. The repurchased senior notes due on 5 July 2021 will be cancelled accordingly.

As the date of this announcement, after repurchase of the above senior notes due on 5 July 2021, the principal amount of the outstanding senior notes due on 5 July 2021 is US$323.0 million.

Redemption of convertible bonds

During the Reporting Period, the Company redeemed convertible bonds due 2021 (the "**2016 CB**") in the aggregate principal amount of US$153.6 million for a total consideration of approximately US$163.8 million. As at the date of this announcement, after the redemption of the above 2016 CB, the principal amount of the outstanding 2016 CB is US$45.4 million.

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 had maintained sufficient public float as required under the Listing Rules during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

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

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

Repurchase of Shares

From 1 January 2020 to the date of this announcement, the Company repurchased a total of 3,198,000 shares at Stock Exchange, details of which are set out below:

Date of Repurchase	Number of Repurchased Shares	Price per Share Highest	Lowest
2 January 2020	48,000	1.46	1.44
3 January 2020	13,000	1.45	1.44
6 January 2020	58,000	1.44	1.43
7 January 2020	20,000	1.46	1.43
9 January 2020	280,000	1.49	1.43
10 January 2020	112,000	1.47	1.40
13 January 2020	26,000	1.45	1.42
14 January 2020	58,000	1.43	1.41
15 January 2020	10,000	1.42	1.42
16 January 2020	65,000	1.45	1.43
21 January 2020	55,000	1.45	1.40
23 January 2020	145,000	1.42	1.38
24 January 2020	110,000	1.43	1.40
30 January 2020	16,000	1.43	1.39
3 February 2020	192,000	1.39	1.36
4 February 2020	63,000	1.42	1.39
5 February 2020	13,000	1.40	1.39
6 February 2020	324,000	1.43	1.36
7 February 2020	63,000	1.40	1.37
10 February 2020	123,000	1.39	1.37
11 February 2020	211,000	1.40	1.38
12 February 2020	10,000	1.40	1.38
13 February 2020	101,000	1.40	1.39
14 February 2020	383,000	1.39	1.33
17 February 2020	72,000	1.40	1.39
18 February 2020	124,000	1.40	1.38
19 February 2020	10,000	1.40	1.36
20 February 2020	128,000	1.39	1.35
21 February 2020	105,000	1.39	1.38
24 February 2020	138,000	1.40	1.38
25 February 2020	122,000	1.39	1.37

Save as disclosed herein, from 1 January 2020 up to the date of this announcement, no repurchase of shares (whether on the Stock Exchange or otherwise) had been made by the Company and there were no other events subsequent to the Reporting Period which have material effect on the Group. The repurchased shares were cancelled on 16 March 2020.

SCOPE OF WORK OF KPMG

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

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

The annual results announcement has been published on the websites of the Stock Exchange at www.hkexnews.com.hk, The Singapore Exchange Securities Trading Limited at www.sgx.com and the Company at www.ss100.com.cn. The annual report of the Company for the Reporting Period, which contains all information required by the Listing Rules, will be despatched to the Company's shareholders and published on the websites mentioned above in due course.

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

Beijing, the PRC
31 March 2020

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

* *For identification purposes only*