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**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 2020**

**SUMMARY OF 2020 ANNUAL RESULTS**

- Revenue amounted to RMB5,759.7 million, and the gross profit amounted to RMB1,529.7 million, representing a decrease of 30.5% and 27.2% as compared to 2019, respectively. The gross profit margin was 26.6%, representing an increase of 1.3 percentage point as compared to 2019.
- Profit for the year amounted to RMB1,284.0 million, and net profit margin was 22.3%. Profit for the year decreasing by 60.1% as compared to 2019 was mainly due to (1) the decrease in recognition of gain on disposal; and (2) the lower valuation gains on investment properties of the Group and the delayed delivery of properties as a result of the adverse impact of the COVID-19 pandemic.
- Basic and diluted earnings per share was RMB0.17 and RMB0.14, respectively.
- Total assets amounted to RMB60,958.2 million. The total equity attributable to equity shareholders of the Company amounted to RMB9,383.2 million.
- Contracted sales amounted to RMB10,529.8 million, representing an increase of 1.9% as compared to 2019.
- Total GFA of the land reserves were approximately 10.5 million square meters as of 31 December 2020.

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**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with the comparative figures for the corresponding period of 2019. 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 30 March 2021.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

(Expressed in Renminbi)

|  | Note | 2020<br>RMB'000         | 2019<br>RMB'000         |
|--|------|-------------------------|-------------------------|
| <b>Revenue</b>   | 4    | <b>5,759,692</b>        | 8,288,648               |
| Cost of sales  |      | <u>(4,230,012)</u>      | <u>(6,188,628)</u>      |
| <b>Gross profit</b>  |      | <b>1,529,680</b>        | 2,100,020               |
| Valuation gains on investment properties   |      | <b>42,647</b>           | 529,499                 |
| Other income   | 5(a) | <b>1,564,744</b>        | 2,521,513               |
| Selling expenses   |      | <b>(406,386)</b>        | (483,241)               |
| Administrative expenses  |      | <b>(509,749)</b>        | (590,769)               |
| Other operating expenses   | 5(b) | <u><b>(224,182)</b></u> | <u>(182,864)</u>        |
| <b>Profit from operations</b>  |      | <b>1,996,754</b>        | 3,894,158               |
| Finance income   | 6    | <b>621,688</b>          | 696,812                 |
| Finance cost   | 6    | <b>(767,679)</b>        | (585,580)               |
| Share of profits less losses of associates   |      | <u><b>(19,563)</b></u>  | <u>12,888</u>           |
| <b>Profit before taxation</b>  |      | <b>1,831,200</b>        | 4,018,278               |
| Income tax   | 7    | <u><b>(547,249)</b></u> | <u>(803,169)</u>        |
| <b>Profit for the year</b>   |      | <u><b>1,283,951</b></u> | <u>3,215,109</u>        |
| <b>Other comprehensive income for the year</b>                                       |      |                         |                         |
| <b>(after tax and reclassification adjustments)</b>                                  |      |                         |                         |
| Items that may be reclassified subsequently to profit or loss:                       |      |                         |                         |
| Exchange differences on translation of financial statements of overseas subsidiaries |      | <u><b>12,162</b></u>    | <u>(3,016)</u>          |
| <b>Other comprehensive income for the year</b>                                       |      | <u><b>12,162</b></u>    | <u>(3,016)</u>          |
| <b>Total comprehensive income for the year</b>                                       |      | <u><b>1,296,113</b></u> | <u><b>3,212,093</b></u> |

|  | <i>Note</i> | <b>2020</b><br><b><i>RMB'000</i></b> | 2019<br>RMB'000         |
|--|-------------|--------------------------------------|-------------------------|
| <b>Profit for the year attributable to:</b>    |             |                                      |                         |
| Equity shareholders of the Company             |             | <b>438,036</b>                       | 1,804,811               |
| Non-controlling interests                      |             | <b>845,915</b>                       | 1,410,298               |
| <b>Profit for the year</b>                     |             | <b><u>1,283,951</u></b>              | <b><u>3,215,109</u></b> |
| <b>Total comprehensive income for the year</b> |             |                                      |                         |
| <b>Attributable to:</b>                        |             |                                      |                         |
| Equity shareholders of the Company             |             | <b>450,198</b>                       | 1,801,795               |
| Non-controlling interests                      |             | <b>845,915</b>                       | 1,410,298               |
| <b>Total comprehensive income for the year</b> |             | <b><u>1,296,113</u></b>              | <b><u>3,212,093</u></b> |
| <b>Earnings per share (RMB)</b>                |             |                                      |                         |
|  | 8           |                                      |                         |
| Basic  |             | <b><u>0.17</u></b>                   | <b><u>0.70</u></b>      |
| Diluted  |             | <b><u>0.14</u></b>                   | <b><u>0.55</u></b>      |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

|  |             | <b>31 December<br/>2020</b> | 31 December<br>2019 |
|--|-------------|-----------------------------|---------------------|
|  | <i>Note</i> | <b>RMB'000</b>              | <b>RMB'000</b>      |
| <b>Non-current assets</b>  |             |                             |                     |
| Property and equipment   |             | 763,805                     | 643,367             |
| Investment properties  |             | 12,176,358                  | 11,670,105          |
| Intangible assets  |             | 747,845                     | 863,900             |
| Restricted deposits  |             | 116,488                     | 42,900              |
| Investments in associates  |             | 1,280,620                   | 1,325,528           |
| Trade and other receivables  | 9           | 265,658                     | 192,315             |
| Deferred tax assets  |             | 657,118                     | 691,570             |
| Other non-current financial assets                                     |             | 237,105                     | 273,730             |
|  |             | <u>16,244,997</u>           | <u>15,703,415</u>   |
| <b>Current assets</b>  |             |                             |                     |
| Properties under development and completed<br>properties held for sale |             | 29,351,932                  | 27,977,447          |
| Land development for sale  |             | 2,615,378                   | 2,013,294           |
| Contract costs   |             | 295,280                     | 249,106             |
| Trade and other receivables  | 9           | 8,611,072                   | 8,338,127           |
| Restricted deposits  |             | 562,807                     | 1,567,656           |
| Cash and cash equivalents  |             | 3,071,779                   | 2,438,612           |
| Trading securities   |             | 204,957                     | 107,953             |
|  |             | <u>44,713,205</u>           | <u>42,692,195</u>   |
| <b>Current liabilities</b>   |             |                             |                     |
| Loans and borrowings   |             | 12,717,036                  | 10,601,383          |
| Trade and other payables   | 10          | 6,745,591                   | 6,805,049           |
| Contract liabilities   |             | 9,840,791                   | 9,106,391           |
| Lease liabilities  |             | 17,745                      | 23,738              |
| Contract retention payables  |             | 153,243                     | 155,554             |
| Current tax liabilities  |             | 2,002,581                   | 1,677,894           |
|  |             | <u>31,476,987</u>           | <u>28,370,009</u>   |
| <b>Total current liabilities</b>                                       |             | <u>31,476,987</u>           | <u>28,370,009</u>   |
| <b>Net current assets</b>  |             | <u>13,236,218</u>           | <u>14,322,186</u>   |

|  | <b>31 December<br/>2020</b>     | 31 December<br>2019      |
|--|---------------------------------|--------------------------|
| <i>Note</i>  | <b><i>RMB'000</i></b>           | <b><i>RMB'000</i></b>    |
| <b>Total assets less current liabilities</b>                               | <b><u>29,481,215</u></b>        | <u>30,025,601</u>        |
| <b>Non-current liabilities</b>   |                                 |                          |
| Loans and borrowings   | <b>13,653,606</b>               | 14,452,841               |
| Contract retention payables  | <b>126,505</b>                  | 154,463                  |
| Lease liabilities  | <b>55,012</b>                   | 61,251                   |
| Trade and other payables   | <b>456,277</b>                  | 423,249                  |
| Deferred tax liabilities   | <b><u>3,019,799</u></b>         | <u>3,185,570</u>         |
| <b>Total non-current liabilities</b>                                       | <b><u>17,311,199</u></b>        | <u>18,277,374</u>        |
| <b>NET ASSETS</b>  | <b>12,170,016</b>               | 11,748,227               |
| <b>CAPITAL AND RESERVES</b>  | 11                              |                          |
| Share capital  | <b>20,187</b>                   | 20,240                   |
| Reserves   | <b><u>9,362,997</u></b>         | <u>9,146,484</u>         |
| <b>Total equity attributable to equity<br/>shareholders of the Company</b> | <b><u>9,383,184</u></b>         | <u>9,166,724</u>         |
| <b>Non-controlling interests</b>   | <b><u>2,786,832</u></b>         | <u>2,581,503</u>         |
| <b>TOTAL EQUITY</b>  | <b><u><u>12,170,016</u></u></b> | <u><u>11,748,227</u></u> |

## NOTES TO THE FINANCIAL STATEMENTS

### 1 STATEMENT OF COMPLIANCE

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

The IASB has issued certain amendments to 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 accounting period reflected in these financial statements.

