



Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2608

The cover features a dynamic design with large, overlapping geometric shapes in shades of red and grey. Two triangular cutouts reveal photographs: the top one shows a modern glass skyscraper, and the bottom one shows a brightly lit, modern interior hallway with a blue-tinted floor. The text '2021 INTERIM REPORT' is positioned in the lower right quadrant, set against a grey geometric background.

2021
INTERIM REPORT

CONTENTS

Corporate Information	2
Business Review and Outlook	4
Management Discussion and Analysis	6
Corporate Governance	29
Disclosure of the Interests Information	31
Other Information	37
Consolidated Statement of Comprehensive Income	41
Consolidated Statement of Financial Position	43
Consolidated Statement of Changes in Equity	45
Condensed Consolidated Cash Flow Statement	48
Notes to the Unaudited Interim Financial Report	49

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yi Xiaodi (*Chairman*)

Mr. Fan Xiaochong (*Vice Chairman*)

Non-executive Directors

Ms. Fan Xiaohua

Mr. Wang Gongquan

Independent Non-executive Directors

Mr. Gu Yunchang

Mr. Ng Fook Ai, Victor

Mr. Wang Bo

AUDIT COMMITTEE

Mr. Ng Fook Ai, Victor (*Chairman*)

Mr. Gu Yunchang

Mr. Wang Bo

REMUNERATION COMMITTEE

Mr. Wang Bo (*Chairman*)

Mr. Fan Xiaochong

Mr. Gu Yunchang

NOMINATION COMMITTEE

Mr. Yi Xiaodi (*Chairman*)

Mr. Gu Yunchang

Mr. Wang Bo

COMPANY SECRETARY

Mr. Tsang Ho Yin

Mr. He Jie

(resigned on 15 June 2021)

COMPANY'S WEBSITE

www.ss100.com.cn

AUTHORISED REPRESENTATIVES

Mr. Yi Xiaodi

Mr. Tsang Ho Yin

REGISTERED OFFICE

One Nexus Way,
Camana Bay,
Grand Cayman KY1-9005,
Cayman Islands

Corporate Information (Continued)

HEAD OFFICE

12th Floor, Tower D
No. 2 Guang Hua Road
Beijing 100026
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

39/F, Gloucester Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

LEGAL ADVISER

Morrison & Foerster
33/F, Edinburgh Tower, The Landmark
15 Queen's Road Central
Central
Hong Kong

AUDITOR

KPMG
*Public Interest Entity Auditor
registered in accordance with
the Financial Reporting
Council Ordinance*
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

PRINCIPAL BANKS

Agricultural Bank of China
China Everbright Bank
China Minsheng Bank
China Zheshang Bank
Hua Xia Bank

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
Block 3, Building D,
P.O. Box 1586, Gardenia Court,
Camana Bay, Grand Cayman,
KY1–1100, Cayman Islands

LISTING INFORMATION

Place of listing: The Stock Exchange of Hong Kong Limited (the "Stock Exchange")
Stock code: 2608

Business Review and Outlook

The board of directors (the “**Board**”) would like to present the business review for the six months ended 30 June 2021 (the “**Reporting Period**”) and outlook of Sunshine 100 China Holdings Ltd (the “**Company**” or “**Sunshine 100**”, together with its subsidiaries collectively the “**Group**”) to the shareholders of the Company.

REVIEW OF THE FIRST HALF OF 2021

(i) Business overview

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. Affected by 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 its slump 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.

(ii) Commercial street complex

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.

Business Review and Outlook (Continued)

(iii) Residential projects

Himalaya Serviced Apartments has outstanding performance 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.

(iv) Destocking and product offerings

At the same time, the Group still has inventory of approximately RMB110 billion in value. While destocking actively, 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.

(v) Primary development projects

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.

FUTURE PROSPECTS

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 transfer of its primary land and transfer mature projects in due course. After relieving cash flow pressure, the Group will expand new projects in its core product lines and seek cooperation opportunities with complementary advantages and 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

(I) Property Development

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:

Economic area	City	Project name	For the six months ended 30 June						
			Contracted sales area		Contracted sales amount		Unit selling price		
			<i>(square metres)⁽¹⁾</i>		<i>(RMB million)⁽²⁾</i>		<i>(RMB/square metres)⁽¹⁾</i>		
		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	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

Management Discussion and Analysis (Continued)

			For the six months ended 30 June					
Economic area	City	Project name	Contracted sales area <i>(square metres)⁽¹⁾</i>		Contracted sales amount <i>(RMB million)⁽²⁾</i>		Unit selling price <i>(RMB/square metres)⁽¹⁾</i>	
			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

Management Discussion and Analysis (Continued)

			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
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

Management Discussion and Analysis (Continued)

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

Type	For the six months ended 30 June					
	Contracted sales area		Contracted sales amount		Unit selling price	
	<i>(square metres) ⁽¹⁾</i>		<i>(RMB million) ⁽²⁾</i>		<i>(RMB/square metre) ⁽¹⁾</i>	
	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

Management Discussion and Analysis (Continued)

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 impact of continuing recurring outbreak of COVID-19 pandemic 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.

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

For the six months ended 30 June 2021				
Economic area	City	Newly-started total GFA	Completed total GFA	Total GFA under construction as at the end of the period
		<i>(square metres)</i>	<i>(square metres)</i>	<i>(square metres)</i>
Bohai Rim	Jinan	–	–	99,160
	Shenyang	–	–	89,603
	Weifang	–	–	183,342
	Yantai	14,078	–	301,856
	Chengde	–	–	163,922
	Tianjin	–	–	23,071
	Sub-total	14,078	–	860,954
Yangtze River Delta	Wuxi	–	172,042	169,888
	Wenzhou	–	–	892,593
	Sub-total	–	172,042	1,062,481
Pearl River Delta	Qingyuan	–	–	52,593
	Sub-total	–	–	52,593

Management Discussion and Analysis (Continued)

For the six months ended 30 June 2021

Economic area	City	Newly-started	Completed	Total GFA under
		total GFA	total GFA	construction as
		(square metres)	(square metres)	at the end
				of the period
				(square metres)
Midwest	Chongqing	47,709	–	225,788
	Liuzhou	99,000	–	261,900
	Yueyang	–	–	82,552
	Guilin	–	–	32,139
	Nanning	–	–	255,007
	Wuzhou	–	–	511,012
	Xi'an	–	–	227,525
	Wuhan	41,724	–	351,554
	Lijiang	–	–	31,785
	Sub-total	188,433	–	1,979,262
Total		202,511	172,042	3,955,290

Management Discussion and Analysis (Continued)

Breakdown of major properties:

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project	
Bohai Rim	Jinan	Jinan Sunshine 100 International New Town	No. 19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province		142,902	99,160	-	49.00%	
		Phase I			1,813	-	-		
		Phase II			639	-	-		
		Phase III			11,867	-	-		
		Phase IV			102,568	-	-		
		Phase V			26,016	-	-		
		Phase VI			2021	-	99,160	-	
	Shenyang	Shenyang Sunshine 100 International New Town	Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province			94,010	89,603	146,355	100.00%
		Phase I				3,729	-	-	
		Phase II				51,009	-	-	
		Phase III			2024	39,272	89,603	146,355	
		Shenyang Sunshine 100 Golf Mansion	No. 18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province			43,466	-	15,310	51.00%
		Phase I				30,791	-	-	
		Phase II				12,675	-	-	
	Phase III				-	-	15,310		
	Tianjin	Tianjin Sunshine 100 International New Town	Hongqi South Road, Nankai District, Tianjin City			24,396	-	-	86.00%
		Tianjin Sunshine 100 Nankai Himalaya	West of Hongqi Road and North of Chuxiong Road, Nankai District, Tianjin City			13,054	-	-	100.00%
		Tianjin Sunshine 100 Tianta Himalaya	Intersection of Weijin South Road and Tianta Road, Nankai District, Tianjin City	2022	38,597	23,071	-	80.00%	
	Dongying	Dongying Sunshine 100 City Garden	No. 248 North 1st Road, Dongying District, Dongying City, Shandong Province			42,283	-	-	100.00%
Phase I					4,726	-	-		
Phase II					4,540	-	-		
Weifang	Weifang Sunshine 100 City Plaza	No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province			91,704	183,342	294,282	100.00%	
	Phase I				57,113	-	-		
	Phase II				34,591	-	-		
	Phase III			2022	-	183,342	-		
	Phase IV				-	-	158,880		
	Phase V				-	-	79,566		
Chengde	Beijing Sunshine 100 Arles (formerly "Xinglong High-speed Rail New City")	Near Xinlong West Station, Xinglong County, Chengde City, Hebei Province			-	163,922	-	71.20%	
	Phase I			2023	-	91,413	-		
	Phase II			2023	-	72,510	-		
	Yantai Sunshine 100 City Plaza	No. 25-27 Haigang Road, Zhifu District, Yantai City, Shandong Province			80,603	301,856	-	100.00%	
Yantai	Phase I				80,603	-	-		
	Phase II			2023	-	301,856	-		
Subtotal					571,015	860,954	455,947		

Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
Midwest	Wuhan	Wuhan Sunshine 100 Lakeside Residence	No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province		3,907	-	-	100.00%
		Wuhan Sunshine 100 Phoenix Street	Qixin Village, Zhifang Street, Jiangxia District, Wuhan City, Hubei Province		-	351,554	-	100.00%
		Phase I		2022	-	104,970	-	
		Phase II		2022	-	68,551	-	
		Phase III		2022	-	90,393	-	
		Phase IV		2023	-	87,640	-	
Xi'an	Xi'an Sunshine 100 Arles		No. 3501 Chanhe West Road, Chanba Ecological District, Xi'an City, Shaanxi Province		-	227,525	388,028	100.00%
			Phase I	2022	-	175,677	-	
			Phase II	2023	-	6,515	351,415	
			Phase III	2023	-	45,333	36,613	
Chongqing	Chongqing Sunshine 100 Arles	Zone A	No. 163 Yunan Road, Banan District, Chongqing City	2022	17,635	225,788	-	80.00%
		Zone B		2023	14,999	73,313	-	
				2023	2,636	152,475	-	
Chengdu	Chengdu Sunshine 100 Mia Center	No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province		32,824	-	-	100.00%	
	Xin Sheng Yuan Project	Keyuan South 2nd Road, High-tech Zone, Chengdu City, Sichuan Province		-	-	20,000	100.00%	
Changsha	Changsha Sunshine 100 International New Town		No. 518 Section One, 2nd South Ring Road, Yuelu District, Changsha City, Hunan Province		171,424	-	-	100.00%
			Phase I		469	-	-	
			Phase II		34,477	-	-	
			Phase III		12,281	-	-	
			Phase IV		124,197	-	-	
Yueyang	Yueyang Hansen Project	No. 1 Baling West Road, Yueyang City, Hunan Province	2022	-	82,552	-	51.00%	
Guilin	Guilin Sunshine 100 Lijiang Project		Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region		16,584	15,658	95,005	75.00%
			Phase I	2022	3,654	15,658	-	
			Phase II		12,930	-	-	
			Phase III		-	-	5,324	
			Phase IV		-	-	39,152	
		Phase V		-	-	50,529		
	Guilin Sunshine 100 Scape Project		Ertang Township, Xiangshan District, Guilin City, Guangxi Zhuang Autonomous Region		-	16,481	227,209	100.00%
			Phase I	2022	-	16,481	12,520	
			Phase II		-	-	95,434	
		Phase III		-	-	26,240		
	Phase IV		-	-	93,015			

Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
	Liuzhou	Liuzhou Sunshine 100 City Plaza	No. 2 Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region		85,546	-	-	75.00%
		Phase I			33,782	-	-	
		Phase II			51,763	-	-	
	Liuzhou	Sunshine 100 Xinye Town	No. 29 Xijiang Road, Liuzhou City, Guangxi Zhuang Autonomous Region	2023	-	261,900	-	49.00%
	Liuzhou	Sunshine 100 Yaobu Town	No. 9 Panlong Road, Liuzhou City, Guangxi Zhuang Autonomous Region		104,061	-	-	98.75%
		Phase I			34,333	-	-	
		Phase II			8,596	-	-	
		Phase III			61,132	-	-	
	Nanning	Nanning Sunshine 100 City Plaza	No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region		6,987	-	92,230	100.00%
	Nanning	Sunshine 100 Upper East side International	No. 166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region		29,631	-	-	26.01%
	Nanning	Vantone Air Garden	No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region		27,349	-	-	100.00%
	Nanning	Sunshine 100 Mountainside Garden	No. 1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region		5,551	-	-	51.00%
	Nanning	Sunshine 100 Australian Garden	No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region		610	-	-	50.00%
	Nanning	Sunshine 100 European Garden	No. 63-1 Minzu Road, Nanning City, Guangxi Zhuang Autonomous Region		90	-	-	100.00%
	Nanning	Sunshine 100 Nine Peninsulas	Wuhua Avenue Middle, Wuming District, Nanning City, Guangxi Zhuang Autonomous Region		43,651	255,007	1,007,777	30.00%
		Phase I		2021	32,463	26,673	-	
		Phase II			11,188	-	-	
		Phase III		2022	-	228,335	-	
		Phase IV			-	-	608,826	
		Phase V			-	-	65,308	
		Phase VI			-	-	197,587	
		Phase VII			-	-	136,056	
	Wuzhou	Wuzhou Sunshine 100 Sankee City	No. 38 Xinglong Road, Changzhou District, Wuzhou City, Guangxi Zhuang Autonomous Region		239,781	511,012	760,371	27.75%
		Phase I		2023	239,781	277,244	760,371	
		Phase II		2022	-	233,768	-	
	Lijiang	Lijiang Sunshine 100 COART Village	Kaiwen Community and Longguan Community, Shuhe Street, Lijiang City, Yunnan Province	2023	24,663	31,785	125,262	51.00%
	Subtotal				810,293	1,979,262	2,715,882	

Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
Yangtze River Delta	Wuxi	Wuxi Sunshine 100 Arles	No. 1 Tianyi New Street, Xizhang, Yangqiao Town, Huishan District, Wuxi City, Jiangsu Province		204,969	166,012	-	100.00%
		Phase I – Phase IX			204,969	-	-	
		Phase X		2021	-	57,294	-	
		Phase XI		2022	-	102,769	-	
		Phase XII		2022	-	5,949	-	
		Wuxi Sunshine 100 Himalaya	No. 8 of 8th Financial Street, Tai Lake New Town, Wuxi City, Jiangsu Province	2021	47,201	3,876	-	100.00%
	Yixing	Yixing Sunshine 100 Phoenix Street	East Jiefang Road, Chengdong New District, Yixing City, Jiangsu Province		48,081	-	-	80.00%
	Wenzhou	Sunshine 100 Wenzhou Center	Binjiang Qidu, Lucheng District, Wenzhou City, Zhejiang Province		17,203	267,780	125,950	51.00%
		Phase I (C)			17,203	-	-	
		Phase II (A)		2024	-	267,780	-	
		Phase II (B)		-	-	125,950		
Wenzhou Sunshine 100 Arles		Yangyi Road, Lucheng District, Wenzhou City, Zhejiang Province		55,450	624,813	125,487	51.00%	
A11 parcel				22,516	-	-		
A02 parcel			2021	-	347,228	-		
A03 parcel				32,934	-	-		
A05 parcel			2022	-	100,193	-		
A07 parcel			2024	-	177,392	-		
A16 parcel			-	-	33,140			
B09 parcel			-	-	45,222			
C04 parcel			-	-	16,536			
C08 parcel		-	-	30,590				
Changzhou	Changzhou Sunshine 100 7th District Upper East	East of Dongcheng Road and North of Dongfang East Road, Economic Development Zone, Changzhou City, Jiangsu Province		47,517	-	-	51.00%	
Subtotal					420,421	1,062,481	251,437	

Management Discussion and Analysis (Continued)

Economic area	City	Project	Address	Expected completion date of properties under development ⁽¹⁾	Saleable GFA remaining unsold (square metres)	GFA under development (square metres)	Planned GFA (square metres)	Our attributable interest in the project
Pearl River Delta	Qingyuan	Qingyuan Sunshine 100 Arles	No. 24 Area, Po Keng Lian Tai Industry City, Long Tang Town, Qing Cheng District, Qingyuan City, Guangdong Province		140,123	14,486	238,203	55.00%
		Phase I			28,942	-	-	
		Phase II		2021	66,349	14,486	100	
		Phase III			18,084	-	-	
		Phase IV			26,748	-	-	
		Phase V			-	-	95,969	
		Phase VI			-	-	142,134	
		Qingyuan Yingde Project		2023	-	38,107	-	55.00%
Subtotal					140,123	52,593	238,203	
Total					1,941,853	3,955,290	3,661,468	

Notes:

- (1) Expected completion date and completion progress are applicable to projects under development, but not applicable to those completed or to be developed.
- (2) The completed investment properties with a total GFA of approximately 630,016 square metres is excluded in this table.

