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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2608)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2021

HIGHLIGHTS OF INTERIM RESULTS

- Revenue amounted to RMB3,395.3 million; gross profit amounted to RMB622.2 million, and gross profit margin was 18.3%; loss for the period amounted to RMB277.7 million
- Total assets amounted to RMB58,556.1 million; the total equity attributable to equity shareholders of the Company amounted to RMB9,025.2 million
- Contracted sales amounted to RMB2,109.0 million, and contracted sales area amounted to 195,291 square metres
- As of 30 June 2021, our land reserves amounted to approximately 9.73 million square metres in terms of total GFA
- The Board does not recommend an interim dividend for the six months ended 30 June 2021

The board of directors (the "**Board**") of Sunshine 100 China Holdings Ltd (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2021 (the "**Reporting Period**"), together with the comparative figures for the corresponding period of 2020. The interim results of the Group for the six months ended 30 June 2021 had been reviewed by the audit committee of the Company (the "**Audit Committee**") and approved by the Board on 31 August 2021. The following interim financial statements are unaudited.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi)

		Six months ended 30 June	
		2021	2020
	Note	***RMB'000***	*RMB'000*
Revenue	3	**3,395,282**	3,598,388
Cost of sales		**(2,773,069)**	(2,419,315)
Gross profit		**622,213**	1,179,073
Valuation gains/(losses) on investment properties	7	**15,959**	(101,281)
Other income		**10,988**	14,638
Selling expenses		**(203,090)**	(159,443)
Administrative expenses		**(207,401)**	(207,366)
Other operating expenses		**(194,089)**	(17,763)
Profit from operations		**44,580**	707,858
Financial income	4	**186,852**	218,031
Financial costs	4	**(345,322)**	(306,737)
Share of profits less losses of associates		**2,276**	(4,074)
(Loss)/profit before taxation		**(111,614)**	615,078
Income tax	5	**(166,072)**	(355,133)
(Loss)/profit for the period		**(277,686)**	259,945

		Six months ended 30 June	
		2021	2020
	Note	***RMB'000***	*RMB'000*
Other comprehensive income for the period (after tax and reclassification adjustments):			
Item that is or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		**2,832**	(2,784)
Total comprehensive income for the period		**(274,854)**	257,161
(Loss)/profit attributable to:			
Equity shareholders of the Company		**(359,868)**	(6,746)
Non-controlling interests		**82,182**	266,691
(Loss)/profit for the period		**(277,686)**	259,945
Total comprehensive income attributable to:			
Equity shareholders of the Company		**(357,036)**	(9,530)
Non-controlling interests		**82,182**	266,691
Total comprehensive income for the period		**(274,854)**	257,161
Loss per share *(RMB)*	6		
Basic		**(0.14)**	(0.003)
Diluted		**(0.14)**	(0.003)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021 – unaudited
(Expressed in Renminbi)

	Note	**At 30 June 2021** *RMB'000*	At 31 December 2020 *RMB'000*
Non-current assets			
Property and equipment		**698,134**	763,805
Investment properties		**12,218,629**	12,176,358
Intangible assets		**747,845**	747,845
Restricted deposits		**92,045**	116,488
Investments in associates		**1,263,640**	1,280,620
Trade and other receivables	8	**227,542**	220,589
Prepayments		**43,569**	45,069
Deferred tax assets		**616,749**	657,118
Equity securities designated at fair value through other comprehensive income (FVOCI)		**11,413**	11,413
Financial assets measured at fair value through profit or loss (FVPL)		**224,558**	225,692
Total non-current assets		**16,144,124**	16,244,997
Current assets			
Properties under development and completed properties held for sale		**28,375,001**	29,351,932
Land development for sale		**2,781,827**	2,615,378
Contract costs		**296,312**	295,280
Trade and other receivables	8	**6,458,516**	6,178,473
Prepayments		**2,584,099**	2,432,599
Restricted deposits		**419,779**	562,807
Cash and cash equivalents		**1,312,094**	3,071,779
Trading securities		**184,372**	204,957
Total current assets		**42,412,000**	44,713,205

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current liabilities			
Loans and borrowings		**12,628,068**	12,717,036
Trade and other payables	9	**6,975,813**	6,745,591
Contract liabilities		**8,558,873**	9,840,791
Contract retention payables		**144,933**	153,243
Current tax liabilities		**1,888,195**	2,002,581
Lease liabilities		**16,947**	17,745
Total current liabilities		**30,212,829**	31,476,987
Net current assets		**12,199,171**	13,236,218
Total assets less current liabilities		**28,343,295**	29,481,215
Non-current liabilities			
Loans and borrowings		**13,000,057**	13,653,606
Contract retention payables		**92,747**	126,505
Lease liabilities		**40,959**	55,012
Deferred tax liabilities		**2,944,576**	3,019,799
Trade and other payables	9	**463,164**	456,277
Total non-current liabilities		**16,541,503**	17,311,199
NET ASSETS		**11,801,792**	12,170,016
CAPITAL AND RESERVES	10		
Share capital		**20,174**	20,187
Reserves		**9,005,055**	9,362,997
Total equity attributable to equity shareholders of the Company		**9,025,229**	9,383,184
Non-controlling interests		**2,776,563**	2,786,832
TOTAL EQUITY		**11,801,792**	12,170,016

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report of Sunshine 100 China Holdings Ltd (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issuance on 31 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

(a) Material uncertainty related to going concern

The Group incurred a net loss of RMB275 million for the six months ended 30 June 2021. As at 30 June 2021, included in the current liabilities were loans and borrowings of RMB12,628 million. The Group only had cash and cash equivalents and restricted deposits amounting to RMB1,312 million and RMB512 million, respectively, as at 30 June 2021.

As of the date of this announcement, the Group has not repaid loans and borrowings due of RMB180.9 million in total, and is in the process of negotiating certain agreements with the lenders. And it may trigger cross-default of other loan(s) and/or convertible bond(s)/senior note(s) of the Group and result in the Group being under an immediate repayment obligation for all such loan(s) and/or convertible bond(s)/senior note(s). The Group is continuing to seek extensions.