### 2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interests in associates.

In determining the appropriate basis of preparation of the financial statements, the directors of the Company have reviewed the Group’s cash flow projections prepared by management based on estimations of future cashflow from pre-sale of properties, future, committed and planned properties development expenditure and the availability of financing, which cover a period of twelve months from the reporting period end date. They are of the opinion that the Group will have sufficient funding to meet its financial obligations as and when they fall due and committed future properties development expenditure within the next twelve months from the end of the current reporting period and that there are no material uncertainties in this respect which individually or collectively, may cast significant doubt on the Group’s ability to continue as a going concern.

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 Group has applied the following amendment to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*

Impacts of the adoption of the amended IFRSs are discussed below:

#### *Amendments to IFRS 3, Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020. In particular, the Group has elected to apply the concentration test to an acquisition during the year.

#### 4 REVENUE AND SEGMENT REPORTING

##### (a) Revenue

##### (i) 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:

|  | 2020<br><i>RMB'000</i>  | 2019<br><i>RMB'000</i>  |
|--|-------------------------|-------------------------|
| <b>Revenue from contracts with customers within the scope of IFRS 15</b> |                         |                         |
| Sale of properties   | 5,138,009               | 7,638,985               |
| Property management and hotel operation income                           | 454,538                 | 457,899                 |
| Light-asset operation income   | 15,204                  | 29,363                  |
|  | <u>5,607,751</u>        | <u>8,126,247</u>        |
| <b>Revenue from other sources</b>  |                         |                         |
| Rental income from investment properties                                 | <u>151,941</u>          | <u>162,401</u>          |
|  | <u><u>5,759,692</u></u> | <u><u>8,288,648</u></u> |
| <b>Disaggregated by timing of revenue recognition</b>                    |                         |                         |
| Point in time  | 4,620,289               | 6,568,202               |
| Over time  | 1,139,403               | 1,720,446               |
|  | <u><u>5,759,692</u></u> | <u><u>8,288,648</u></u> |

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



***(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is RMB12,329,671,000 (2019: RMB12,521,245,000). This amount represents revenue expected to be recognised in the future from sale of properties. The Group will recognise the expected revenue within three years. This amount do not includes variable consideration which is constrained.

**(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 2020 and 2019 is set out below:

|   | Year ended 31 December 2020                          |  |  |  |  |                         |
|---|--|--|--|--|--|-------------------------|
|   | Mixed-use<br>business<br>complexes<br><i>RMB'000</i> | Multi-<br>functional<br>residential<br>communities<br><i>RMB'000</i> | Investment<br>properties<br><i>RMB'000</i> | Property<br>management<br>and hotel<br>operation<br><i>RMB'000</i> | Light-asset<br>operation<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Disaggregated by timing of<br/>revenue recognition</b>           |  |  |  |  |  |                         |
| Point in time   | 1,913,619  | 2,691,466  | -  | -  | 15,204                                     | 4,620,289               |
| Over time   | 100,774  | 432,150  | 151,941                                    | 454,538  | -  | 1,139,403               |
| <b>Revenue from external<br/>customer</b>                           | 2,014,393  | 3,123,616  | 151,941                                    | 454,538  | 15,204                                     | 5,759,692               |
| Inter-segment revenue   | -  | -  | 7,681                                      | 63,638   | -  | 71,319                  |
| <b>Reportable segment<br/>revenue</b>                               | 2,014,393  | 3,123,616  | 159,622                                    | 518,176  | 15,204                                     | 5,831,011               |
| Cost of sales   | (1,160,789)  | (2,647,957)  | -  | (528,398)  | (11,180)                                   | (4,348,324)             |
| <b>Reportable segment gross<br/>profit/(loss)</b>                   | 853,604  | 475,659  | 159,622                                    | (10,222)   | 4,024                                      | 1,482,687               |
| Valuation gains on<br>investment properties                         | -  | -  | 42,647                                     | -  | -  | 42,647                  |
| Other income  | 13,874   | 1,539,936  | (16,423)                                   | 13,968   | -  | 1,551,355               |
| Net operating expenses  | (344,776)  | (519,528)  | (24,757)                                   | (69,483)   | (188)                                      | (958,596)               |
| Net finance cost  | (62,326)   | (118,055)  | (14,393)                                   | (21,114)   | -  | (215,888)               |
| <b>Reportable segment profit/<br/>(loss) before taxation</b>        | 460,376  | 1,378,012  | 146,696                                    | (86,715)   | 3,836                                      | 1,902,205               |
| Income tax  | (223,103)  | (305,592)  | (36,388)                                   | (2,373)  | (345)                                      | (567,801)               |
| <b>Reportable segment profit/<br/>(loss)</b>                        | <u>237,273</u>                                       | <u>1,072,420</u>   | <u>110,308</u>                             | <u>(89,088)</u>  | <u>3,491</u>                               | <u>1,334,404</u>        |
| Additions on investment<br>properties and property<br>and equipment | <u>1,322</u>   | <u>4,743</u>   | <u>84,241</u>                              | <u>260,806</u>   | <u>32</u>                                  | <u>351,144</u>          |

|   | At 31 December 2020                                  |  |  |  |  |                         |
|---|--|--|--|--|--|-------------------------|
|   | Mixed-use<br>business<br>complexes<br><i>RMB'000</i> | Multi-<br>functional<br>residential<br>communities<br><i>RMB'000</i> | Investment<br>properties<br><i>RMB'000</i> | Property<br>management<br>and hotel<br>operation<br><i>RMB'000</i> | Light-asset<br>operation<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| Loans and borrowings  | 5,498,367  | 14,605,874   | –  | 1,001,642  | –  | 21,105,883              |
| Reportable segment assets                                     | 14,950,210   | 36,065,031   | 12,750,391                                 | 1,509,139  | 118,480                                    | 65,393,251              |
| Reportable segment liabilities                                | <u>14,618,246</u>                                    | <u>35,591,269</u>  | <u>536,956</u>                             | <u>1,169,671</u>   | <u>42,549</u>                              | <u>51,958,691</u>       |
|   | Year ended 31 December 2019                          |  |  |  |  |                         |
|   | Mixed-use<br>business<br>complexes<br><i>RMB'000</i> | Multi-<br>functional<br>residential<br>communities<br><i>RMB'000</i> | Investment<br>properties<br><i>RMB'000</i> | Property<br>management<br>and hotel<br>operation<br><i>RMB'000</i> | Light-asset<br>operation<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
| <b>Disaggregated by timing of revenue recognition</b>         |  |  |  |  |  |                         |
| Point in time   | 2,104,247  | 4,434,592  | –  | –  | 29,363                                     | 6,568,202               |
| Over time   | <u>548,502</u>                                       | <u>551,644</u>   | <u>162,401</u>                             | <u>457,899</u>   | <u>–</u>                                   | <u>1,720,446</u>        |
| <b>Revenue from external customer</b>                         | 2,652,749  | 4,986,236  | 162,401                                    | 457,899  | 29,363                                     | 8,288,648               |
| Inter-segment revenue   | <u>–</u>   | <u>–</u>   | <u>32,553</u>                              | <u>81,089</u>  | <u>–</u>                                   | <u>113,642</u>          |
| <b>Reportable segment revenue</b>                             | 2,652,749  | 4,986,236  | 194,954                                    | 538,988  | 29,363                                     | 8,402,290               |
| Cost of sales   | <u>(1,901,808)</u>                                   | <u>(3,888,888)</u>   | <u>–</u>                                   | <u>(560,913)</u>   | <u>(5,695)</u>                             | <u>(6,357,304)</u>      |
| <b>Reportable segment gross profit/(loss)</b>                 | 750,941  | 1,097,348  | 194,954                                    | (21,925)   | 23,668                                     | 2,044,986               |
| Valuation gains on investment properties                      | –  | –  | 529,499                                    | –  | –  | 529,499                 |
| Other 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   | <u>(20,910)</u>                                      | <u>(36,872)</u>  | <u>(7,816)</u>                             | <u>(14,689)</u>  | <u>–</u>                                   | <u>(80,287)</u>         |
| <b>Reportable segment (loss)/profit before taxation</b>       | (115,898)  | 3,471,186  | 664,377                                    | (96,858)   | 23,624                                     | 3,946,431               |
| Income tax  | <u>(27,719)</u>                                      | <u>(655,109)</u>   | <u>(167,345)</u>                           | <u>(2,005)</u>   | <u>(2,126)</u>                             | <u>(854,304)</u>        |
| <b>Reportable segment (loss)/profit</b>                       | <u>(143,617)</u>                                     | <u>2,816,077</u>   | <u>497,032</u>                             | <u>(98,863)</u>  | <u>21,498</u>                              | <u>3,092,127</u>        |
| Additions on investment properties and property and equipment | <u>11,191</u>  | <u>2,310</u>   | <u>96,761</u>                              | <u>14,629</u>  | <u>367</u>                                 | <u>125,258</u>          |

|                                   | Year ended 31 December 2019                   |   |                                     |   |                                     | Total<br>RMB'000  |
|-----------------------------------|---|---|-------------------------------------|---|-------------------------------------|-------------------|
|                                   | Mixed-use<br>business<br>complexes<br>RMB'000 | Multi-<br>functional<br>residential<br>communities<br>RMB'000 | Investment<br>properties<br>RMB'000 | Property<br>management<br>and hotel<br>operation<br>RMB'000 | Light-asset<br>operation<br>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<br>liabilities | <u>12,399,072</u>                             | <u>34,243,571</u>   | <u>527,285</u>                      | <u>1,047,487</u>  | <u>32,785</u>                       | <u>48,250,200</u> |