Management Discussion and Analysis (Continued)

(II) 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, increase by 25.3% as compared with the corresponding period of 2020.

(III) 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 <i>(square metres)</i>	Proportion	Attributable	
				GFA <i>(square metres)</i>	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%

Management Discussion and Analysis (Continued)

Economic area	City	Total GFA <i>(square metres)</i>	Proportion	Attributable GFA <i>(square metres)</i>	Proportion
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%
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%

Management Discussion and Analysis (Continued)

FINANCIAL REVIEW

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.

Type	For the six months ended 30 June					
	Sales area		Sales amount		Unit selling price	
	<i>(square metres) ⁽¹⁾</i>		<i>(RMB million) ⁽²⁾</i>		<i>(RMB/square metre) ⁽¹⁾</i>	
	2021	2020	2021	2020	2021	2020
Residential properties	226,304	241,108	2,447	2,606	10,815	10,809
Commercial properties and car parks	36,554	33,299	589	737	13,352	16,728
Total	262,858	274,407	3,036	3,343	11,168	11,527
Proportion						
Residential properties	86%	88%	81%	78%		
Commercial properties and car parks	14%	12%	19%	22%		
Total	100%	100%	100%	100%		

Notes:

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

Management Discussion and Analysis (Continued)

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.

Light-asset operation income

During the Reporting Period, the light-asset operation income of the Group recorded RMB17.0 million, as compared to RMB6.7 million in the corresponding period of 2020.

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.

Other income

During the Reporting Period, other income of the Group substantially decreased to RMB11.0 million from RMB14.6 million in the corresponding period of 2020, mainly because of the decrease in penalty income.

Management Discussion and Analysis (Continued)

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.

Management Discussion and Analysis (Continued)

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 equivalent 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 mortgaged properties and restricted deposits with a carrying value of RMB12,866.8 million (31 December 2020: RMB12,141.2 million).

Management Discussion and Analysis (Continued)

Capital commitments

As at 30 June 2021, the Group's contracted capital commitment for properties under development and investment properties under construction that are 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 report, 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.

Management Discussion and Analysis (Continued)

ONGOING LITIGATIONS

Litigation related to Chengdu primary land development project

In 2005 and 2007, the Group entered into a series of co-operation agreements with the government of Chenghua District, Chengdu and its subordinate government agencies to conduct primary development of a parcel of land located in the district. Pursuant to these co-operation agreements, the Group was responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. It was agreed that if the land is sold at a premium greater than the cost the Group has incurred to prepare it and if the Group wins the bid at the auction, the Group will be entitled to deduct its incurred cost from the land premium to be paid; if, however, another developer wins the bid at the auction, the local government shall, within seven days it receives the land premium from the purchaser, pay the same to the Group (after deduction of an agreed fixed amount as the government's share of the profit from the land sale).

The project consists of four phases with site areas of approximately 244,361 square metres, 59,967 square metres, 14,667 square metres and 109,334 square metres respectively. Phase I was completed and the underlying land was sold through a public auction to a third party in July 2007. The land premium was paid to the Chenghua district government in 2008, and it began to make payments to the Group pursuant to the co-operation agreements with the Group. The Group cumulatively received approximately RMB1,927.0 million from the Chenghua district government out of such land premium proceeds. A remaining land premium that the Group is entitled to, in the amount of RMB581.1 million, however, remained unpaid and stayed on the Group's balance sheet as an overdue trade receivable.

On 28 January 2015, the Group commenced proceedings at the Sichuan Higher People's Court (the "**Higher Court**") against the Government of Chenghua District, Chengdu and Reconstruction and Development Office of Dangerous Buildings of Chenghua District, Chengdu (成都市成華區危房改造開發辦公室), for the payment of the land clearance income and the management fees of RMB15 million, which totaled RMB596.1 million. The High Court accepted the case on 10 February 2015 and commenced the court session for the case in June 2015.

During the trial of the case, the Group had negotiated with the Government of Chenghua District for several times in the hope of reaching a settlement. As part of the settlement agenda, the Group filed an application for withdrawal of the case (the "**Withdrawal Application**") to the Higher Court on 24 July 2018, and the Higher Court has accepted and approved the Withdrawal Application. Both parties wish to reach a settlement agreement in respect of the case and determine the amount of settlement as soon as possible. As at the date of this report, both parties had not reached a settlement agreement in respect of the case. The Company will publish relevant announcements on the website of the Stock Exchange and the Company's website when there is any material development in respect of the case.

Litigation related to the loan to Baijiarui

The Group, a wholly-owned subsidiary of the Company, as the plaintiff, filed a lawsuit before the No. 3 Intermediate People's Court of Beijing Municipality (北京市第三中級人民法院) for a dispute arising from a private lending. The lawsuit has been formally accepted by the No. 3 Intermediate People's Court of Beijing Municipality.

Management Discussion and Analysis (Continued)

The lawsuit relates to a loan in the principal amount of RMB250.0 million granted by the Group to Shenzhen Baijiarui Investment Co., Ltd. (深圳市佰佳瑞投資有限公司) (“**Baijiarui**”) with an interest rate of 12% per annum and a renewed term up to 31 December 2018 pursuant to the loan contract (the “**Loan Contract**”) entered into with Baijiarui on 28 January 2016 and several supplementary contracts signed subsequently. To guarantee the performance of the Loan Contract, Shenzhen China Create City Renewal Group Co., Ltd. (深圳市中創城市更新集團有限公司) (“**China Create City Renewal**”) has provided a pledge guarantee for the full settlement of obligations under the Loan Contract by pledging the 100% equity interest in Baijiarui and derivative interests thereof held by it, and Shenzhen China Create Asset Management Co., Ltd. (深圳市中創資產管理有限公司) (“**China Create Asset**”) has provided a joint liability guarantee. Upon maturity of the loan, the borrower failed to repay RMB250.0 million out of the loan principal and interest accrued thereon, and neither China Create City Renewal nor China Create Asset performed their respective guarantee. Sunshine 100 Group filed a lawsuit before the No. 3 Intermediate People’s Court of Beijing Municipality, requesting that (1) Baijiarui should repay the principal of the loan of RMB250.0 million; (2) the Group should be compensated with priority from the proceeds from discount, auction or sale, of 100% equity interest in Baijiarui and derivative interests thereof pledged by China Create City Renewal; and (3) China Create Asset should undertake joint guarantee liability for the first request.

The Group has applied to the No. 3 Intermediate People’s Court of Beijing Municipality to take interim measures against the property of the defendant worth RMB250.0 million. The court has issued a civil ruling to freeze the 30% equity interest in China Create City Renewal held by China Create Asset up to RMB250.0 million.

On 29 September 2019, the No. 3 Intermediate People’s Court of Beijing Municipality issued a first instance judgement in favour of the Group, whereby Baijiarui should repay the principal of the loan of RMB250.0 million and pay the legal costs of RMB400,000 to the Group. The judgement was issued via notice and took effect on 4 January 2020.