As announced by the Company on 30 July 2021, due to the continued volatility of the market and the continuing impact of the Covid-19 pandemic, and in order to preserve the cash level of the Company for better working capital management purposes, the board of directors has resolved to withdraw its recommendation for payment of the 2020 interim dividend amounts to approximately RMB233,137,000.

The Group will be unable to repay the loans and borrowings in full when they fall due unless the Group is able to generate sufficient cash inflows from its future operations and to draw down unutilized facilities and renew or refinance the banking facilities upon maturity. These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore, it may be unable to realize its assets and discharge its liabilities in the normal course of business.

In view of these circumstances, the directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow forecast prepared by management, which covers a period of twelve months from 30 June 2021. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- As announced by the Company on 15 July 2021, Cinda Investment Co., Ltd. (the "**Lender**") (as lender), Wenzhou Center Building Construction Development Co., Ltd. ("**Wenzhou Center**") (as borrower), Guangxi Vantone Real Estate Development Co., Ltd. ("**Guangxi Vantone**") (as guarantor), Mr. Yi Xiaodi ("**Chairman Yi**") (as guarantor) and Ms. Xu Yunxia ("**Ms. Xu**") (as guarantor), among others, entered into an investment cooperation framework agreement and a loan agreement (the "**Agreement**"). Pursuant to the Agreement and certain other underlying agreements, subject to the satisfaction of certain conditions, the Lender agrees to provide a loan of up to RMB1.98 billion to Wenzhou Center (the "**Loan Facility**"). Wenzhou Center and Guangxi Vantone are subsidiaries of the Company.

- Raising funds via the pledge of certain land use rights;

- Expedite the sales of properties under development;

- Actively negotiate with the Group's existing banks and borrowers for renewal or extension of existing bank facilities, as well as discussions with various parties (including but not limited to banks and financial institutions) to secure additional sources of financing for the Group; and

- The Group will continue its efforts to recover from the impact of COVID-19, and expedite sales of inventories, collection of receivables, while maintaining more stringent cost control measure and containment of discretionary capital expenditures.

The plans and measures as described above incorporate assumptions about future events and conditions. If the above plans and measures are successful, the Group will be able to generate sufficient financing and operating cash flows to meet its liquidity requirements for the next twelve months from the end of the reporting period.

Based on the directors' intentions and the cash flow forecast mentioned above, the directors are of the opinion that it is appropriate to prepare the Group's interim financial report for the six months ended 30 June 2021 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in this interim financial report.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 16, Covid-19-related rent concessions beyond 30 June 2021

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are property and land development, property investment, property management and hotel operation, and light-asset operation.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Sale of properties	**3,036,370**	3,343,135
Property management and hotel operation income	**272,799**	193,410
Light-asset operation income	**17,055**	6,733
	3,326,224	3,543,278
Revenue from other sources		
Rental income from investment properties	**69,058**	55,110
	3,395,282	3,598,388
Disaggregated by timing of revenue recognition		
Point in time	**2,482,503**	2,714,068
Over time	**912,779**	884,320
	3,395,282	3,598,388

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

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

(b) Segment reporting

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

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

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

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

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

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

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

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

For the six months ended 30 June	Mixed-use business complexes		Multi-functional residential communities		Investment properties		Property management and hotel operation		Light-asset operation		Total	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Disaggregated by timing of revenue recognition												
Point in time	**146,965**	1,279,764	**2,318,483**	1,427,571	**–**	–	**–**	–	**17,055**	6,733	**2,482,503**	2,714,068
Over time	**227,807**	222,265	**343,115**	413,535	**69,058**	55,110	**272,799**	193,410	**–**	–	**912,779**	884,320
Revenue from external customers	**374,772**	1,502,029	**2,661,598**	1,841,106	**69,058**	55,110	**272,799**	193,410	**17,055**	6,733	**3,395,282**	3,598,388
Inter-segment revenue	**–**	–	**–**	–	**2,516**	2,059	**13,674**	14,344	**–**	–	**16,190**	16,403
Reportable segment revenue	**374,772**	1,502,029	**2,661,598**	1,841,106	**71,574**	57,169	**286,473**	207,754	**17,055**	6,733	**3,411,472**	3,614,791
Reportable segment gross profit/(loss)	**66,217**	715,983	**436,477**	341,168	**71,574**	57,169	**16,996**	(13,359)	**10,294**	627	**601,558**	1,101,588
Reportable segment (loss)/profit	**(80,310)**	374,703	**(18,713)**	59,868	**54,008**	(41,744)	**(16,619)**	(30,146)	**9,263**	1,048	**(52,371)**	363,729
As at 30 June/31 December												
Loans and borrowings	**5,552,316**	5,498,367	**13,168,292**	14,605,874	**5,000**	–	**715,307**	1,001,642	**–**	–	**19,440,915**	21,105,883
Reportable segment assets	**15,224,701**	14,950,210	**36,355,497**	36,065,031	**12,826,980**	12,750,391	**1,509,186**	1,509,139	**124,142**	118,480	**66,040,506**	65,393,251
Reportable segment liabilities	**14,973,047**	14,618,246	**35,900,448**	35,591,269	**559,537**	536,956	**1,186,337**	1,169,671	**38,948**	42,549	**52,658,317**	51,958,691

Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Reportable segment (loss)/profit	**(52,371)**	363,729
Elimination of intra-group loss	**15,779**	9,195
Unallocated head office and corporate loss	**(241,094)**	(112,979)
Consolidated (loss)/profit for the period	**(277,686)**	259,945

4 FINANCIAL INCOME AND FINANCIAL COSTS

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Financial income		
Interest income on financial assets not at fair value through profit or loss	**(135,578)**	(183,851)
Dividend income from the trading securities	**–**	(15,780)
Net change in fair value of the derivative components of convertible bonds	**–**	(18,400)
Net foreign exchange gain	**(51,274)**	–
	(186,852)	(218,031)
Financial costs		
Total interest expense on loans and borrowings	**1,352,638**	1,280,610
Less: Interest expense capitalised into land development for sale, properties under development and investment properties under construction	**(1,026,269)**	(1,078,118)
	326,369	202,492
Net foreign exchange loss	**–**	43,563
Net change in fair value of the derivative components of convertible bonds	**21**	–
Net change in fair value of financial assets at fair value through profit or loss	**6,957**	52,585
Interest element of lease rentals paid	**3,590**	3,038
Bank charges and others	**8,385**	5,059
	345,322	306,737

5 INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Current tax		
– PRC Corporate Income Tax	**130,307**	195,034
– Land Appreciation Tax	**73,919**	172,174
Over-provision of PRC Corporate Income Tax in respect of prior years	**(3,300)**	(23,856)
Deferred taxation	**(34,854)**	11,781
	166,072	355,133

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

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

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

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company of RMB359,868,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB6,746,000) and the weighted average of 2,551,416,567 ordinary shares (six months ended 30 June 2020: 2,553,128,455 ordinary shares) in issue during the interim period.