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

|   | <b>2020</b><br><b>RMB'000</b> | 2019<br>RMB'000   |
|---|-------------------------------|-------------------|
| <b>Revenue</b>  |                               |                   |
| Reportable segment revenue                                    | <b>5,831,011</b>              | 8,402,290         |
| Elimination of intra-group revenue                            | <u>(71,319)</u>               | <u>(113,642)</u>  |
| Consolidated revenue ( <i>Note 4(a) (i)</i> )                 | <u><b>5,759,692</b></u>       | <u>8,288,648</u>  |
| <b>Profit</b>   |                               |                   |
| Reportable segment profit                                     | <b>1,334,404</b>              | 3,092,127         |
| Elimination of intra-group results                            | <b>52,474</b>                 | 34,468            |
| Unallocated head office and corporate<br>(loss)/income        | <u>(102,927)</u>              | <u>88,514</u>     |
| <b>Consolidated profit</b>                                    | <u><b>1,283,951</b></u>       | <u>3,215,109</u>  |
| <b>Loans and borrowings</b>                                   |                               |                   |
| Reportable segment loans and borrowings                       | <b>21,105,883</b>             | 18,120,086        |
| Unallocated head office and corporate<br>loans and borrowings | <u>5,264,759</u>              | <u>6,934,138</u>  |
| Consolidated loans and borrowings                             | <u><b>26,370,642</b></u>      | <u>25,054,224</u> |

|   | <b>2020</b>              | 2019              |
|---|--------------------------|-------------------|
|   | <b><i>RMB'000</i></b>    | <i>RMB'000</i>    |
| <b>Assets</b>                                     |                          |                   |
| Reportable segment assets                         | <b>65,393,251</b>        | 61,822,212        |
| Elimination of intra-group balances               | <b>(21,975,558)</b>      | (21,157,594)      |
| Unallocated head office and corporate assets      | <b>17,540,509</b>        | 17,730,992        |
|   | <u><b>60,958,202</b></u> | <u>58,395,610</u> |
| Consolidated total assets                         | <u><b>60,958,202</b></u> | <u>58,395,610</u> |
| <b>Liabilities</b>                                |                          |                   |
| Reportable segment liabilities                    | <b>51,958,691</b>        | 48,250,200        |
| Elimination of intra-group balances               | <b>(21,461,474)</b>      | (20,561,523)      |
| Unallocated head office and corporate liabilities | <b>18,290,969</b>        | 18,958,706        |
|   | <u><b>48,788,186</b></u> | <u>46,647,383</u> |
| Consolidated total liabilities                    | <u><b>48,788,186</b></u> | <u>46,647,383</u> |

**(iii) Geographical information**

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

## 5(a) OTHER INCOME

|   | 2020<br><i>RMB'000</i> | 2019<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Disposal of subsidiaries  | 1,515,479              | 2,117,598              |
| Remeasurement to fair value of pre-existing<br>interest in acquiree | –                      | 399,839                |
| Net loss on disposal of investment properties                       | (15,043)               | (31,192)               |
| Others  | 64,308                 | 35,268                 |
|   | <u>1,564,744</u>       | <u>2,521,513</u>       |

## 5(b) OTHER OPERATING EXPENSES

|  | 2020<br><i>RMB'000</i> | 2019<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Impairment losses on loans provided to third parties | 125,807                | 102,460                |
| Impairment losses on consideration receivables       | 28,178                 | –                      |
| Others   | 70,197                 | 80,404                 |
|  | <u>224,182</u>         | <u>182,864</u>         |

## 6 FINANCE INCOME AND FINANCE COSTS

|   | 2020<br><i>RMB'000</i> | 2019<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| <b>Finance income</b>   |                        |                        |
| Interest income on financial assets measured at amortised cost  | (371,382)              | (435,205)              |
| Dividend income from the trading securities   | (26,193)               | (3,215)                |
| Net change in fair value of the derivative component of the convertible bonds   | (18,998)               | (258,392)              |
| Net change in fair value of financial assets measured at FVPL   | (16,729)               | –                      |
| Net foreign exchange gain   | (188,386)              | –                      |
|   | <u>(621,688)</u>       | <u>(696,812)</u>       |
| <b>Finance costs</b>  |                        |                        |
| Total interest expense on loans and borrowings  | 3,088,383              | 2,888,167              |
| Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction* | (2,374,082)            | (2,391,047)            |
|   | 714,301                | 497,120                |
| Net foreign exchange loss   | –                      | 26,227                 |
| Net change in fair value of the trading securities  | 42,781                 | 38,133                 |
| Interest element of lease rentals paid  | 5,341                  | 7,686                  |
| Bank charges and others   | 5,256                  | 16,414                 |
|   | <u>767,679</u>         | <u>585,580</u>         |

\* The borrowing costs have been capitalised at a rate of 4.20% – 16.52% per annum (2019: 4.20% – 14.00%).



## 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

|   | 2020<br><i>RMB'000</i> | 2019<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Provision for the year  |                        |                        |
| – PRC Corporate Income Tax  | 421,895                | 662,574                |
| – Land Appreciation Tax   | 289,080                | 304,584                |
| Over-provision of PRC Corporate Income tax<br>in respect of prior years | (23,967)               | (1,748)                |
| Deferred tax  | <u>(139,759)</u>       | <u>(162,241)</u>       |
|   | <u><b>547,249</b></u>  | <u><b>803,169</b></u>  |

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.



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

|   | 2020                        | 2019                        |
|---|-----------------------------|-----------------------------|
| Weighted average number of ordinary shares at 31 December           | 2,552,700,273               | 2,563,830,874               |
| Effect of conversion of convertible bonds                           | <u>267,317,933</u>          | <u>461,759,714</u>          |
| Weighted average number of ordinary shares (diluted) at 31 December | <u><u>2,820,018,206</u></u> | <u><u>3,025,590,588</u></u> |

**9 TRADE AND OTHER RECEIVABLES**

|  | 31 December<br>2020            | 31 December<br>2019     |
|--|--------------------------------|-------------------------|
| <i>Note</i>  | <i>RMB'000</i>                 | <i>RMB'000</i>          |
| Trade receivables and bill receivables   | (a) <b>877,613</b>             | 929,451                 |
| Loans provided to third parties, net of loss allowance                             | (b) <b>2,593,411</b>           | 2,852,398               |
| Loans provided to non-controlling interests of subsidiaries, net of loss allowance | <b>715,904</b>                 | 752,160                 |
| Loans provided to associates   | <b>284,396</b>                 | 242,339                 |
| Amounts due from related parties   | <b>30,637</b>                  | 24,265                  |
| Consideration receivables, net of loss allowance                                   | <b>1,508,084</b>               | 1,085,145               |
| Other receivables, net of loss allowance   | <u><b>389,017</b></u>          | <u>324,576</u>          |
| Financial assets measured at amortised cost, net of loss allowance                 | <b>6,399,062</b>               | 6,210,334               |
| Deposits and prepayments   | <u><b>2,477,668</b></u>        | <u>2,320,108</u>        |
|  | <b>8,876,730</b>               | 8,530,442               |
| Less: non-current portion of other receivables                                     | <u><b>265,658</b></u>          | <u>192,315</u>          |
|  | <u><u><b>8,611,072</b></u></u> | <u><u>8,338,127</u></u> |

**(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:

|                    | <b>31 December<br/>2020<br/>RMB'000</b> | 31 December<br>2019<br>RMB'000 |
|--------------------|---|--------------------------------|
| Within 6 months    | <b>36,554</b>                           | 70,974                         |
| 6 months to 1 year | <b>12,505</b>                           | 18,283                         |
| Over 1 year        | <b>828,554</b>                          | 840,194                        |
|                    | <b><u>877,613</u></b>                   | <b><u>929,451</u></b>          |

**(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% (2019: 11%) per annum. Pursuant to the accounting policy as set out in Note 1, 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 2020, a total loss allowance of RMB139 million was recognised on the loans provided to third parties, which was related to loans provided to a number of companies with no guarantees or credit risk increased. Therefore, a loss allowance based on 12-month ECLs of RMB6 million and lifetime ECLs of RMB133 million have been recognised thereon. A reversal of an impairment loss of RMB13 million was recognised in the consolidated profit or loss due to the repayment of loans provided to a third party during the year.