As the Group won the lawsuit in respect of the principal of the loan, the Group separately filed a lawsuit before the No. 3 Intermediate People’s Court of Beijing Municipality (北京市第三中級人民法院) for the loan interest and penalty interest. In accordance with the notice received by the Group on 18 March 2020, the lawsuit has been formally accepted by the No. 3 Intermediate People’s Court of Beijing Municipality.

The Group requested for the following rulings that: (1) Baijiarui should repay the loan interest of the loan principal of RMB250.0 million to the Group, amounting to approximately RMB80.9 million; (2) Baijiarui should repay the penalty interest and compound interest of the loan to the Group until the date that all principal and interests of the loan have been repaid in full (the penalty interest and compound interest being approximately RMB60.4 million which is calculated temporarily up to 31 December 2019); (3) where Baijiarui could not repay the interest, penalty interest and compound interest of the loan in full, the Group is entitled to be compensated with priority from the proceeds from discount, auction or sale, of 100% equity interest in Baijiarui and derivative interests thereof (including dividend, allotment and rights incurred from bonus issue) pledged by China Create City Renewal; (4) China Create Asset should undertake joint guarantee liability for the abovementioned request of the interest, penalty interest and compound interest of the loan; and (5) Baijiarui, China Create City Renewal and China Create Asset should undertake the court costs, property protection fee and legal fees incurred from the case.

Management Discussion and Analysis (Continued)

On 8 December 2020, the No. 3 Intermediate People's Court of Beijing Municipality (北京市第三中級人民法院) issued a first instance judgement in favour of the Group, whereby Baijiaru should repay the interest of the loan of RMB80.8 million, the penalty interest and compound interest of the loan of RMB120.9 million (the penalty interest and compound interest was calculated temporarily up to 31 December 2020) and pay the legal costs of RMB400,000 to the Group. The judgement was issued via notice and took effect on 14 March 2021.

Save as disclosed above, neither the Company nor any of its subsidiaries is involved in any material litigation or claims, or has any pending or threatened material litigation or claims.

FUTURE PLANS FOR SUBSTANTIAL INVESTMENTS OR CAPITAL ASSETS

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

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.

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 plans 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.

Management Discussion and Analysis (Continued)

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.

Management Discussion and Analysis (Continued)

Event of Default under the US\$200,000,000 6.50% convertible bonds due 2021 (the “2016 Convertible Bonds”)

Payments of the principal, the premium and the last instalment of interest on the 2016 Convertible Bonds were not made by the Company on the maturity date of the 2016 Convertible 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 2016 Convertible 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 2016 Convertible Bonds (the “**Event of Default**”) occurred. The 2016 Convertible 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 2016 Convertible 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 report, 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.

Corporate Governance

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

The Company has established an audit committee (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 report 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).

Corporate Governance (Continued)

REMUNERATION COMMITTEE

The Company has established a remuneration committee (the “**Remuneration Committee**”) in compliance with the Listing Rules. At the time when this report 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 report 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.

Disclosure of the Interests Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests or short positions of directors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Interests in the Company

Name of Director	Capacities in which interests are held	Interests in Shares	Approximate percentage of issued share capital of the Company	Notes
Yi Xiaodi	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,130,906 (L)	67.12%	1, 2, 3
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,130,906 (L)	67.12%	1, 2, 4
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation Founder of a discretionary trust	1,712,130,906 (L)	67.12%	1, 2, 5

Notes:

- (1) The letter “L” denotes the person’s long positions in the Shares.
- (2) 40% of the issued share capital of Joywise Holdings Limited (“**Joywise**”) is held by Ming Fai International Limited (“**Ming Fai**”) and 60% of the issued share capital of Joywise is held by Harvest Well Holdings Limited (“**Harvest Well**”). Both Ming Fai and Harvest Well are deemed under the SFO to be interested in the Shares held by Joywise. 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above, Fantasy Races Limited is deemed under the SFO to be interested in the Shares held by Joywise.

Disclosure of the Interests Information (Continued)

- (3) Mr. Yi Xiaodi is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Yi Xiaodi, his family members and other persons who may join in from time to time (the “**Yi Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Fantastic Magician Limited is interested in.

Mr. Yi Xiaodi is also one of the founders of a discretionary investment collective trust established by Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Ms. Liu Chaohui, Mr. Tian Feng, Mr. Li Mingqiang (the “**Individual Controlling Shareholders**”), the discretionary beneficiaries of which are the Individual Controlling Shareholders and other persons who may join in from time to time (the “**Sunshine Trust I**”). By virtue of the SFO, Mr. Yi Xiaodi is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Yi Xiaodi is one of the parties to each of the concert party agreement dated 12 August 2010 entered into among Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua and Mr. Liao Chimei (the “**2010 Agreement**”) and the concert party agreement dated 1 August 2013 entered into among the Individual Controlling Shareholders (the “**2013 Agreement**”). By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Yi Xiaodi is deemed under the SFO to be interested in the Shares held by Joywise.

Mr. Yi Xiaodi has the control of Delight Grandeur Limited (愉偉有限公司) (“**Delight Grandeur**”) which holds 18,857,000 Shares, accounting for 0.74% of the issued share capital. By virtue of the SFO, Mr. Yi Xiaodi is deemed to be interested in the Shares held by Delight Grandeur.

- (4) Mr. Fan Xiaochong is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Fan Xiaochong, his family members and other persons who may join in from time to time (the “**FXC Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which True Passion Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of the Sunshine Trust I. By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of a discretionary collective trust established by the Individual Controlling Shareholders, the discretionary beneficiaries of which are three persons and other persons who may join in from time to time (the “**Sunshine Trust II**”). By virtue of the SFO, he is deemed to be interested in the Shares which Floral Crystal Limited is interested in.

Mr. Fan Xiaochong is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, Mr. Fan Xiaochong is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Fan Xiaochong is deemed to be interested in the Shares held by Joywise under the SFO.

- (5) Ms. Fan Xiaohua is the founder of a discretionary family trust, the discretionary beneficiaries of which are Ms. Fan Xiaohua, her family members and other persons who may join in from time to time (the “**FXH Family Trust**”). By virtue of the SFO, she is deemed to be interested in the Shares which Glorious Glory Limited is interested in.

Ms. Fan Xiaohua is also one of the founders of the Sunshine Trust I. By virtue of the SFO, she is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Ms. Fan Xiaohua is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Ms. Fan Xiaohua is deemed to be interested in the Shares held by Joywise under the SFO.

Disclosure of the Interests Information (Continued)

(ii) Interests in associated corporations

Name of Director	Capacities in which interests are held	Name of associated corporation	Interests in Shares	Percentage of shareholding	Notes
Yi Xiaodi	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	1
Fan Xiaochong	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	2
Fan Xiaohua	Persons acting in concert Founder of discretionary trusts	Harvest Well	50,000	100%	3
Yi Xiaodi	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	4
Fan Xiaochong	Persons acting in concert Interest of a controlled corporation Founder of discretionary trusts	Joywise	50,000	100%	5
Fan Xiaohua	Persons acting in concert Interest of a controlled corporation	Joywise	50,000	100%	6
Yi Xiaodi	Founder of discretionary trusts	Ming Fai	50,000	100%	1
Fan Xiaochong	Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	2
Fan Xiaohua	Founder of discretionary trusts Persons acting in concert Founder of discretionary trusts	Ming Fai	50,000	100%	3
Yi Xiaodi	Beneficial owner Person acting in concert	Delight Grandeur	50,000	100%	1
Fan Xiaochong	Beneficial owner Person acting in concert	Delight Grandeur	50,000	100%	2
Fan Xiaohua	Beneficial owner Person acting in concert	Delight Grandeur	50,000	100%	3

Notes:

- (1) Please refer to Note (3) in the sub-section above headed "(i) Interests in the Company".
- (2) Please refer to Note (4) in the sub-section above headed "(i) Interests in the Company".
- (3) Please refer to Note (5) in the sub-section above headed "(i) Interests in the Company".
- (4) Please refer to Note (2) and (3) in the sub-section above headed "(i) Interests in the Company".
- (5) Please refer to Note (2) and (4) in the sub-section above headed "(i) Interests in the Company".
- (6) Please refer to Note (2) and (5) in the sub-section above headed "(i) Interests in the Company".