(b) Diluted loss per share

There was no difference between basic and diluted loss per share for the six months ended 30 June 2021 and 2020.

7 INVESTMENT PROPERTIES

The valuations of investment properties carried at fair value were updated at 30 June 2021 by CHFT Advisory And Appraisal Ltd ("**CHFT**"), the Group's independent valuer, using the same valuation techniques as were used when carrying out the valuations at 31 December 2020. As a result of the update, a net gain of RMB15,959,000 (six months ended 30 June 2020: a net loss of RMB101,281,000), and deferred tax expense thereon of RMB3,990,000 (six months ended 30 June 2020: deferred tax credit of RMB25,320,000), have been recognised in profit or loss for the period.

During the six months ended 30 June 2021 and 2020, the Group did not enter into any new lease agreements for use of buildings, and therefore did not recognise any additions to right-of-use assets.

8 TRADE AND OTHER RECEIVABLES

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

	Note	**At 30 June 2021** *RMB'000*	At 31 December 2020 *RMB'000*
Within 6 months		**35,625**	36,554
6 months to 1 year		**11,050**	12,505
Over 1 year	(i)	**807,648**	828,554
Trade receivables and bills receivables, net of allowance for doubtful debts of RMB Nil		**854,323**	877,613
Loans provided to third parties, net of loss allowance	(ii)	**3,060,932**	2,593,411
Loans provided to non-controlling interests of subsidiaries, net of loss allowance		**612,202**	715,904
Loans provided to associates		**289,892**	284,396
Consideration receivables		**1,440,918**	1,508,084
Amounts due from related parties		**–**	30,637
Other receivables, net of loss allowance		**427,791**	389,017
Financial assets measured at amortised cost, net of loss allowance		**6,686,058**	6,399,062
Less: non-current portion		**227,542**	220,589
		6,458,516	6,178,473

(i) Receivables that ageing were over 1 year mainly included revenue from land development for sale of RMB581,089,000 as at 30 June 2021 and 31 December 2020 from the Government of Chenghua District. Based on a series of agreements entered into by the Group and the Government of Chenghua District, the Group is entitled to receive RMB581,089,000 and the Government of Chenghua District issued a notice to confirm this amount on 2 July 2013. Considering the long ageing of the receivables, in February 2015, the Group sued and asked for the repayment of RMB581,089,000 as well as a management fee of RMB15,000,000. The first trial went to court on 17 June 2015 and the judge asked the Group and the Government of Chenghua District to further negotiate so as to reach a settlement. The court has accepted and approved an application for withdrawal of the trial by the Group on 26 July 2018. As of the date of this report, the Group is still negotiating with the Government of Chenghua District.

As at 30 June 2021 and 31 December 2020, the directors of the Group were of the opinion that the receivables of RMB581,089,000 due from the Government of Chenghua District is fully recoverable. As the Group has consulted its legal adviser and understood that if the parties could not reach an agreement on the settlement agreement, the Group may reinstate the trial and there is no indication that the Government of Chenghua District will not, or will have financial difficulties to fulfil its obligation to settle the balance.

The remaining receivables mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. The Group holds the title of the property units as collateral over the balance of trade receivables of RMB122,543,000 (As at 31 December 2020: RMB122,417,000). The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price and management considers that the credit risk arising from these trade receivables is significantly mitigated by related property units held as collateral, with reference to the estimated market value of those property units.

For trade receivables without collateral, which primarily represent receivable for rental income and project management, the Group measure loss allowances at an amount equal to lifetime expected credit losses ("**ECLs**"), which is calculated using a provision matrix. At 30 June 2021 and 31 December 2020, the Group's exposure to credit risk and ECLs for these trade receivables are insignificant.

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

The balance mainly represented loans provided to third parties which were interest bearing at a weighted interest rate of 11% (six months ended 30 June 2020: 13%) per annum. Pursuant to the Group's accounting policy, management measures loss allowance for loans provided to third parties on an individual basis at an amount equal to 12-month ECLs unless there has been a significant increase in credit risk of the loan balance since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

During the six months ended 30 June 2021, a total loss allowance of RMB173 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 RMB0.2 million and lifetime ECLs of RMB172.8 million have been recognised thereon. A reversal of an impairment loss of RMB2.7 million was recognised in the consolidated profit or loss due to the repayment of loans provided to a third party during the period.

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.

9 TRADE AND OTHER PAYABLES

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

	At 30 June 2021	At 31 December 2020
	RMB'000	*RMB'000*
Within 1 year	**3,175,195**	3,381,396
1 year to 2 years	**173,888**	192,620
2 years to 5 years	**337,091**	250,651
Trade payables	**3,686,174**	3,824,667
Advances received from third parties	**378,320**	380,783
Consideration payables	**189,675**	192,224
Amounts due to related parties	**261,315**	264,384
Dividend payables	**212,441**	233,137
Other payables	**1,682,448**	1,288,813
Financial liabilities measured at amortised cost	**6,410,373**	6,184,008
Other taxes payable	**1,028,604**	1,017,860
	7,438,977	7,201,868
Less: Non-current portion of trade payables	**463,164**	456,277
	6,975,813	6,745,591

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The Company did not declare any dividends for the six months ended 30 June 2021 (six months ended 30 June 2020: The Company declared interim dividends of RMB233,137,000).