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.

## 10 TRADE AND OTHER PAYABLES

|   |             | <b>31 December<br/>2020</b> | 31 December<br>2019     |
|---|-------------|-----------------------------|-------------------------|
|   | <i>Note</i> | <b><i>RMB'000</i></b>       | <i>RMB'000</i>          |
| Trade payables  | (a)         | <b>3,824,667</b>            | 4,162,880               |
| Advances received from third parties                                |             | <b>380,783</b>              | 376,159                 |
| Consideration payables in respect of<br>acquisition of subsidiaries |             | <b>192,224</b>              | 297,224                 |
| Amounts due to related parties                                      |             | <b>264,384</b>              | 5,187                   |
| Dividend payables   | 11(a)       | <b>233,137</b>              | –                       |
| Other payables  |             | <b>1,288,813</b>            | 1,232,214               |
|   |             | <hr/>                       | <hr/>                   |
| Financial liabilities measured at amortised<br>cost                 |             | <b>6,184,008</b>            | 6,073,664               |
| Other taxes payable   |             | <b>1,017,860</b>            | 1,154,634               |
|   |             | <hr/>                       | <hr/>                   |
| Less: non-current portion of trade payables                         |             | <b>456,277</b>              | 423,249                 |
|   |             | <hr/>                       | <hr/>                   |
|   |             | <b><u>6,745,591</u></b>     | <b><u>6,805,049</u></b> |

(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:

|                                 | <b>31 December<br/>2020</b> | 31 December<br>2019     |
|---------------------------------|-----------------------------|-------------------------|
|                                 | <b><i>RMB'000</i></b>       | <i>RMB'000</i>          |
| Within 1 year                   | <b>3,381,396</b>            | 3,739,631               |
| 1 to 2 years                    | <b>192,620</b>              | 252,233                 |
| Over 2 years but within 5 years | <b>250,651</b>              | 171,016                 |
|                                 | <hr/>                       | <hr/>                   |
|                                 | <b><u>3,824,667</u></b>     | <b><u>4,162,880</u></b> |



## (ii) Shares repurchase and cancelled

During the year ended 31 December 2020, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

|               | Number of<br>shares<br>repurchased | Highest<br>price paid<br>per share<br><i>HKD</i> | Lowest<br>price paid<br>per share<br><i>HKD</i> | Aggregated<br>price paid<br><i>RMB'000</i> |
|---------------|------------------------------------|--|---|--|
| January 2020  | 1,016,000                          | 1.49   | 1.38  | 1,284                                      |
| February 2020 | 2,182,000                          | 1.43   | 1.33  | 2,761                                      |
| April 2020    | <u>347,000</u>                     | 1.38   | 1.37  | <u>436</u>                                 |
|               | <u><u>3,545,000</u></u>            |  |   | <u><u>4,481</u></u>                        |

3,545,000 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 RMB32,000 was transferred from share premium to capital redemption reserve.

## (iii) Treasury shares

|                                   | 2020                  |                   | 2019                |                |
|-----------------------------------|-----------------------|-------------------|---------------------|----------------|
|                                   | <i>No of shares</i>   | <i>RMB'000</i>    | <i>No of shares</i> | <i>RMB'000</i> |
| At 1 January                      | <b>2,230,000</b>      | <b>2,862</b>      | –                   | –              |
| Shares repurchase to be cancelled | <b>585,000</b>        | <b>587</b>        | 2,230,000           | 2,862          |
| Cancellation of treasury shares   | <u>(2,230,000)</u>    | <u>(2,862)</u>    | <u>–</u>            | <u>–</u>       |
| At 31 December                    | <u><b>585,000</b></u> | <u><b>587</b></u> | <u>2,230,000</u>    | <u>2,862</u>   |

During the year ended 31 December 2020, the Company repurchased 585,000 shares on The Stock Exchange of Hong Kong Limited, at a total consideration of HKD696,000.

Details of treasury shares purchased during the year ended 31 December 2020 are as follow:

| <b>Month/year</b> | <b>Number of<br/>shares<br/>repurchased</b> | <b>Highest<br/>price paid<br/>per share<br/><i>HKD</i></b> | <b>Lowest<br/>price paid<br/>per share<br/><i>HKD</i></b> | <b>Aggregated<br/>price paid<br/><i>RMB'000</i></b> |
|-------------------|---|--|---|---|
| December 2020     | <u>585,000</u>                              | 1.22   | 1.14  | <u>587</u>  |



## **CHAIRMAN’S STATEMENT**

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

## **RESULTS**

In 2020, the Group suffered a severe decline in the sales of non-residential products under the impact of the novel coronavirus (“**COVID-19**”) pandemic in the first half of the year; however, it intensified its efforts in sale of the residential products in the second half of the year, and realized contracted sales of RMB10,529.8 million and contracted sales area of 891,247 square meters throughout the year, reaching its annual contracted sales target of more than RMB10 billion. The revenue decreased as compared with 2019, reaching RMB5,759.7 million. The gross profit decreased by 27.2% to RMB1,529.7 million, and the gross profit margin increased slightly by 1.3 percentage point to 26.6%. Moreover, disposal gain decreased during the Reporting Period, and due to the impact of the COVID-19 pandemic, the appreciation upon valuation of fair value of the Group’s investment properties decreased as compared to the previous year, resulting in a decrease in annual profit to RMB1,284.0 million. As the pandemic situation in the PRC is easing, the Company has now recovered from the impact of the COVID-19 pandemic, and resumed normal operation and sale.

## **BUSINESS REVIEW**

The year 2020 is a year that saw vigorous business transformation of Sunshine 100. In this year, new projects of Himalaya apartments and Commercial Street projects came onto the market, but suffered from the impact of the COVID-19 pandemic, thus the sales of products faced huge challenges and difficulties. As at the end of the year, the product inventory reached to RMB19 billion. At the same time, the real estate financial regulation continued to be strict in this year, thus bringing great pressure to the Company’s capital this year. In response to this serve challenge, the Company put more efforts on promotions on the one hand to ensure the annual contracted sales exceeded RMB10 billion, and took rapid adjustment on the other hand to strengthen the development of existing residential projects, especially the investment in and promotion on two primary development projects in Wenzhou and Xinglong County, in the north of Beijing, thus provided more residential projects for the next year, and improved the proportion of marketable products. Meanwhile, the Company conducted various cooperative financing and successfully passed the repayment peak in 2020.

With the land heating up in the Yangtze River Delta, the primary development project reserved by the Company in Wenzhou is becoming mature and its value will be gradually released. In the meantime, the ten thousand mu of land reserved by the Company in Xinglong County will gradually unlock great potential after the opening of Beijing-Shenyang high-speed railway. A large amount of cultural tourism-oriented land reserved by the Company in Chengde, Guilin, Lijiang and other places will gradually enter into the market and release their value after the COVID-19 pandemic slows down. All of these will be the foundation for the Company to get out of the trough and turn around in 2021.

**1. Facing the impact of the pandemic, increasing the efforts of sales to ensure the annual contracted sales exceeded RMB10 billion**

The non-residential products accounted for more than 50% of the Company's inventory, the sales and rental market of the Himalaya apartments and Commercial Street projects suffered a severe decline under the impact of the COVID-19 pandemic in the first half of the year, and gradually recovered in the second half of the year. In the second half of the year, all colleagues of the Company intensified the promotion efforts, which ensured the annual contracted sales exceeded RMB10 billion. Moreover, the rental income recovered strongly in the second half of the year.

**2. Adjusting the supply structure and increasing the proportion of residential properties**

In response to the market adjustment and achieve better growth in 2020, the Company increased the investment and development in Wenzhou, Xinglong, Xi'an, Guilin, Wuhan and other residential projects in the second half of the year, which achieved the sales recovery in the second half of the year, and also laid a good foundation for better marketable products in the next year.

**3. Adhering to product upgrading and improving the operational capabilities**

During the year, the brand influence of the Commercial Street Complex of the Company's traditional core product, has been continuously strengthened. Since the operation of Changsha Phoenix Street, it had been accredited as a 3A scenic spot with different honors. Liuzhou, Yixing and other commercial streets maintained the leading position of "City Guesthouse". During the year, the opening of Wuhan and Xinglong commercial streets recorded the expected benefits.

The Himalaya apartments in Chongqing, Tianjin and Wuxi were gradually put into operation. The sales revenue has increased significantly, and its brand and price in the local city have achieved the leading position. At present, Club Himalaya has accumulated more than 5,000 members (potential investors). New projects in Weifang and Yueyang will be launched soon and its sound operational capabilities has laid confidence for the expansion of Himalaya.

The maturity of the mode and operation of the Company's commercial blocks and Himalaya apartments has also helped the development and value enhancement of the suburban large-scale projects. The suburban large-scale projects of the Company in Nanning and Wuzhou were all started with the operation of commercial streets, which drove the hot selling and appreciation of residential products.