Disclosure of the Interests Information (Continued)

Save as disclosed above, as at 30 June 2021, none of the directors or chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2021 and up to the date of this report, were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, to the best of the knowledge of the directors, the following persons (not being a director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Joywise	Beneficial owner	1,458,218,906 (L)	57.17%	1, 2
		235,055,000 (L)	9.21%	
Ming Fai	Interest of a controlled corporation	1,693,273,906 (L)	66.38%	1, 3
Harvest Well	Interest of a controlled corporation	1,693,273,906 (L)	66.38%	1, 4
Fantasy Races Limited	Interest of a controlled corporation	1,693,273,906 (L)	66.38%	1, 5
Jin Xiangfei	Persons acting in concert	1,712,130,906 (L)	67.12%	1, 6
	Interest of a controlled corporation			
	Founder of a discretionary trust			
Liu Chaohui	Persons acting in concert	1,712,130,906 (L)	67.12%	1, 7
	Interest of a controlled corporation			
Tian Feng	Founder of a discretionary trust	1,712,130,906 (L)	67.12%	1, 8
	Persons acting in concert			
Li Mingqiang	Interest of a controlled corporation	1,712,130,906 (L)	67.12%	1, 9
	Founder of a discretionary trust			
	Persons acting in concert			
	Interest of a controlled corporation			
	Founder of a discretionary trust			

Disclosure of the Interests Information (Continued)

Name of shareholder	Capacities in which interests are held	Interests in Shares	Approximate percentage of shareholding	Notes
Cititrust Private Trust (Cayman) Limited	Trustee	1,693,273,906 (L)	66.38%	1, 10
	Interest of a controlled corporation			
Beyond Steady Limited	Beneficial owner	235,055,000 (L)	9.21%	1, 11
		235,055,000 (S)	9.21%	
	Person having a security interest in shares	1,066,619,774 (L)	41.81%	
Huarong International Financial Holdings Limited	Interest of a controlled corporation	1,301,674,774 (L)	51.03%	1, 11
		235,055,000 (S)	9.21%	
China Huarong Asset Management Co., Ltd.	Interest of a controlled corporation	1,301,674,774 (L)	51.03%	1, 11
		235,055,000 (S)	9.21%	
Central New Ventures Limited	Beneficial owner	310,263,000 (L)	12.16%	1, 12
Shanghai Libo Investment Center (LP)	Interest of a controlled corporation	310,263,000 (L)	12.16%	1, 12
Beijing Fudingxin Investment Management Co., Ltd	Interest of a controlled corporation	310,263,000 (L)	12.16%	1, 12
FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd.	Interest of a controlled corporation	310,263,000 (L)	12.16%	1, 12
Wang Zhiqiang	Beneficial owner	132,949,559 (L)	5.21%	1, 13
	Interest of spouse			
	Interest of a controlled corporation			
Ma Li	Beneficial owner	132,949,559 (L)	5.21%	1, 14
	Interest of spouse			

Notes:

- (1) The letter "L" denotes the person's long position in the Shares. The Letter "S" denotes the person's short position in the Shares.
- (2) Joywise holds 66.38% of the issued share capital of the Company, including 9.21% of derivative interests.
- (3) 40% of the issued share capital of Joywise is held by Ming Fai. Ming Fai is deemed under the SFO to be interested in the Shares held by Joywise.
- (4) 60% of the issued share capital of Joywise is held by Harvest Well. Harvest Well is deemed to be interested in the Shares held by Joywise under the SFO.
- (5) 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above and notes 2 and 3, Fantasy Races Limited is deemed to be interested in the Shares held by Joywise under the SFO.
- (6) Mr. Jin Xiangfei is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Jin Xiangfei, his family members and other persons who may join in from time to time (the "**Jin Family Trust**"). By virtue of the SFO, Mr. Jin Xiangfei is deemed to be interested in the Shares which Creative Goal Limited is interested in.

Mr. Jin Xiangfei is one of the parties to the 2013 Agreement. By virtue of the SFO, Mr. Jin Xiangfei is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Jin Xiangfei is deemed to be interested in the Shares held by Joywise under the SFO.

Disclosure of the Interests Information (Continued)

- (7) Ms. Liu Chaohui is the founder of a discretionary family trust, the discretionary beneficiaries of which are Ms. Liu Chaohui, her family members and other persons who may join in from time to time (the "**Liu Family Trust**"). By virtue of the SFO, Ms. Liu Chaohui is deemed to be interested in the Shares which Butterfly Fairy Limited is interested in.

Ms. Liu Chaohui is one of the parties to the 2013 Agreement. By virtue of the SFO, Ms. Liu Chaohui is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Ms. Liu Chaohui is deemed under the SFO to be interested in the Shares held by Joywise.

- (8) Mr. Tian Feng is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Tian Feng, his family members and other persons who may join in from time to time (the "**Tian Family Trust**"). By virtue of the SFO, Mr. Tian Feng is deemed to be interested in the Shares which Happy Sunshine Limited is interested in.

Mr. Tian Feng is one of the parties to the 2013 Agreement. By virtue of the SFO, Mr. Tian Feng is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Tian Feng is deemed to be interested in the Shares held by Joywise under the SFO.

- (9) Mr. Li Mingqiang is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Li Mingqiang, his family members and other persons who may join in from time to time (the "**Li Family Trust**"). By virtue of the SFO, Mr. Li Mingqiang is deemed to be interested in the Shares which Ultimate Triumph Investments Limited is interested in.

Mr. Li Mingqiang is one of the parties to the 2013 Agreement. By virtue of the SFO, Mr. Li Mingqiang is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Li Mingqiang is deemed to be interested in the Shares held by Joywise under the SFO.

- (10) Cititrust Private Trust (Cayman) Limited (the "**Trustee**") is the trustee under the Yi Family Trust, the FXC Family Trust, the FXH Family Trust, the Jin Family Trust, the Tian Family Trust, the Liu Family Trust, the Li Family Trust, the Sunshine Trust I and the Sunshine Trust II. For details of these trusts, see "History, Reorganization and Group Structure – Establishment of Offshore Trusts" from page 121 to page 122 of the prospectus (the "**Prospectus**").

In light of the above and notes 2 and 3, the Trustee is deemed to be interested in the Shares held by Joywise under the SFO.

- (11) 100% of the equity interests of Beyond Steady Limited are indirectly held by Huarong International Financial Holdings Limited and China Huarong Asset Management Co., Ltd. Therefore, Huarong International Financial Holdings Limited and China Huarong Asset Management Co., Ltd. are deemed to be interested in the Shares held by Beyond Steady Limited under the SFO.

- (12) 60% of the equity interest of Central New Ventures Limited is held by Shanghai Libo Investment Center (LP). Beijing Fudingxin Investment and Management Co., Ltd., wholly owned by FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd., is the general partner of Shanghai Libo Investment Center (LP). Therefore, Shanghai Libo Investment Center (LP), Beijing Fudingxin Investment and Management Co., Ltd. and FDH Private Equity Investment Fund Management (Tianjin) Co., Ltd. are deemed to be interested in the Shares held by Central New Ventures Limited under the SFO.

- (13) Mr. Wang Zhiqiang is interested in 132,949,559 shares of the Company, comprising 116,407,559 shares held by himself, 10,745,000 shares held through Zhongran Investments Company Limited, and 5,797,000 shares held by his spouse Ms. Ma Li which are deemed to be interested in by him.

- (14) Ms. Ma Li is interested in 132,949,559 shares of the Company, comprising 5,797,000 shares held by herself, and 127,152,559 shares held by her spouse Mr. Wang Zhiqiang which are deemed to be interested in by her.