(b) Purchase of own shares

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

	Number of shares repurchased	Highest price paid per share *HKD*	Lowest price paid per share *HKD*	Aggregated price paid *RMB'000*
January 2021	907,000	1.24	1.17	919

The total amount paid on the repurchased shares of HKD1,094,000, which was equivalent to RMB919,000 was paid out of share capital and share premium.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2021, the continuing recurring outbreak of COVID-19 pandemic and its effect had a direct or indirect impact on the business transformation of the Group and great difficulties were seen in product supply and sales. At the same time, a number of financial policies on real estate regulation were tightened, resulting in increasing financing pressure on the Group. With the effect of the external market situation and the pressure on the business of the Company, the Group realized contracted sales of approximately RMB2.11 billion and a contracted sales area of 195,291 square metres, both experiencing decrease to a certain extent as compared to the first half of 2020.

During the Reporting Period, the Group, on the one hand, stepped up its efforts in the development of residential projects, accelerated destocking and continued to push forward the two primary development projects in Wenzhou and Xinglong County of Beijing North, and, on the other hand, strengthened external cooperation, expanded financing in various aspects and actively introduced strategic partners, which enabled the Group to successfully get through the mid-year repayment peak. The Group has adopted a prudent strategy to cope with the current difficulties and dealt with market pressure with a positive attitude, striving to rise from trough and recover in the second half of 2021 and laying a solid foundation for long-term development.

Based on the judgment on the industry trend and with an eye on long-term development, the Group, with adherence to the direction of business transformation, has accelerated destocking while focusing on the continuous improvement of non-residential core product lines and the enhancement of operational service capabilities.

As one of the mature core product lines of the Group, the Commercial Street Complex Project continued to perform well in the market. Wuhan Phoenix Street (武漢鳳凰街) initiated the supply of apartments and commercial products, focusing on the creation of experiential scenarios. It has introduced an exhibition hall for displaying of intangible cultural heritage which is the only one of such kind in Wuhan, to build up the image of being a cultural block and enhance its overall value. The selling rate of new products launched in market exceeded 60% at the end of June 2021. Liuzhou Yaobu Town (柳州窯埠Town), Yixing Phoenix Street (宜興鳳凰街), Changsha Phoenix Street (長沙鳳凰街) and Lijiang COART Village (麗江雪山藝術小鎮) have also cooperated with quality resources to organize and hold art-themed and fair activities, drawing over 10 million visits and helping investment and operation both grow steadily.

Himalaya Serviced Apartments has outperformed in operation. Tianjin Tianta Himalaya (天津天塔喜馬拉雅) has become the residence in Tianjin for executives from Japanese, Korean and French companies, with its long-term stay rental prices in 2021 exceeding those of the surrounding ordinary residences by 1–2 times and on par with those of 5-star hotels. In addition, Himalaya has run a membership club with great efforts, and, in the first half of 2021, joined hands with You Jia Hui (優家薈), UCCA Beijing (北京UCCA尤倫斯當代藝術中心) and other organizations to organize a number of high quality events at the projects in Chongqing and Tianjin. The Group will strive to improve the cost performance of Himalaya Serviced Apartments, Commercial Street Complex and cultural and tourism products, so as to create a new model for sales of non-residential products.

The success in the operation of the Group's commercial blocks and Himalaya Serviced Apartments has also contributed to the value enhancement of suburban large-scale projects. All of the Group's suburban large-scale projects jointly developed in Nanning and Wuzhou started with the operation of commercial streets, which boosted the sales of residential products.

At the same time, the Group still has inventory of approximately RMB110 billion in value. While destocking vigorously, the Group gave play to its competitive edge of its product lines with the focus on upgrading of product positioning and adjusting the subsequent product supply structure. The product offerings of Tianjin, Wenzhou, Yantai, Wuxi Himalaya and Xi'an projects have been upgraded to high-end administrative mansions, resulting in a significant increase in product value. The new administrative mansion products will be launched in the second half of 2021, which is expected to generate new contributions.

The Group has focused on the core cities in Bohai Rim, Yangtze River Delta, Pan-Pearl River Delta and Capital Economic Circle. On 30 June 2021, the total GFA of land reserve of Sunshine 100 was approximately 9.73 million square metres. The primary development projects of the Group reserved in Guilin, Wenzhou and Xinglong, Chengde, etc. have prominent appreciation tendency under the stimulation of favorable conditions such as the construction of high-speed rails and expressways. These land reserves for primary development projects are important growth points for the profits and value of the Group in the future.

Looking forward to the second half of 2021, there will still be uncertainties existing in the real estate market and the financing channels are expected to continue to be tightened, so the difficulties and pressure should not be underestimated. But at the same time, products and services that meet the needs of upgrading consumption will become more competitive in the market. The Group will have the opportunity to seize the future market opportunities if it continues to upgrade its core products in the course of transformation. The Group will also continue to increase its efforts in sales promotion to realize the value of its inventory products as soon as practicable, and at the same time, actively promote the grant of its primary land and transfer mature projects at an appropriate time. After relieving cash flow pressure, the Group will expand new projects in its core product lines and seek cooperation opportunities for synergy to create new room for the development of its core products. The Group will actively expand financing channels and introduce new strategic partners in a timely manner to ensure continuous, stable and effective development.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Contracted sales

During the Reporting Period, under the impact of the COVID-19 pandemic, the Group (including light-asset operation projects) realized contracted sales in the amount of RMB2,109.0 million, representing a decrease of 12.4% from the corresponding period of 2020, and a contracted sales area in the amount of 195,291 square metres, representing a decrease of 6.7% from the corresponding period of 2020, the average unit price for contracted sales was RMB10,343 per square metre. Approximately 56.9% of the contracted sales were generated from the Midwest. Contributions from Chongqing Sunshine 100 Arles and Wuhan Sunshine 100 Phoenix Street were significant, with the contracted sales being RMB300.3 million and RMB275.8 million respectively, accounting for 14.2% and 13.1% of the Group's total contracted sales.