#### **4. Improving the development of the primary land, and achieving the appreciation of land reserves**

The Company reserved primary land projects in Wenzhou, Xinglong and other places. Over the past year, the trend of appreciation has gradually emerged as stimulated by high-speed rail, highway and other favorable conditions. In particular, Wenzhou Arles Town is located in the main urban area of Wenzhou, and the land appreciation is the most obvious as the implementation of roads, schools and commercial facilities. As the current housing price is only 40% of that in urban areas, it is expected to be a considerable growth space in the future. And the residential land of the Company's land reserves in Xinglong reached more than ten thousand mu, following with the opening of the high-speed railway and the commencement of construction of expressway, it will also become a highlight of value growth for the Company in the future.

### **FUTURE OUTLOOK**

#### **1. Adhering to business transformation and upgrading and finding the blue ocean for our future**

We are of the view that the general residential market is maturing and will be polarized. As a small and medium-sized real estate enterprise, the Company no longer has the advantage of expanding its market nationwide. However, the Company focuses on developing of the suburban large-scale projects in certain cities such as Xinglong, Wenzhou and Guilin, which has both scale advantages and pricing ability. Taking every effort to develop several quality large-scale projects will be the foundation of our survival and development.

#### **2. Exerting the brand effect of core products and achieving differentiated competition**

The Himalaya apartments products have obtained relatively high attention in the market in recent years, and the ability of the project to rapidly revitalize its assets in stock has also been recognized by the capital market. With the emergence of a large number of non-performing commercial assets across cities in China, the expansion of Himalaya projects meets great opportunities. Meanwhile, the mature model of commercial blocks will also help the Company to obtain new projects at a lower cost.

The adverse factors are that domestic banks and other financial institutions do not support loans for commercial projects, and various policies are not perfect, thus each project needs to find specific financing channels and partners. However, with the growing brand influence of the two core products of the Company, various cooperation opportunities are also increasing. We believe that the next decade will be the golden period for the development of the Company's core products.

The other factor that restricts the development of the Company's two core products is "operation", and it will be a challenge to strengthen the operation team and enhance their capabilities.

### **3. Expanding multiple cooperation channels and conducting multi-faceted cooperation**

We will accelerate the realization of the Company's assets to ensure the stable and fast development of the Company under the situation of market adjustments.

The past year was a difficult one for the Company in which we experienced the low ebb. In 2021, the Company will make a turnaround and embark on a year of accelerated development. However, the Company faces severe external adjustment situation and a tightening financing channels for non-residential products. Therefore, the Company will first increase promotion efforts to quickly realize the existing inventory products into cash. Meanwhile, we will also increase the transfer of primary lands and mature projects in due course to reduce the burden. We will cooperate in multiple aspects and introduce new strategic partners after alleviating the pressure of cash flow, so as to find new space for the accelerated development of Sunshine 100's core products. We believe that with the increasing influence of Sunshine 100's core products and the improvement of its operational capacity, the prospects for future development and cooperation will be broad.

Last but not least, on behalf of the Board, I would like to extend my sincere gratitude to shareholders and partners for your support, to all our staff for your concerted efforts and hard work. Believe in yourself, believe in the market, and look forward to everything better in 2021!

**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 RMB10,529.8 million, representing an increase of 1.9% from 2019, and contracted sales area of 891,247 square metres, representing an increase of 13.2% from 2019. Moreover, the Group's average unit price for contracted sales was RMB11,315 per square metre, representing a decrease of 11.8% over 2019. In view of the impact of the COVID-19 pandemic, the Company has increased the proportion of residential sales and development, and the sales of residential buildings increased significantly with aggregate contracted sales amounting to RMB7,634.8 million, representing an increase of 46.7% from 2019. Approximately 53.6% of the contracted sales amount was generated from the central and western regions, among which, Xi'an Sunshine 100 Arles, Wenzhou Sunshine 100 Arles and Wuhan Sunshine 100 Phoenix Street projects contributed significantly, with the contracted sales being RMB1,836.4 million, RMB1,181.2 million and RMB984.4 million, respectively, accounting for 17.4%, 11.2% and 9.3% 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 12 months ended 31 December                     |                |   |                |   |               |               |
|---------------|------------------|--|---|----------------|---|----------------|---|---------------|---------------|
| Economic area | City             | Project  | Contracted sales area<br>(square metres) <sup>(1)</sup> |                | Contracted sales amount<br>(RMB million) <sup>(2)</sup> |                | Unit selling price<br>(RMB/square metre) <sup>(1)</sup> |               |               |
|               |                  |  | 2020  | 2019           | 2020  | 2019           | 2020  | 2019          |               |
| Bohai Rim     | Shenyang         | Shenyang Sunshine<br>100 International<br>New Town | 18,322  | 63,213         | 231.1   | 638.0          | 9,598   | 9,852         |               |
|               |                  | Shenyang Sunshine<br>100 Golf Mansion              | 9,021   | 19,913         | 71.2  | 177.2          | 7,316   | 8,675         |               |
|               | Jinan            | Jinan Sunshine 100<br>International New<br>Town    | 25,723  | 38,815         | 525.1   | 890.9          | 18,472  | 21,832        |               |
|               | Dongying         | Dongying Sunshine<br>100 Phoenix<br>Community      | 2,019   | 5,580          | 15.9  | 53.3           | 6,987   | 8,976         |               |
|               | Weifang          | Weifang Sunshine<br>100 Phoenix<br>Community       | 38,131  | 40,855         | 352.3   | 334.1          | 9,014   | 8,097         |               |
|               | Tianjin          | Tianjin Sunshine 100<br>Nankai Himalaya            | 4,365   | 6,247          | 116.2   | 214.0          | 26,623  | 34,251        |               |
|               |                  | Tianjin Sunshine 100<br>Tianta Himalaya            | 12,607  | 14,101         | 531.4   | 574.9          | 42,054  | 40,771        |               |
|               |                  | Tianjin Sunshine 100<br>International New<br>Town  | 151   | 58             | 24.4  | 18.6           | 17,881  | 9,256         |               |
|               | Yantai           | Yantai Sunshine 100<br>Himalaya                    | 12,211  | –              | 230.2   | –              | 18,461  | –             |               |
|               | Chengde          | Sunshine 100 Beijing<br>Arles                      | 20,417  | –              | 227.7   | –              | 11,151  | –             |               |
|               |                  | Sunshine 100 Rehe<br>Valley <sup>(3)</sup>         | 312   | –              | 5.1   | –              | 16,196  | –             |               |
|               | <b>Sub-total</b> |  |   | <b>143,279</b> | <b>188,782</b>  | <b>2,330.6</b> | <b>2,901.0</b>  | <b>15,230</b> | <b>14,902</b> |

|                     |                   |  | For the 12 months ended 31 December |                |                              |                |                                   |               |
|---------------------|-------------------|--|-------------------------------------|----------------|------------------------------|----------------|-----------------------------------|---------------|
| Economic area       | City              | Project  | Contracted sales area               |                | Contracted sales amount      |                | Unit selling price                |               |
|                     |                   |  | (square metres) <sup>(1)</sup>      |                | (RMB million) <sup>(2)</sup> |                | (RMB/square metre) <sup>(1)</sup> |               |
|                     |                   |  | 2020                                | 2019           | 2020                         | 2019           | 2020                              | 2019          |
| Yangtze River Delta | Wuxi              | Wuxi Sunshine 100 Arles                          | 48,164                              | 57,268         | 854.5                        | 879.9          | 16,482                            | 14,621        |
|                     |                   | Wuxi Sunshine 100 Himalaya                       | 9,576                               | 8,277          | 145.7                        | 156.6          | 15,219                            | 18,917        |
|                     | Wenzhou           | Wenzhou Sunshine 100 Center                      | 12,868                              | 19,795         | 249.5                        | 395.9          | 19,194                            | 19,526        |
|                     |                   | Wenzhou Sunshine 100 Arles                       | 89,699                              | 97,115         | 1,181.2                      | 1,175.4        | 12,369                            | 11,832        |
|                     |                   | Wenzhou Sunshine 100 Repulse Bay <sup>(3)</sup>  | -                                   | 42,678         | -                            | 478.9          | -                                 | 11,212        |
|                     | Changzhou         | Changzhou Sunshine 100 Zone 7 Upper East Side    | 1,468                               | 4,752          | 28.5                         | 105.9          | 9,120                             | 20,940        |
|                     | Yixing            | Yixing Sunshine 100 Phoenix Street               | 2,738                               | 3,646          | 39.0                         | 55.4           | 14,210                            | 15,105        |
|                     |                   | <b>Sub-total</b>                                 | <b>164,513</b>                      | <b>233,531</b> | <b>2,498.4</b>               | <b>3,248.0</b> | <b>14,274</b>                     | <b>13,542</b> |
|                     | Pearl River Delta | Qingyuan   | Qingyuan Sunshine 100 Arles         | 3,686          | 5,447                        | 13.8           | 48.2                              | 1,269         |
| Putian              |                   | Putian Sunshine 100 Phoenix Plaza <sup>(3)</sup> | 1,906                               | 5,986          | 40.3                         | 121.6          | 20,629                            | 19,352        |
| <b>Sub-total</b>    |                   | <b>5,592</b>                                     | <b>11,433</b>                       | <b>54.1</b>    | <b>169.8</b>                 | <b>7,868</b>   | <b>14,160</b>                     |               |
| Midwest             | Wuhan             | Wuhan Sunshine 100 Lakeside Residence            | 812                                 | 3,423          | 26.4                         | 26.9           | 16,749                            | 6,825         |
|                     |                   | Wuhan Sunshine 100 Phoenix Street                | 74,348                              | 60,220         | 984.4                        | 816.6          | 13,145                            | 13,389        |
|                     | Chongqing         | Chongqing Sunshine 100 Arles                     | 57,501                              | 23,615         | 683.8                        | 250.5          | 11,484                            | 10,075        |
|                     | Changsha          | Changsha Sunshine 100 Phoenix Street             | 20,739                              | 49,963         | 316.5                        | 821.7          | 13,586                            | 16,207        |