Save as disclosed above, as at 30 June 2021, the directors were not aware of any persons (who were not directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

Other Information

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, Mr. Gu Yunchang, an independent non-executive director of the Company, ceased to be the deputy director of the Housing Policy Expert Committee of the Ministry of Housing and Urban-Rural Development.

INTERIM DIVIDENDS

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

USE OF NET PROCEEDS FROM ISSUE OF CONVERTIBLE BONDS

The Company issued the 2016 Convertible Bonds on 11 August 2016. The 2016 Convertible Bonds were listed on the Stock Exchange (debt code: 5696).

The conversion price, originally at HK\$3.69, shall be adjusted to HK\$3.66 pursuant to condition 6(C) (vi) of the terms and conditions as a result of the issue of 235,055,000 new subscription shares to the subscriber at a price of HK\$3.10 per subscription share on 28 December 2017 pursuant to the subscription agreement.

On 10 November 2020, the conversion price of the 2016 Convertible Bonds, (originally at HK\$3.66), was adjusted to HK\$3.38 pursuant to the interim dividends for the six months ended 30 June 2020 declared by the Board at a price of HK\$10.00 cents per share (the “**Interim Dividends**”), with effect from 17 October 2020, being the date immediately after the record date for the determination of the entitlement to the Interim Dividends.

As at 30 June 2021, unpaid principal amount for 2016 Convertible Bonds was US\$45.4 million. As calculated based on the conversion price of 2016 Convertible Bonds at HK\$3.38 per share, a maximum of 104,184,940 Shares will be allotted and issued if the conversion rights attached to outstanding 2016 Convertible Bonds are fully exercised, representing approximately 4.08% of the then issued share capital of the Company on 30 June 2021 and approximately 3.92% of the issued share capital of the Company enlarged by the shares issued upon conversion of outstanding 2016 Convertible Bonds. The directors of the Company have confirmed that the number of shares to be issued are within the scope of authorization to the directors approved by shareholders at the annual general meeting of the Company held on 25 June 2021.

The Company also issued 4.8% convertible bonds in the principal amount of HK\$750.0 million due 2023 on 17 September 2018 (“**2018 Convertible Bonds**”).

On 10 November 2020, the conversion price of 2018 Conversion Bonds (originally HK\$4.50) was adjusted to HK\$4.16 due to the Interim Dividends declared with effect from 17 October 2020, being the date immediately after the record date for the determination of the entitlement to the Interim Dividends.

As at 1 March 2021, the Company repurchased and cancelled all the 2018 Convertible Bonds in the open market. For details, please refer to the announcement of the Company dated 1 March 2021.

Other Information (Continued)

Set out below is the intended and actual use of the 2016 Convertible Bonds and 2018 Convertible Bonds as at 30 June 2021:

Convertible bonds issued	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
(1) 2016 Convertible Bonds	US\$197.6 million	Refinancing of existing indebtedness and general corporate purposes	Approximately 97.1% of the net proceeds (US\$191.8 million) has been utilised for the repayment of the principal and interest on loans and borrowings; and approximately 2.9% of the net proceeds (US\$5.8 million) has been utilised for general working capital. As at 30 June 2021, all proceeds have been utilised by the Company.
(2) 2018 Convertible Bonds	HK\$735.0 million	Refinancing of existing indebtedness and general corporate purposes	Approximately 99.6% of the net proceeds (HK\$731.9 million) has been utilised for the repayment of the principal and interest on loans and borrowings; and approximately 0.4% of the net proceeds (HK\$3.1 million) has been utilised for general working capital. As at 30 June 2021, all the proceeds raised have been utilised by the Company.

Set out below is the dilution effect on equity interest of the substantial shareholders of the Company:

Substantial shareholders	30 June 2021		Upon conversion of the 2016 Convertible Bonds in full at the conversion price of HK\$3.38 per share	
	Number of shares	Approximate percentage of issued shares	Number of shares	Approximate percentage of issued shares
Joywise Holdings Limited	1,458,218,906	57.17%	1,458,218,906	54.92%
Beyond Steady Limited	235,055,000	9.21%	235,055,000	8.85%
Central New Ventures Limited	310,263,000	12.16%	310,263,000	11.69%

On 30 June 2021, the Group recorded total net assets of RMB11,801 million, net current assets of RMB12,199 million and cash and cash equivalents of RMB1,312 million. So far as the Company is concerned, based on the financial positions of the Group, it is expected that the Company is able to meet its redemption obligations under the issued 2016 Convertible Bonds whose conversion rights were not exercised.

Other Information (Continued)

Based on the implied internal rate of returns of 2016 Convertible Bonds, the Company's share prices at future dates at which it would be equally financially advantageous for the bonds holders to convert 2016 Convertible Bonds or have them redeemed were as follows:

Date	Share price (HK\$)
30 June 2021	3.93 per share
11 August 2021 (on which the Company had a right to redeem the whole bonds held by any bondholders at 112.15% of the principal amount and interest accrued as of such date)	3.79 per share

The 2016 Convertible Bonds were listed on the Stock Exchange (debt code: 5696) until it was delisted on 11 August 2021. For details, please refer to the announcement of the Company dated 9 August 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 provided guarantees pursuant to the indenture in respect of the 2023 Notes (the "**Subsidiary Guarantors**") and Haitong International Securities Company Limited (the "**Initial Purchaser**") 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.

Redemption, Cancellation or Delisting of Convertible Bonds

As at 1 March 2021, the Company repurchased and cancelled all of the 2018 Convertible Bonds in the open market. Upon cancellation of the repurchased 2018 Convertible Bonds, there are no 2018 Convertible Bonds outstanding. For details, please refer to the announcement of the Company dated 1 March 2021.

The Company issued the 2016 Convertible Bonds on 11 August 2016. The 2016 Convertible Bonds were listed on the Stock Exchange (debt code: 5696) until it was delisted on 11 August 2021. For details, please refer to the announcement of the Company dated 9 August 2021.

Other Information (Continued)

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 of 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.

SHARE OPTION SCHEME

The Company had adopted a Post-IPO share option scheme ("**Share Option Scheme**") on 17 February 2014. The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant share options to the eligible participants as incentives or rewards for the contribution they had or may have made to the Group. The eligible participants for the Share Option Scheme includes any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; any directors (including independent non-executive directors) of the Company or any of its subsidiaries; any advisers, consultants, suppliers, customers, distributors and agents to the Company or any of its subsidiaries; and such other persons who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries. The Share Option Scheme has been effective since the date on which the Company was listed on the Stock Exchange. No share options have been granted under the Share Option Scheme since the Company adopted the Share Option Scheme.

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.

Consolidated Statement of Comprehensive Income

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

	Note	Six months ended 30 June	
		2021 RMB'000	2020 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	9	15,959	(101,281)
Other income	4(a)	10,988	14,638
Selling expenses		(203,090)	(159,443)
Administrative expenses		(207,401)	(207,366)
Other operating expenses	4(b)	(194,089)	(17,763)
Profit from operations		44,580	707,858
Financial income	5(a)	186,852	218,031
Financial costs	5(a)	(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	6	(166,072)	(355,133)
(Loss)/profit for the period		(277,686)	259,945
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

The notes on pages 49 to 72 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 17.

Consolidated Statement of Comprehensive Income (Continued)

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

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
(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)			
	7		
Basic		(0.14)	(0.003)
Diluted		(0.14)	(0.003)

The notes on pages 49 to 72 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2021 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current assets			
Property and equipment	8	698,134	763,805
Investment properties	9	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	12	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	10	28,375,001	29,351,932
Land development for sale	11	2,781,827	2,615,378
Contract costs		296,312	295,280
Trade and other receivables	12	6,458,516	6,178,473
Prepayments		2,584,099	2,432,599
Restricted deposits		419,779	562,807
Cash and cash equivalents	13	1,312,094	3,071,779
Trading securities		184,372	204,957
Total current assets		42,412,000	44,713,205
Current liabilities			
Loans and borrowings	14	12,628,068	12,717,036
Trade and other payables	15	6,975,813	6,745,591
Contract liabilities	16	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

The notes on pages 49 to 72 form part of this interim financial report.