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

			For the six months ended 30 June					
Economic area	City	Project name	Contracted sales area *(square metres)* (1)		Contracted sales amount *(RMB million)* (2)		Unit selling price *(RMB/square metres)* (1)	
			2021	2020	**2021**	2020	**2021**	2020
Bohai Rim	Shenyang	Shenyang Sunshine 100 International New Town	**6,330**	437	**68.2**	44.0	**9,289**	7,888
		Shenyang Sunshine 100 Golf Mansion	**1,391**	4,449	**12.7**	37.0	**8,771**	7,658
	Jinan	Jinan Sunshine 100 International New Town	**9,086**	11,548	**199.3**	245.5	**20,867**	18,711
	Dongying	Dongying Sunshine 100 Phoenix Community	**–**	1,519	**–**	11.1	**–**	6,160
	Weifang	Weifang Sunshine 100 Phoenix Community	**3,664**	7,319	**24.6**	61.4	**6,114**	8,136
	Yantai	Yantai Sunshine 100 Himalaya	**5,058**	–	**62.1**	2.5	**12,100**	–
	Chengde	Sunshine 100 Beijing Arles	**2,714**	–	**33.3**	–	**12,270**	–
	Tianjin	Tianjin Sunshine 100 Nankai Himalaya	**2,418**	758	**40.5**	19.5	**16,749**	25,706
		Tianjin Sunshine 100 Tianta Himalaya	**–**	3,256	**–**	132.6	**–**	40,737
		Tianjin Sunshine 100 International New Town	**–**	–	**–**	4.8	**–**	–
	Sub-total		**30,661**	29,286	**440.7**	558.4	**13,633**	16,206

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area *(square metres)* (1)		Contracted sales amount *(RMB million)* (2)		Unit selling price *(RMB/square metres)* (1)	
			2021	2020	**2021**	2020	**2021**	2020
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	**6,600**	26,220	**83.7**	415.8	**10,788**	14,772
		Wuxi Sunshine 100 Himalaya	**2,368**	1,234	**25.1**	20.7	**10,600**	16,773
	Wenzhou	Sunshine 100 Wenzhou Center	**6,189**	1,135	**114.6**	21.6	**17,466**	18,235
		Wenzhou Sunshine 100 Arles	**18,605**	26,932	**207.5**	343.6	**11,067**	11,979
	Yixing	Yixing Sunshine 100 Phoenix Street	**–**	223	**1.7**	3.1	**–**	13,962
	Sub-total		**33,762**	55,744	**432.6**	804.8	**12,132**	13,534
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	**4,665**	3,081	**35.7**	22.0	**7,095**	6,435
	Putian	Putian Sunshine 100 Phoenix Plaza (3)	**–**	1,618	**–**	32.8	**–**	19,672
	Sub-total		**4,665**	4,699	**35.7**	54.8	**7,095**	10,993

Economic area	City	Project name	For the six months ended 30 June					
			Contracted sales area *(square metres)* [(1)]		**Contracted sales amount** *(RMB million)* [(2)]		**Unit selling price** *(RMB/square metres)* [(1)]	
			2021	2020	**2021**	2020	**2021**	2020
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	**–**	–	**0.4**	0.7	**–**	–
		Wuhan Sunshine 100 Phoenix Street	**22,943**	7,667	**275.8**	114.7	**11,986**	14,801
	Chongqing	Chongqing Sunshine 100 Arles	**20,771**	18,370	**300.3**	192.3	**14,077**	10,451
	Changsha	Changsha Sunshine 100 Phoenix Street	**1,997**	923	**25.6**	11.1	**10,766**	6,774
	Liuzhou	Liuzhou Sunshine 100 Yaobu Town	**1,623**	–	**8.9**	–	**5,052**	–
		Liuzhou Sunshine 100 City Plaza	**444**	–	**6.9**	4.3	**12,162**	–
		Liuzhou Sunshine 100 Xinye Town [(3)]	**22,039**	–	**215.2**	–	**9,765**	–
	Chengdu	Chengdu Sunshine 100 Mia Center	**–**	–	**1.6**	2.7	**–**	–
	Nanning	Nanning Sunshine 100 Upper East Side International	**8,143**	–	**58.4**	–	**6,153**	–
		Nanning Sunshine 100 Nine Peninsulas [(3)]	**26,356**	47,957	**173.0**	318.1	**6,370**	6,352
	Wuzhou	Wuzhou Sunshine 100 Sankee City [(3)]	**20,788**	35,583	**120.6**	215.6	**5,431**	6,022
	Lijiang	Lijiang Sunshine 100 COART Village	**354**	26	**3.1**	0.4	**8,757**	16,154
	Xi’an	Xi’an Sunshine 100 Arles	**745**	9,049	**10.2**	130.4	**9,664**	13,206
	Sub-total		**126,203**	119,575	**1,200.0**	990.3	**9,184**	7,946
Total			**195,291**	209,304	**2,109.0**	2,408.3	**10,343**	10,658

Notes:

(1) Excluding car parks

(2) Including car parks

(3) Being light-asset operation projects

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

	For the six months ended 30 June					
Type	Contracted sales area *(square metres)* [(1)]		Contracted sales amount *(RMB million)* [(2)]		Unit selling price *(RMB/square metre)* [(1)]	
	2021	2020	**2021**	2020	**2021**	2020
Residential properties	**151,523**	175,356	**1,551.7**	1,826.0	**10,241**	10,413
Commercial properties and car parks	**43,768**	33,948	**557.3**	582.3	**10,695**	11,927
Total	**195,291**	**209,304**	**2,109.0**	**2,408.3**	**10,343**	**10,658**
Proportion						
Residential properties	**78%**	84%	**74%**	76%		
Commercial properties and car parks	**22%**	16%	**26%**	24%		
Total	**100%**	**100%**	**100%**	**100%**		

Notes:

(1) Excluding car parks

(2) Including car parks

Property Construction

During the Reporting Period, the total GFA of the Group's newly commenced construction was 202,511 square metres, and the total completed GFA was 172,042 square metres, representing a decrease of 69.6% and 70.4% from the corresponding period of 2020, respectively. The decrease was mainly due to the continuing recurring outbreak of COVID-19 Pandemic and its impact, which resulted in the occurrence of certain difficulties in the sales of the products of the Company. Therefore, the Company slowed down the product development.