|               |                  |   | For the 12 months ended 31 December |                |                              |                 |                                   |               |
|---------------|------------------|---|-------------------------------------|----------------|------------------------------|-----------------|-----------------------------------|---------------|
| Economic area | City             | Project   | Contracted sales area               |                | Contracted sales amount      |                 | Unit selling price                |               |
|               |                  |   | (square metres) <sup>(1)</sup>      |                | (RMB million) <sup>(2)</sup> |                 | (RMB/square metre) <sup>(1)</sup> |               |
|               |                  |   | 2020                                | 2019           | 2020                         | 2019            | 2020                              | 2019          |
|               | Liuzhou          | Liuzhou Sunshine<br>100 Yaobu Town                        | -                                   | 3,124          | -                            | 67.5            | -                                 | 20,883        |
|               |                  | Liuzhou Sunshine<br>100 City Plaza                        | 99                                  | 25,486         | 7.5                          | 212.5           | 14,128                            | 8,115         |
|               |                  | Liuzhou Sunshine<br>100 Xinye Town <sup>(3)</sup>         | 23,548                              | -              | 241.4                        | -               | 10,250                            | -             |
|               | Chengdu          | Chengdu Sunshine<br>100 Mia Center                        | -                                   | 22,073         | 23.5                         | 303.3           | -                                 | 13,591        |
|               | Nanning          | Nanning Sunshine<br>100 Upper East<br>Side International  | -                                   | -              | 6.6                          | -               | -                                 | -             |
|               |                  | Nanning Sunshine<br>100 Nine<br>Peninsulas <sup>(3)</sup> | 119,507                             | 67,484         | 758.0                        | 520.6           | 6,314                             | 7,624         |
|               | Wuzhou           | Wuzhou Sunshine<br>100 Sankee City <sup>(3)</sup>         | 126,823                             | 36,666         | 721.4                        | 302.0           | 5,677                             | 8,126         |
|               | Lijiang          | Lijiang Sunshine 100<br>COART Village                     | 2,480                               | -              | 37.7                         | -               | 15,203                            | -             |
|               | Xi'an            | Xi'an Sunshine 100<br>Arles                               | 151,757                             | 61,257         | 1,836.4                      | 694.8           | 11,983                            | 11,336        |
|               | Guilin           | Sunshine 100 Weilu<br>Valley                              | 249                                 | -              | 3.1                          | -               | 12,467                            | -             |
|               |                  | Pingle Sunshine 100<br>Li River Cultural<br>Village       | -                                   | 338            | -                            | 2.4             | -                                 | 7,185         |
|               | <b>Sub-total</b> |   | <b>577,863</b>                      | <b>353,649</b> | <b>5,646.7</b>               | <b>4,018.8</b>  | <b>9,535</b>                      | <b>11,196</b> |
| <b>Total</b>  |                  |   | <b>891,247</b>                      | <b>787,395</b> | <b>10,529.8</b>              | <b>10,337.6</b> | <b>11,315</b>                     | <b>12,825</b> |

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 12 months ended 31 December                     |                |   |                 |   |               |
|-------------------------------------|---|----------------|---|-----------------|---|---------------|
|                                     | Contracted sales area<br>(square metres) <sup>(1)</sup> |                | Contracted sales amount<br>(RMB million) <sup>(2)</sup> |                 | Unit selling price<br>(RMB/square metre) <sup>(1)</sup> |               |
|                                     | 2020  | 2019           | 2020  | 2019            | 2020  | 2019          |
| Residential properties              | 740,735   | 480,213        | 7,634.9   | 5,204.1         | 10,307  | 10,838        |
| Commercial properties and car parks | 150,512   | 307,182        | 2,894.9   | 5,133.5         | 16,273  | 15,932        |
| <b>Total</b>                        | <b>891,247</b>  | <b>787,395</b> | <b>10,529.8</b>   | <b>10,337.6</b> | <b>11,315</b>   | <b>12,825</b> |
| Proportion                          |   |                |   |                 |   |               |
| Residential properties              | 83%   | 61%            | 73%   | 50%             |   |               |
| Commercial properties and car parks | 17%   | 39%            | 27%   | 50%             |   |               |
| <b>Total</b>                        | <b>100%</b>   | <b>100%</b>    | <b>100%</b>   | <b>100%</b>     |   |               |

Notes:

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

## Property Construction

During the Reporting Period, the Group commenced construction on GFA of 712,468 square metres, representing a decrease of 45.6% from 2019. The completed GFA was 885,153 square metres, representing a decrease of 12.4% from 2019. The total GFA under construction was 4,231,513 square metres at the end of the Reporting Period, representing a decrease of 7.8% from 2019. The decrease was mainly due to the impact of COVID-19 pandemic on the project development schedule.

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

|                      |                  | <b>For the year ended 31 December 2020</b> |                        |                        |
|----------------------|------------------|--|------------------------|------------------------|
| <b>Economic area</b> | <b>City</b>      | <b>Newly-started</b>                       | <b>Completed</b>       | <b>Total GFA</b>       |
|                      |                  | <b>total GFA</b>                           | <b>total GFA</b>       | <b>under</b>           |
|                      |                  | <i>(square metres)</i>                     | <i>(square metres)</i> | <b>construction</b>    |
|                      |                  |  |                        | <b>at the end of</b>   |
|                      |                  |  |                        | <b>the period</b>      |
|                      |                  |  |                        | <i>(square metres)</i> |
| Bohai Rim            | Jinan            | 3,931                                      | 122,955                | 100,891                |
|                      | Shenyang         | 84,491                                     | 55,979                 | 100,152                |
|                      | Weifang          | –  | –                      | 188,693                |
|                      | Yantai           | –  | –                      | 374,106                |
|                      | Chengde          | 158,063                                    | –                      | 163,923                |
|                      | Tianjin          | –  | 2,944                  | 94,911                 |
|                      |                  | <b>Sub-total</b>                           | <b>246,485</b>         | <b>181,878</b>         |
| Yangtze River Delta  | Wuxi             | 63,422                                     | 7,006                  | 380,960                |
|                      | Wenzhou          | –  | 173,112                | 1,057,464              |
|                      |                  | <b>Sub-total</b>                           | <b>63,422</b>          | <b>180,118</b>         |
| Pearl River Delta    | Qingyuan         | –  | 144,792                | 52,774                 |
|                      | Putian           | –  | –                      | 163,527                |
|                      |                  | <b>Sub-total</b>                           | <b>–</b>               | <b>144,792</b>         |
| Midwest              | Chongqing        | 42,495                                     | 115,072                | 205,101                |
|                      | Changsha         | 16,774                                     | 9,235                  | 62,767                 |
|                      | Yueyang          | 79,183                                     | –                      | 79,183                 |
|                      | Guilin           | 16,481                                     | –                      | 38,243                 |
|                      | Nanning          | –  | –                      | 394,621                |
|                      | Wuzhou           | 45,690                                     | 254,058                | 201,954                |
|                      | Xi'an            | 23,850                                     | –                      | 186,906                |
|                      | Wuhan            | 178,088                                    | –                      | 352,342                |
|                      | Lijiang          | –  | –                      | 32,995                 |
|                      | <b>Sub-total</b> | <b>405,261</b>                             | <b>378,365</b>         | <b>1,554,112</b>       |
| <b>Total</b>         |                  | <b>712,468</b>                             | <b>885,153</b>         | <b>4,231,513</b>       |

## Investment Properties

During the Reporting Period, the GFA of investment properties of the Group increased by 47,205 square metres. In the meantime, the GFA of investment properties decreased by 1,475 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 628,317 square metres. Moreover, the Group's rental income for the Reporting Period was RMB151.9 million, representing a decrease of 6.4% as compared with 2019.

## Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB85.9 million for various land and project acquisitions, which included the payment of land premium of approximately RMB52.3 million for Shenyang Sunshine 100 International New Town and RMB19.2 million for Yantai Sunshine 100 Himalaya.