Consolidated Statement of Financial Position (Continued)

at 30 June 2021 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Non-current liabilities			
Loans and borrowings	14	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	15	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			
	17		
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

Approved and authorised for issue by the board of directors on 31 August 2021.

YI Xiaodi)	
)	
)	Directors
)	
FAN Xiaochong)	

The notes on pages 49 to 72 form part of this interim financial report.

Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Exchange reserve	General reserve fund	Property revaluation reserve	Retained profits	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	20,240	3,343,981	(2,862)	464	(24,809)	785,069	13,036	5,031,605	9,166,724	2,581,503	11,748,227	
Changes in equity for the six months ended 30 June 2020:												
(Loss)/profit for the period	-	-	-	-	-	-	-	(6,746)	(6,746)	266,691	259,945	
Other comprehensive income	-	-	-	-	(2,784)	-	-	-	(2,784)	-	(2,784)	
Total comprehensive income	-	-	-	-	(2,784)	-	-	(6,746)	(9,530)	266,691	257,161	
Purchase and cancellation of own shares												
- par value paid	(32)	-	-	-	-	-	-	-	(32)	-	(32)	
- premium paid	-	(4,449)	-	-	-	-	-	-	(4,449)	-	(4,449)	
- transfer between reserves	-	(53)	-	53	-	-	-	-	-	-	-	
Cancellation of treasury shares	(21)	(2,841)	2,862	-	-	-	-	-	-	-	-	
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	(2,547)	(2,547)	
Balance at 30 June 2020 and 1 July 2020	20,187	3,336,638	-	517	(27,593)	785,069	13,036	5,024,859	9,152,713	2,845,647	11,998,360	
Changes in equity for the six months ended 31 December 2020:												
Profit for the period	-	-	-	-	-	-	-	444,782	444,782	579,224	1,024,006	
Other comprehensive income	-	-	-	-	14,946	-	-	-	14,946	-	14,946	
Total comprehensive income	-	-	-	-	14,946	-	-	444,782	459,728	579,224	1,038,952	

Consolidated Statement of Changes in Equity (Continued)

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

	Attributable to equity shareholders of the Company										
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Exchange reserve	General reserve fund	Property revaluation reserve	Retained profits	Sub-total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Repurchase of own shares											
– par value paid	-	-	(5)	-	-	-	-	-	(5)	-	(5)
– premium paid	-	-	(582)	-	-	-	-	-	(582)	-	(582)
Equity transaction with non-controlling interests	-	-	-	-	-	-	-	4,467	4,467	22,182	26,649
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	(660,221)	(660,221)	
Dividends declared in respect of the current year	-	-	-	-	-	-	-	(233,137)	(233,137)	-	(233,137)
Transfer to general reserve fund	-	-	-	-	-	22,810	-	(22,810)	-	-	-
Balance at 31 December 2020	20,187	3,336,638	(587)	517	(12,647)	807,879	13,036	5,218,161	9,383,184	2,786,832	12,170,016

The notes on pages 49 to 72 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)

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

	Attributable to equity shareholders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Capital redemption reserve	Exchange reserve	General reserve fund	Property revaluation reserve	Retained profits	Sub-total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2021	20,187	3,336,638	(587)	517	(12,647)	807,879	13,036	5,218,161	9,383,184	2,786,832	12,170,016	
Changes in equity for the six months ended 30 June 2021:												
(Loss)/profit for the period	-	-	-	-	-	-	-	(359,868)	(359,868)	82,182	(277,686)	
Other comprehensive income	-	-	-	-	2,832	-	-	-	2,832	-	2,832	
Total comprehensive income	-	-	-	-	2,832	-	-	(359,868)	(357,036)	82,182	(274,854)	
Purchase and cancellation of own shares												
- par value paid	(8)	-	-	-	-	-	-	-	(8)	-	(8)	
- premium paid	-	(911)	-	-	-	-	-	-	(911)	-	(911)	
- transfer between reserves	-	(13)	-	13	-	-	-	-	-	-	-	
Cancellation of treasury shares	(5)	(582)	587	-	-	-	-	-	-	-	-	
Distribution to non-controlling interests	-	-	-	-	-	-	-	-	-	(92,451)	(92,451)	
Balance at 30 June 2021	20,174	3,335,132	-	530	(9,815)	807,879	13,036	4,858,293	9,025,229	2,776,563	11,801,792	

The notes on pages 49 to 72 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

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

	Note	Six months ended 30 June	
		2021 RMB'000	2020 RMB'000
Operating activities			
Cash generated from operations		1,060,284	688,700
Income tax paid		(306,919)	(273,681)
Net cash generated from operating activities		753,365	415,019
Investing activities			
Repayment of loans provided to third parties		43,244	646,141
Proceeds from disposal of subsidiaries in previous year		87,000	–
Proceeds from disposal of subsidiaries		–	538,159
Interest received		52,780	58,877
Proceeds from disposal of financial asset		12,148	–
Loans provided to associates		(5,496)	–
Acquisition of investment properties		(4,263)	(40,273)
Prepayment for acquisition of an associate		(500)	(80,000)
Acquisition of subsidiaries, net of cash acquired		–	(160,814)
Loans provided to non-controlling interests		–	(50,467)
Other cash flows used in investing activities		(404,299)	(4,454)
Net cash (used in)/generated from investing activities		(219,386)	907,169
Financing activities			
Proceeds from loans and borrowings		1,747,877	2,274,186
Proceeds from issuance of senior notes		776,028	734,936
Proceeds from issuance of Corporate bonds		554,400	–
Repayment of loans and borrowings		(1,295,355)	(2,396,595)
Repayment of Corporate bonds		(2,012,949)	–
Redemption of convertible bonds		(576,039)	–
Repayment of loans from related parties		(3,069)	–
Interest paid		(1,239,724)	(1,115,727)
Increase in restricted deposits		(12,454)	(360,548)
Purchase and cancellation of own shares		(919)	(4,481)
Distribution to non-controlling interests		(92,451)	–
Other cash flows used in financing activities		(132,307)	(22,864)
Net cash used in financing activities		(2,286,962)	(891,093)
Net (decrease)/increase in cash and cash equivalent	13	(1,752,983)	431,095
Cash and cash equivalents at 1 January		3,071,779	2,438,612
Effect of foreign exchange rate changes	13	(6,702)	(13,241)
Cash and cash equivalents at 30 June		1,312,094	2,856,466

The notes on pages 49 to 72 form part of this interim financial report.

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.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

This interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company, which was of the opinion that the results were prepared in accordance with and complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

(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 pledged bank deposits amounting to RMB1,312 million and RMB512 million, respectively, as at 30 June 2021.

As of the date of this report, the Group has not repaid loans and borrowings due of RMB180.9 million, 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION (CONTINUED)

(a) Material uncertainty related to going concern (Continued)

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 for sale;
- 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION (CONTINUED)

(a) Material uncertainty related to going concern (Continued)

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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

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 RMB'000	2020 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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 OTHER INCOME AND OTHER OPERATING EXPENSES

(a) Other income

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Penalty income	2,719	6,152
Others	8,269	8,486
	10,988	14,638

(b) Other operating expenses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Impairment losses on loans provided to third parties	170,340	–
Penalty expenses	4,534	–
Others	19,215	17,763
	194,089	17,763

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Financial income and financial costs

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Depreciation		
– owned property and equipment	12,464	9,421
– right-of-use assets	54,664	51,490

6 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

7 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.

8 PROPERTY AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group did not enter into any new lease agreements for use of buildings (six months ended 30 June 2020: The Group enter into a number of lease agreements for use of buildings, and therefore recognised the additions to right-of-use assets of RMB250,582,000).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group incurred capital expenditure of property and equipment with a cost of RMB2,360,000 (six months ended 30 June 2020: RMB2,808,000). Items of property and equipment with a net book value of RMB2,942,000 were disposed of during the six months ended 30 June 2021 (six months ended 30 June 2020: RMB8,156,000), resulting in a gain on disposal of RMB163,000 (six months ended 30 June 2020: loss on disposal of RMB55,000).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

9 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.