Investment Properties

During the Reporting Period, the Group had new investment properties with a GFA of 1,699 square metres. As at 30 June 2021, the Group held investment properties with a GFA of 630,016 square metres. Moreover, during the Reporting Period, the rental income was RMB69.1 million, increased by 25.3% as compared with the corresponding period of 2020.

Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of approximately RMB8.2 million for various land acquisitions, which mainly included the payment of land premium of approximately RMB4.6 million in aggregate for Chongqing Sunshine 100 Arles.

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

Economic area	City	Total GFA *(square metres)*	Proportion	Attributable GFA *(square metres)*	Proportion
Bohai Rim	Weifang	569,329	6%	569,329	9%
	Shenyang	388,744	4%	359,944	6%
	Yantai	382,459	4%	382,459	6%
	Jinan	242,062	2%	118,610	2%
	Tianjin	99,117	1%	83,369	1%
	Chengde	163,922	2%	116,713	2%
	Dongying	42,283	0%	42,283	1%
	Sub-total	**1,887,916**	**19%**	**1,672,707**	**27%**
Midwest	Chongqing	243,423	3%	194,739	3%
	Guilin	370,937	4%	339,125	5%
	Changsha	171,424	2%	171,424	3%
	Yueyang	82,552	1%	42,101	1%
	Liuzhou	451,507	5%	295,251	5%
	Nanning	1,468,883	15%	529,430	8%
	Wuzhou	1,511,164	16%	419,348	7%
	Wuhan	355,461	4%	355,461	6%
	Chengdu	52,824	0%	52,824	1%
	Xi’an	615,553	6%	615,553	10%
	Lijiang	181,710	2%	92,672	1%
	Sub-total	**5,505,438**	**58%**	**3,107,928**	**50%**

Economic area	City	Total GFA *(square metres)*	Proportion	Attributable GFA *(square metres)*	Proportion
Yangtze River Delta	Wenzhou	1,216,683	13%	620,508	10%
	Wuxi	594,100	6%	594,100	9%
	Changzhou	47,517	0%	24,234	0%
	Yixing	48,081	0%	38,465	0%
	Sub-total	**1,906,381**	**19%**	**1,277,307**	**19%**
Pearl River Delta	Qingyuan	430,919	4%	237,006	4%
	Sub-total	**430,919**	**4%**	**237,006**	**4%**
Total		**9,730,654**	**100%**	**6,294,948**	**100%**

Financial Performance

Revenue

During the Reporting Period, the revenue of the Group decreased by 5.6% to RMB3,395.3 million from RMB3,598.4 million in the corresponding period of 2020, mainly due to the decrease in the income from sale of properties of the Group.

Income from sale of properties

During the Reporting Period, income generated from the sale of properties decreased by 9.2% to RMB3,036.4 million from RMB3,343.1 million in the corresponding period of 2020, mainly due to the decrease in property areas delivered and unit price as compared with the corresponding period of last year.

Income from property management and hotel operation

During the Reporting Period, the income generated from property management and hotel operation of the Group increased by 41.0% to RMB272.8 million from RMB193.4 million in the corresponding period of 2020, mainly attributable to the increase in the property areas managed by the Group and the fact that the COVID-19 pandemic was under control, leading to the recovery of hotel operation and therefore the increase in income.

Rental income from investment properties

During the Reporting Period, the rental income from investment properties of the Group increased by 25.3% to RMB69.1 million from RMB55.1 million in the corresponding period of 2020, mainly attributable to the fact that the COVID-19 pandemic was under control, leading to the recovery of rental market and therefore the increase in income.

Cost of sales

During the Reporting Period, the cost of sales of the Group increased by 14.6% to RMB2,773.1 million from RMB2,419.3 million in the corresponding period of 2020. Particularly, the cost of property sales increased by 12.5% to RMB2,466.0 million from RMB2,192.1 million in the corresponding period of 2020, mainly attributable to the increase in the average unit cost of the property delivered as compared to the corresponding period of last year.

Gross profit

As a result of the above factors, during the Reporting Period, the gross profit of the Group decreased by 47.2% to RMB622.2 million from RMB1,179.1 million in the corresponding period of 2020, and the gross profit margin decreased to 18.3% from 32.8% in the corresponding period of 2020.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group were RMB16.0 million, and valuation losses on investment properties were RMB101.3 million in the corresponding period of 2020, mainly attributable to the fact that as the COVID-19 pandemic was under control, the operation of valued properties improved in the first half of 2021 as compared with the corresponding period of last year, leading to the pick-up in valuation.

Selling expenses

During the Reporting Period, the Group's selling expenses increased by 27.4% to RMB203.1 million from RMB159.4 million in the corresponding period of 2020, mainly attributable to the increase in wages and benefits, advertising and promotion fees and sales agency fees during the Reporting Period.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB207.4 million, which remained relatively stable as compared with the corresponding period of 2020.

Financial income

During the Reporting Period, financial income of the Group decreased by 14.3% to RMB186.9 million from RMB218.0 million in the corresponding period of 2020, mainly attributable to decrease in interest income from loans to third parties.

Financial costs

During the Reporting Period, financial costs of the Group increased by 12.6% to RMB345.3 million from RMB306.7 million in the corresponding period of 2020, 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 53.2% to RMB166.1 million from RMB355.1 million in the corresponding period of 2020, mainly attributable to the decrease in profit before taxation of the Group.

Profit for the period

During the Reporting Period, the loss of the Group amounted to RMB277.7 million, compared to the profit of RMB259.9 million in the corresponding period of 2020.

Profit attributable to equity shareholders of the Company

Based on the abovementioned factors, the loss attributable to equity shareholders of the Company was RMB359.9 million, and the loss attributable to equity shareholders of the Company was RMB6.7 million in the corresponding period of 2020.

Working capital, finance and capital resources

Cash and cash equivalents

As at 30 June 2021, the Group had RMB1,312.1 million of cash and cash equivalents, representing a decrease of RMB1,759.7 million as compared to 31 December 2020, mainly due to the repayment of borrowings and interest payment.