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          | 1,161,525        | 11%        | 1,161,524        | 16%        |
|               | Shenyang         | 573,285          | 5%         | 530,572          | 7%         |
|               | Yantai           | 446,789          | 4%         | 446,790          | 6%         |
|               | Jinan            | 194,372          | 2%         | 95,242           | 1%         |
|               | Tianjin          | 135,690          | 1%         | 112,888          | 2%         |
|               | Chengde          | 163,923          | 2%         | 116,713          | 2%         |
|               | Dongying         | 42,843           | 0%         | 42,843           | 1%         |
|               | <b>Sub-total</b> | <b>2,718,427</b> | <b>25%</b> | <b>2,506,572</b> | <b>35%</b> |

| Economic area     | City                | Total GFA              | Proportion       | Attributable GFA       | Proportion |
|-------------------|---------------------|------------------------|------------------|------------------------|------------|
|                   |                     | <i>(square metres)</i> |                  | <i>(square metres)</i> |            |
| Midwest           | Chongqing           | 274,856                | 3%               | 219,886                | 3%         |
|                   | Guilin              | 383,391                | 4%               | 348,437                | 5%         |
|                   | Changsha            | 152,196                | 1%               | 152,196                | 2%         |
|                   | Yueyang             | 79,183                 | 1%               | 40,383                 | 1%         |
|                   | Liuzhou             | 153,674                | 1%               | 132,531                | 2%         |
|                   | Nanning             | 1,495,619              | 14%              | 546,166                | 8%         |
|                   | Wuzhou              | 1,460,060              | 14%              | 405,167                | 6%         |
|                   | Wuhan               | 458,026                | 4%               | 458,026                | 6%         |
|                   | Chengdu             | 92,844                 | 1%               | 92,844                 | 1%         |
|                   | Xi'an               | 641,595                | 6%               | 641,595                | 9%         |
|                   | Lijiang             | 193,573                | 2%               | 98,722                 | 1%         |
|                   | <b>Sub-total</b>    | <b>5,385,017</b>       | <b>51%</b>       | <b>3,135,953</b>       | <b>44%</b> |
|                   | Yangtze River Delta | Wenzhou                | 1,178,782        | 12%                    | 601,179    |
| Wuxi              |                     | 632,241                | 6%               | 632,242                | 9%         |
| Changzhou         |                     | 16,558                 | 0%               | 8,445                  | 0%         |
| Yixing            |                     | 85,398                 | 1%               | 68,318                 | 1%         |
| <b>Sub-total</b>  |                     | <b>1,912,979</b>       | <b>19%</b>       | <b>1,310,184</b>       | <b>18%</b> |
| Pearl River Delta | Qingyuan            | 265,185                | 3%               | 145,852                | 2%         |
|                   | Putian              | 187,136                | 2%               | 47,720                 | 1%         |
|                   | <b>Sub-total</b>    | <b>452,321</b>         | <b>5%</b>        | <b>193,572</b>         | <b>3%</b>  |
| <b>Total</b>      | <b>10,468,744</b>   | <b>100%</b>            | <b>7,146,281</b> | <b>100%</b>            |            |

## **Financial Performance**

### ***Revenue***

During the Reporting Period, the Group's revenue decreased by 30.5% to RMB5,759.7 million in 2020 from RMB8,288.6 million in 2019, mainly due to the decrease in the income from sale of properties.

#### *Income from sale of properties*

During the Reporting Period, revenue generated from the sale of properties decreased by 32.7% to RMB5,138.0 million in 2020 from RMB7,639.0 million in 2019, mainly due to the delay in delivery as a result of the adverse impact of the outbreak of COVID-19 pandemic.

#### *Income from property management and hotel operation*

During the Reporting Period, revenue generated from property management and hotel operation of the Group amounted to RMB454.5 million, remaining stable as compared with last year.

#### *Rental income from investment properties*

During the Reporting Period, rental income from investment properties of the Group decreased by 6.4% to RMB151.9 million in 2020 from RMB162.4 million in 2019, mainly due to the introduction of rental reduction policy by the Company during the period of pandemic prevention and control as an active response to the call of the country.

#### *Light-asset operation income*

During the Reporting Period, light-asset operation income of the Group decreased by 48.2% to RMB15.2 million in 2020 from RMB29.4 million in 2019, mainly due to the decrease in the receipt of sales agency fees and brand usage fees resulting from the decrease in the overall contracted amount of projects under the Group's operation as compared to the corresponding period of last year as affected by the COVID-19 pandemic.

### ***Cost of sales***

During the Reporting Period, the cost of sales of the Group decreased by 31.6% to RMB4,230.0 million in 2020 from RMB6,188.6 million in 2019. Cost of sales of properties decreased by 34.4% to RMB3,707.8 million in 2020 from RMB5,654.8 million in 2019, primarily due to the decrease in the area of delivered properties during the Reporting Period. Cost of property management and hotel operation decreased by

3.2% to RMB511.0 million in 2020 from RMB528.1 million in 2019, primarily due to the Company strengthening its cost control. In addition, the cost incurred for light-asset operation increased by 96.5% to RMB11.2 million in 2020 from RMB5.7 million in 2019.

### ***Gross profit***

As a result of the foregoing, for the Reporting Period, the Group's gross profit decreased by 27.2% to RMB1,529.7 million in 2020 from RMB2,100.0 million in 2019. The Group's gross profit margin increased by 1.3 percentage points to 26.6% in 2020 from 25.3% in 2019, primarily due to the increase in the proportion of delivered properties with a higher gross profit.

### ***Valuation gains on investment properties***

During the Reporting Period, valuation gains on investment properties of the Group were RMB42.6 million, primarily due to the decrease in the valuation of original properties as compared with last year as affected by the pandemic, and a slight gain on the overall valuation as a result of the increase in newly-added properties.

### ***Other income***

During the Reporting Period, the Group's other income decreased by 38.0% to RMB1,564.7 million in 2020 from RMB2,521.5 million in 2019, mainly due to the decrease in recognition of disposal gain.

### ***Selling expenses***

During the Reporting Period, the Group's selling expenses decreased by 15.9% to RMB406.4 million in 2020 from RMB483.2 million in 2019, primarily due to the decrease in sales commissions and agency fees as a result of the decrease in annual revenue from delivered properties under the impact of the pandemic.

### ***Administrative expenses***

During the Reporting Period, the administrative expenses of the Group decreased by 13.7% to RMB509.7 million in 2020 from RMB590.8 million in 2019, primarily due to the decrease in wages and benefits, consulting fees and other expenses as the Company strengthened cost control during the Reporting Period.

### ***Other operating expenses***

During the Reporting Period, the Group recorded other operating expenses of RMB224.2 million, representing an increase of 22.6% from RMB182.9 million in 2019, mainly due to the increase in provision for loss on loans provided to third parties as compared with last year.

### ***Finance income***

During the Reporting Period, finance income of the Group decreased by 10.8% to RMB621.7 million in 2020 from RMB696.8 million in 2019, which was mainly attributable to the impacts of changes of exchange rates and changes of fair value of the derivative components of convertible bonds of the Group.

### ***Finance costs***

During the Reporting Period, finance costs of the Group increased by 31.1% to RMB767.7 million in 2020 from RMB585.6 million in 2019, which was mainly attributable to the increased interest expensed as a result of the increased number of completed projects.

### ***Income tax***

During the Reporting Period, the income tax expenses of the Group decreased by 31.9% to RMB547.2 million in 2020 from RMB803.2 million in 2019, which was mainly attributable to the decrease in the profit before taxation of the Group.

### ***Profit for the year***

During the Reporting Period, the Group's profit for the year decreased by 60.1% to RMB1,284.0 million in 2020 from RMB3,215.1 million in 2019.

### ***Profit attributable to equity shareholders of the Company***

Due to the factors mentioned above, the profit attributable to equity shareholders of the Company decreased by 75.7% to RMB438.0 million in 2020 from RMB1,804.8 million in 2019.

### **Working capital, financial and capital resources**

#### ***Cash and cash equivalents***

As at 31 December 2020, the Group had approximately RMB3,071.8 million of cash and cash equivalents, representing an increase of RMB633.2 million as compared to those as at 31 December 2019, mainly due to the payment collection from operating activities and disposal of projects.

### ***Current ratio, gearing ratio and net gearing ratio***

As at 31 December 2020, the Group's current ratio decreased to 142.1% from 150.5% as at 31 December 2019. The Group's current assets increased from RMB42,692.2 million as at 31 December 2019 to RMB44,713.2 million as at 31 December 2020, while current liabilities increased to RMB31,477.0 million as at 31 December 2020 from RMB28,370.0 million as at 31 December 2019.

As at 31 December 2020, the Group's gearing ratio (calculated as total loans and borrowings divided by total assets) increased to 43.3% from 42.9% as at 31 December 2019. Net gearing ratio (calculated as total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) increased by approximately 7.6 percentage points to 186.8% from 179.2% as at 31 December 2019, which was mainly attributable to the increase in the total loans and borrowings as compared to the end of last year.