Current ratio, gearing ratio and net gearing ratio

As at 30 June 2021, the Group's current ratio (which is total current assets divided by total current liabilities) was 140.4%, representing a decrease as compared with that as at 31 December 2020. As at 30 June 2021, the Group's total current assets and total current liabilities amounted to RMB42,412.0 million and RMB30,212.8 million, respectively.

As at 30 June 2021, the Group's gearing ratio (which is total loans and borrowings divided by total assets) increased to 43.8% from 43.3% as at 31 December 2020. Net gearing ratio (which is total loans and borrowings minus cash and cash equivalents and current restricted deposits, divided by total equity) increased to 202.5% from 186.8% as at 31 December 2020, mainly attributable to the decrease in cash and cash equivalents and total equity.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchasers of its properties. As at 30 June 2021, the Group provided guarantees for mortgage loans in an amount of RMB4,364.6 million (31 December 2020: RMB4,738.9 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 30 June 2021, the Group's total loans and borrowings amounted to RMB25,628.1 million. In particular, RMB12,628.1 million, RMB8,997.0 million, RMB3,997.5 million and RMB5.5 million were repayable within one year or on demand, after one year but within two years, after two years but within five years and after five years, respectively.

The Group's borrowings are denominated in Renminbi and US dollar, mostly with fixed interest rate. As at 30 June 2021, the Group had comprehensive credit facilities granted by bank and other financial institutions in an aggregate amount of RMB18,750 million, of which RMB13,266 million had not been utilized. The Group currently has no interest rate hedging policy. However, the management will monitor the interest rate risks and consider taking other necessary actions if any material risks are expected.

As at 30 June 2021, the banking facilities granted to the Group are secured on the Group's pledged properties and restricted deposits with a carrying value of RMB12,866.8 million (31 December 2020: RMB12,141.2 million).

Capital commitments

As at 30 June 2021, the Group's contracted capital commitment for properties under development and investment properties under construction not provided for in the financial statements amounted to RMB7,355.9 million (31 December 2020: RMB8,385.0 million). As at 30 June 2021, the Group's capital commitment approved but not contracted for amounted to RMB7,545.1 million (31 December 2020: RMB8,818.3 million).

Foreign exchange exposure

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

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

Major investments, acquisitions and disposals

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 owed 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, the third completion and the fourth completion of the Eminent Star Disposal have taken place. The Group has received cash totaling RMB4,450.2 million, which includes the Initial Deposit, the Further Deposit, the First Instalment, the Second Instalment, the Third Instalment and other related payments. The parties are negotiating on the payment of the balance of the Second Instalment and related matters.

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

HUMAN RESOURCES

As at 30 June 2021, the Group employed a total of 3,614 employees (corresponding period of 2020: 4,005 employees). The staff costs of the Group were RMB201.1 million during the Reporting Period (corresponding period of 2020: RMB205.0 million). The Group has adopted a performance-based rewarding system to motivate its staff. In addition to the basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise. Generally, salary will be determined based on the qualifications, position and experience of each employee. We have established a regular assessment mechanism to assess the performance of our employees. The assessment results are used as the basis for determining salary increment, bonuses and promotions. As required by laws and regulations in China, we make contributions to mandatory social security funds such as pension, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and the housing provident fund for the benefit of our employees in China. For the six months ended 30 June 2021, we made contributions in an aggregate of approximately RMB13.6 million to the employee retirement scheme.

INTERIM DIVIDENDS

The Board does not recommend an interim dividend for the six months ended 30 June 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate value and accountability of the Company. For the six months ended 30 June 2021, the Company has adopted and complied with all applicable code provisions (the "**Code Provisions**") under the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), except the following deviation:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yi Xiaodi 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 considers 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. At the time when this announcement was approved by the Board, the Audit Committee comprised three independent non-executive directors, including Mr. Ng Fook Ai, Victor, Mr. Gu Yunchang and Mr. Wang Bo. Mr. Ng Fook Ai, Victor was at such time the chairman of the Audit Committee.

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

The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the internal control, risk management and financial reporting matters of the Group (including reviewing the interim results of the Group for the six months ended 30 June 2021).

REMUNERATION COMMITTEE

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

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

NOMINATION COMMITTEE

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

The primary duties of the Nomination Committee are (including but not limited to) (i) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed change to the Board to complement the Company's corporate strategy; (ii) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (iii) to assess the independence of independent non-executive directors; (iv) to make recommendations to the Board on appointment or re-appointment of directors and succession planning for directors, in particular the chairman and the chief executive; and (v) to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the directors on terms no less than the required standards contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Each director had been given a copy of the code of conduct regarding security transactions upon his/her appointment, and we issue two reminders each year thereafter, being 30 days prior to the Board meeting approving the interim results of the Company and 60 days prior to the Board meeting approving the annual results, reminding the directors that they are not allowed to trade in the securities of the Company prior to the announcement of the results (the periods in which the directors are prohibited from dealing in shares), and that all transactions must be conducted according to the Model Code. Having made specific enquiries by the Company with all directors, all of the directors confirmed that they have complied with the provisions of the Model Code during the six months ended 30 June 2021.

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

Issue of US$120 Million 12.0% Senior Notes Due 2023 (the "2023 Notes")

On 29 January 2021, the Company, certain offshore subsidiaries of the Company that provide guarantees pursuant to the indenture in respect of the 2023 Notes and Haitong International Securities Company Limited entered into the subscription agreement in relation to the issue of US$120 million 12.0% senior notes due 2023 (the "**Notes Issue**").

The estimated gross proceeds of the Notes Issue, after deducting issue discounts in connection with the offering, amounted to approximately US$119.9 million, which was intended to be used to repay its existing indebtedness. The 2023 Notes have been listed on The Singapore Exchange Securities Trading Limited since 4 February 2021. The Notes Issue was completed on 3 February 2021. For details, please refer to the announcement of the Company dated 3 February 2021.

Repurchase and Cancellation of Convertible Bonds

As at 1 March 2021, the Company repurchased and cancelled all HK$750 million in aggregate principal amount of 4.80% convertible bonds due 2023 (ISIN: XS1877804895) in the open market ("**Bonds**"). Upon cancellation of the repurchased Bonds, there are no Bonds outstanding. For details, please refer to the announcement of the Company dated 1 March 2021.

Repurchase of Shares

During the Reporting period, the Company repurchased a total of 907,000 ordinary shares at share prices ranging from HK$1.17 to HK$1.24 per share. All the repurchased shares were cancelled on 15 March 2021, and the issued share capital of the Company was correspondingly reduced. The expenses in an aggregate amount of approximately HK$1.1 million incurred by the Company for such repurchased shares cancelled during the Reporting Period have been included in retained earnings.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the directors, the Company has maintained sufficient public float as required by the Listing Rules for the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

Issue of US$219,600,000 13.0% Senior Green Notes due 2022

On 2 July 2021, the Company issued US$219,600,000 13% Senior Green Notes due 2022 ("**Notes**"). The Notes bears interest from 30 June 2021, at 13.0% per annum payable on 30 December 2021 and 29 June 2022. The Notes will mature on 29 June 2022 and are senior obligations of the Company guaranteed by its certain offshore subsidiaries.

The gross proceeds from this offering will be approximately US$219.6 million, which the Company plan to use to refinance its existing indebtedness and in accordance with its Green Finance Framework.

For details, please refer to the announcement of the Company dated 2 July 2021, and the offering memorandum dated 29 June 2021.

Loan Facility and Provision of Certain Pledges and Credit Enhancement Measures

On 15 July 2021, Cinda Investment Co., Ltd.* (信達投資有限公司) (the "**Lender**") (as lender), Wenzhou Center Building Construction Development Co., Ltd.* (溫州中心大廈建設發展有限公司) ("**Wenzhou Center**") (as borrower), Guangxi Vantone Real Estate Development Co., Ltd.* (廣西萬通房地產開發有限公司) ("**Guangxi Vantone**") (as guarantor), Mr. Yi Xiaodi ("**Chairman Yi**") (as guarantor) and Ms. Xu Yunxia ("**Ms. Xu**") (as guarantor), among others, entered into an investment cooperation framework agreement and a loan agreement (the "**Agreement**"). Pursuant to the Agreement and certain other underlying agreements, subject to the satisfaction of certain conditions, the Lender agreed to provide a loan of up to RMB1.98 billion to Wenzhou Center (the "**Loan Facility**"). Wenzhou Center and Guangxi Vantone are subsidiaries of the Company.

In consideration of the provision of the Loan Facility by the Lender, certain pledges and credit enhancement measures would be given, including equity interests in two subsidiaries of the Company, namely Wenzhou Center and Wenzhou Shihe Eco-City Development Co., Ltd.* (溫州世和生態城開發有限公司) ("**Wenzhou Shihe**"), would be pledged and transferred to the Lender's affiliate; and Guangxi Vantone, Chairman Yi and Ms. Xu agreed to provide a joint and several guarantee, each in favour of the Lender, of up to RMB1.98 billion (together with accrued interest). In addition, the Company entered into a guarantee agreement with (among others) the Lender on 15 July 2021, pursuant to which the Company would also provide a guarantee in favour of the Lender of up to RMB1.98 billion (together with accrued interest).

Chairman Yi is the chairman of the Board and an executive director of the Company and Ms. Xu is the spouse of Chairman Yi, therefore the provision of a guarantee by them constituted a connected transaction of the Company. As the guarantee was provided on normal commercial terms or better and the Company did not pledge any assets for obtaining the guarantee, the transaction was exempted from the announcement and independent shareholder approval requirement pursuant to Rule 14A.90 of the Listing Rules. As the security is provided by the Company to secure the obligations of itself and its subsidiaries, it did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

For details, please refer to the announcement of the Company dated 15 July 2021.

Withdrawal of Recommendation for Payment of Interim Dividend

As disclosed in the interim results announcement and the interim report for the six months ended 30 June 2020, the Board declared an interim dividend of HK$10.00 cents per share for the six months ended 30 June 2020 (the "**2020 Interim Dividend**").

On 30 July 2021, due to the continued volatility of the market and the continuing impact of the COVID-19 pandemic, and in order to preserve the cash level of the Company for better working capital management purposes, after careful consideration, the Board resolved to withdraw its recommendation for payment of the 2020 Interim Dividend. The 2020 Interim Dividend amounted to approximately RMB233,137,000.00. The Company will preserve such cash resources for its own operations.

For details, please refer to the announcement of the Company dated 30 July 2021.

Event of Default under the US$200,000,000 6.50% convertible bonds due 2021 (the "2021 Bonds")

Payments of the principal, the premium and the last instalment of interest on the 2021 Bonds were not expected to be made by the Company on the maturity date of the 2021 Bonds, i.e. 11 August 2021 (the "**Maturity Date**"). As at the Maturity Date, the total outstanding principal of and premium and the accrued interest under the 2021 Bonds are US$50,916,100 and US$1,475,500, respectively. As such, an event of default under the terms and conditions of the 2021 Bonds (the "**Event of Default**") occurred. The 2021 Bonds was also delisted from the Stock Exchange on 11 August 2021.

On 25 August 2021, the Company announced that it is not a position to repay the principal, the premium together with accrued interest of the 2021 Bonds within ten business days from the Maturity Date, that is, on 25 August 2021. As a result, the Event of Default continues.

The Event of Default will trigger cross default provisions under certain other debt instruments entered into by the Group, including the US$219,600,000 13.0% Senior Green Notes Due 2022 (Stock Code: 40749), US$170,000,000 10.50% senior notes due 2021 and the US$120,000,000 12.0% senior notes due 2023, and such debt may become immediately due and payable if the creditors choose to accelerate.

The Company has been proactively communicating with the relevant creditors. As at the date of this announcement, the Company has not received any acceleration notices from any bond trustees. The Company is using all efforts to raise the necessary funds to repay the outstanding amount in the short term and to remedy the Event of Default as soon as possible.

For details, please refer to the announcements of the Company dated 11 August 2021 and 25 August 2021.

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

This results announcement has been published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.ss100.com.cn. The interim report of the Company for the six months ended 30 June 2021 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above-mentioned websites in due course.

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

Beijing, the PRC
31 August 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.

* *For identification purpose only*