### ***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 2020, the Group provided guarantees for mortgage loans in an amount of RMB4,738.9 million (31 December 2019: RMB6,563.9 million) to those banks in respect of such agreements.

### ***Loans and borrowings and pledged assets***

As at 31 December 2020, the Group had total loans and borrowings of RMB26,370.6 million, of which RMB12,717.0 million, RMB8,177.2 million, RMB5,470.9 million and RMB5.5 million were 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 a fixed interest rate. As at 31 December 2020, the Group had comprehensive credit facilities granted by bank and other financial institutions in an amount of RMB18,750 million, of which RMB13,079 million had not been utilized. The Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

As at 31 December 2020, the Group had pledged properties and restricted deposits with a carrying value of RMB12,141.2 million (31 December 2019: RMB13,727.4 million) to secure banking facilities granted to the Group.



## ***Capital commitment***

As at 31 December 2020, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB8,385.0 million (31 December 2019: approximately RMB7,606.6 million). Approved but not contracted for capital commitment of the Group was approximately RMB8,818.3 million as at 31 December 2020 (31 December 2019: approximately RMB7,579.0 million).

## ***Foreign exchange exposure***

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

Nearly all of the Group's income and expenses are denominated in Renminbi ("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**

### ***Update on completion status for disposal of 100% Equity Interest in Eminent Star***

References are made to the Company's announcements dated 13 April 2019 and 31 December 2019 as well as the Company's circular dated 13 June 2019 regarding the very substantial disposal by Chang Jia International Limited (長佳國際有限公司) ("Chang Jia") of the share capital and loans owing by Eminent Star Group Limited (卓星集團有限公司) ("Eminent Star") for a total consideration of approximately RMB4,661.2 million payable in cash (the "Eminent Star Disposal"). Terms used below shall have the same meanings as those used in the Company's announcement dated 13 April 2019.

As at the date of this announcement, the first completion, the second completion and the third completion of the Eminent Star Disposal have taken place. The Group has received cash totaling RMB3,493.6 million, which includes the Initial Deposit, the Further Deposit, the First Instalment, the Second Instalment and other related payments. The parties are negotiating the payment of the balance of the Second Instalment and related matters.

### ***Acquisition of 49% interest in Liuyuan Real Estate Co., Ltd.***

On 12 June 2020, Liuzhou Liuyun Real Estate Co., Ltd.\* (柳州柳韻房地產有限公司) (“**Liuyun Real Estate**”, a subsidiary of the Company) signed the Letter of Acceptance, confirming Liuyun Real Estate of its successful bid for the acquisition of 49% equity interest in Liuzhou Liuyuan Real Estate Co., Ltd.\* (柳州市柳元房地產開發有限公司) (the “**Liuyuan Real Estate**”) for a consideration of RMB1.0 million together with an assumption of the shareholder’s loan of RMB256.725 million owed by the Target Company to Guangxi Real Estate Group Co., Ltd.\* (廣西地產集團有限公司) (the “**Guangxi Real Estate**”) through the bidding process held by Beibu Gulf Equity Exchange Group Co., Ltd. (北部灣產權交易所). An equity transfer agreement on the acquisition of 49% equity interest in the Liuyuan Real Estate and the assumption of shareholder’s loan entered between the Guangxi Real Estate and Liuyun Real Estate has been entered into on 3 July 2020. As at the date of this announcement, Liuyun Real Estate has obtained 49% equity interest in Liuyuan Real Estate as agreed and provided the shareholder’s loan. For details, please refer to the announcement of the Company dated 12 June 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 2020, the Group employed a total of 3,949 employees (31 December 2019: 4,090 employees). The staff costs of the Group for the Reporting Period were RMB521.5 million (2019: RMB570.9 million). The Group has adopted a performance based incentive system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees’ skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. 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 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 of approximately RMB6.2 million to the employee retirement scheme (2019: RMB36.7 million).

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2020.

References are made to the announcements of the Company dated 27 October 2020, 9 December 2020, 28 February 2021, 4 March 2021 and 25 March 2021. The interim dividend for the six months ended 30 June 2020 will be despatched to the shareholders on or before 30 July 2021.

## **COMPLIANCE WITH 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 (the “**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 officer 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 the Board 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 (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules. 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**

### ***Further issue of US\$105.0 million 11.50% senior notes due 2021***

On 20 January 2020, the Company, the offshore subsidiaries providing guarantees for the notes and the initial purchasers comprising CCB International Capital Limited (“**CCB International**”), China Industrial Securities International Brokerage Ltd. (“**China Industrial Securities International**”), and Haitong International Securities Company Limited (“**Haitong International**”) entered into the subscription agreement in relation to the further issue of US\$105.0 million 11.50% 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 from the issuance 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 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.

### ***Redemption and cancellation of part of senior notes***

As at 26 May 2020, the Company has repurchased and cancelled part of the issued senior notes in the open market. Such senior notes includes: (1) 8.50% senior notes due 2020 with a total principal amount of US\$400 million (the “**2020 Notes**”); and (2) 11.50% senior notes due 2021 with a total principal amount of US\$323 million (the “**2021 Notes**”, collectively the “**Notes**” with the 2020 Notes). The total principal amount of the repurchased and cancelled Notes is US\$30.5 million, comprising: (i) the 2020 Notes of US\$0.6 million in aggregate principal amount (representing approximately 0.15% of the aggregate principal amount of the 2020 Notes); and (ii) the 2021 Notes of US\$29.9 million in aggregate principal amount (representing approximately 9.26% of the total principal amount of the 2021 Notes). After cancellation, the outstanding principal amounts of the 2020 Notes and the 2021 Notes are US\$399.4 million and US\$293.1 million, respectively. For details, please refer to the announcement of the Company dated 26 May 2020.

Furthermore, on 27 September 2020, the 2020 Notes matured. The Company has redeemed the 2020 Notes in full in accordance with the terms and conditions of the Notes. For details, please refer to the announcement of the Company dated 29 September 2020.

### ***Repurchase of shares***

During the Reporting Period, the Company repurchased a total of 4,130,000 ordinary shares at share prices ranging from HK\$1.14 to HK\$1.49 per share. 3,198,000 and 347,000 shares of the repurchased 4,130,000 shares were cancelled on 16 March 2020 and 11 June 2020, respectively, and the issued share capital of the Company was correspondingly reduced. The expenses in an aggregate amount of HK\$8.14 million incurred by the Company for such repurchased shares cancelled during the Reporting Period have been included in retained earnings.

The repurchases of shares by the Company during the Reporting Period were affected by the Directors pursuant to the mandate granted by shareholders at the previous 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.

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



## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules during the Reporting Period.

## **EVENTS AFTER THE REPORTING PERIOD**

### ***Issue of US\$120.0 million 12.0% senior notes due 2023***

On 29 January 2021, the Company, the offshore subsidiaries of the Company providing guarantees for the notes and the initial purchaser Haitong International entered into a subscription agreement in relation to the issue of US\$120.0 million 12.0% senior notes due 2023. Haitong International is the global coordinator, lead manager and bookrunner in connection with the issue of the notes. The estimated gross proceeds from the issuance of the notes, after deducting issue discounts in connection with the offering, amounted to approximately US\$119.9 million, which was intended to be used to repay existing indebtedness. The notes were listed on The Singapore Exchange Securities Trading Limited on 3 February 2021. For details, please refer to the announcement of the Company dated on 3 February 2021.

### ***Redemption and cancellation of convertible bonds***

As at 1 March 2021, the Company has repurchased and cancelled all the convertible bonds due in 2023 at a 4.8% interest rate with total principal amount of HK\$750.0 million in the open market. For details, please refer to the announcement of the Company dated 1 March 2021.

## ***Repurchase of shares***

From 1 January 2021 to the date of this announcement, the Company repurchased a total of 907,000 shares at Stock Exchange, details of which are set out below:

| <b>Date of Repurchase</b> | <b>Number of Repurchased Shares</b> | <b>Price per Share</b> |               |
|---------------------------|-------------------------------------|------------------------|---------------|
|                           |                                     | <b>Highest</b>         | <b>Lowest</b> |
| 4 January 2021            | 531,000                             | 1.22                   | 1.17          |
| 5 January 2021            | 32,000                              | 1.23                   | 1.22          |
| 6 January 2021            | 91,000                              | 1.23                   | 1.22          |
| 8 January 2021            | 106,000                             | 1.24                   | 1.21          |
| 13 January 2021           | 53,000                              | 1.23                   | 1.21          |
| 14 January 2021           | 94,000                              | 1.22                   | 1.20          |

Save as disclosed herein, from 1 January 2021 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 15 March 2021.

## **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 results 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](http://www.hkexnews.com.hk), The Singapore Exchange Securities Trading Limited at [www.sgx.com](http://www.sgx.com) and the Company at [www.ss100.com.cn](http://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  
30 March 2021

*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.*