10 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

During the six months ended 30 June 2021, a write-down of properties under development and completed properties held for sale of RMB8,042,000 (six months ended 30 June 2020: RMB nil) has been debited to profit or loss during the period, due to an decrease in the estimated net realisable value of certain properties as a result of decreased price in certain properties.

11 LAND DEVELOPMENT FOR SALE

Land development for sale mainly represents the cost of land development for the Group's land development projects. Though the Group does not have ownership title or land use rights to the land, the Group is given the right to carry out preparation works in respect of land infrastructure in those projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales.

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

In accordance with the accounting policy of the Group, revenue in relation to land development for sale is recognised depending on the timing of sales of related land plots by the government to third parties.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 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:

	<i>Note</i>	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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

- (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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 TRADE AND OTHER RECEIVABLES (CONTINUED)

(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.

13 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Cash on hand	490	463
Cash at bank	1,311,604	3,071,316
	1,312,094	3,071,779

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Loans and borrowings at amortised cost			
– Long-term		15,870,596	16,316,143
– Short-term		3,278,975	2,323,444
– 2018 Senior Notes		763,639	758,333
– 2019 Senior Notes		474,071	807,866
– 2020 Senior Notes		–	675,193
– 2021 Senior Notes		733,930	–
– 2021 Senior Green Notes		1,043,952	–
– Corporate bonds		3,179,834	4,634,990
		25,344,997	25,515,969
Convertible Bonds	(a)	283,128	854,673
		25,628,125	26,370,642

(a) Convertible Bonds

As the Convertible Bonds do not contain an equity component, the derivative component of the Convertible Bonds is measured at fair value and the liability component is carried at amortised cost. As at 30 June 2021, the carrying amounts of liability and derivative components of the Convertible Bonds were RMB283,128,000 and RMB nil respectively.

During the six months ended 30 June 2021, the Company has redeemed an aggregate principal amount of HKD750,000,000 (equivalent to approximately RMB576,039,000) of the outstanding Convertible Bonds. No conversion of the Convertible Bonds has occurred during the six months ended 30 June 2021.

	Derivative component RMB'000	Liabilities component RMB'000	Total RMB'000
At 1 January 2021	54,795	799,878	854,673
Fair value adjustment charged to profit or loss (Note 5(a))	21	–	21
Accrued interest	–	25,248	25,248
Interest paid	–	(12,298)	(12,298)
Foreign exchange loss	–	(8,477)	(8,477)
Repurchase of convertible bonds	(54,816)	(521,223)	(576,039)
At 30 June 2021	–	283,128	283,128

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (CONTINUED)

(b) The Group's long-term loans and borrowings comprise:

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Loans and borrowings at amortised cost:		
– Bank loans – secured	4,699,518	5,289,867
– Loans from other financial institutions – secured	10,237,337	11,026,276
– Loans from third parties – secured	933,741	–
– 2018 Senior Notes	763,639	758,333
– 2019 Senior Notes	474,071	807,866
– 2020 Senior Notes	–	675,193
– 2021 Senior Notes	733,930	–
– 2021 Senior Green Notes	1,043,952	–
– Corporate bonds	3,179,834	4,634,990
	22,066,022	23,192,525
Convertible Bonds	283,128	854,673
	22,349,150	24,047,198
Less: Current portion of long-term loans and borrowings:		
– Bank loans	1,536,280	1,302,561
– Loans from other financial institutions	4,808,037	4,119,956
– 2018 Senior Notes	763,639	758,333
– 2019 Senior Notes	474,071	807,866
– 2020 Senior Notes	–	675,193
– 2021 Senior Green Notes	1,043,952	–
– Corporate bonds	439,986	2,452,603
– Convertible Bonds	283,128	277,080
	9,349,093	10,393,592
	13,000,057	13,653,606

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 LOANS AND BORROWINGS (CONTINUED)

(c) The Group's short-term loans and borrowings comprise:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Loans and borrowings at amortised cost:		
Bank loans		
– secured	160,290	103,160
Loans from other financial institutions		
– secured	711,999	1,142,653
– unsecured	200,000	209,584
Loans from third parties		
– secured	595,500	–
– unsecured	1,611,186	868,047
	3,278,975	2,323,444
Current portion of long-term loans and borrowings	9,349,093	10,393,592
	12,628,068	12,717,036

(d) The Group has defaulted in the repayment of loans and borrowings

As of the date of this report, the Group has not repaid loans and borrowings due of RMB180.9 million, 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 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:

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 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	(i)	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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 TRADE AND OTHER PAYABLES (CONTINUED)

(i) Amounts due to related parties

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Amounts due to		
– Entities under control of Mrs. Fan Xiaohua (“Mrs. Fan”)	31,315	34,384
– Associates	230,000	230,000
	261,315	264,384

The balances as at 30 June 2021 and 31 December 2020 were interest-free, unsecured and had no fixed terms of repayment.

16 CONTRACT LIABILITIES

Contract liabilities represented proceeds received on property unit sales that have not been recognised as revenue in accordance with the Group’s revenue recognition policy.

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

	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregated price paid RMB'000
January 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

Fair valued hierarchy

The following table presents the fair value of financial instruments measured at the balance sheet dates on a recurring loan, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3 valuations: Fair value measured using significant unobservable inputs.

The Group has a team headed by the finance manager who is responsible for performing valuations for the trading securities and engaging external valuers to perform valuations for convertible bonds at fair value through profit or loss which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the external valuers at each interim and annual reporting date, and is reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year, to coincide with the reporting dates.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair valued hierarchy (Continued)

	Fair value at 30 June 2021 RMB'000	Fair value measurements as at 30 June 2021 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Trading securities	184,372	184,372	–	–

	Fair value at 31 December 2020 RMB'000	Fair value measurements as at 31 December 2020 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Trading securities	204,957	204,957	–	–
Financial liabilities:				
Derivative component of convertible bonds	54,795	–	–	54,795

During the periods ended 30 June 2021 and 2020, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Fair values of financial instruments assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair value as at 30 June 2021 and 31 December 2020.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

19 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 30 June 2021 and 31 December 2020, the Group has the following commitments in respect of properties under development, land development for sale and investment properties under construction not provided for in the financial statements:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contracted for	7,355,949	8,385,023
Approved but not contracted for	7,545,064	8,818,334
	14,901,013	17,203,357

(b) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within two years after the property units are delivered to the buyers. The total amounts of mortgages outstanding which are guaranteed by the Group, were RMB4,364,565,000 as at 30 June 2021 (2020: RMB4,738,924,000).

(c) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the relevant PRC laws and regulations, and these warranties are covered by back-to-back warranties provided by the relevant contractors of the projects.

(d) Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity, or operating results of the Group.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS

The principal transactions which were carried out in the ordinary course of business are as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Loans provided to		
– Associates	5,496	–
Repayment of loans from		
– Entities under control of Mrs. Fan	3,069	–
Loans received from		
– An associate	–	232,134
– Entities under control of Mrs. Fan	–	875
Loans received from		
– An associate	–	232,134
– Entities under control of Mrs. Fan	–	875
Interest income charged from		
– Entities under control of Mrs. Fan	–	283
Rental fees repaid to		
– An associate	–	4,098

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

21 SUBSEQUENT EVENTS

(a) Investment cooperation framework agreement and a loan agreement entered into with Cinda Investment

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.

In consideration of the provision of the Loan Facility by the Lender, certain pledges and credit enhancement measures will be given, including equity interests in two subsidiaries of the Company, namely Wenzhou Center and Wenzhou Shihe Eco-City Development Co., Ltd. ("Wenzhou Shihe"), will 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 shall also provide a guarantee in favour of the Lender of up to RMB1.98 billion (together with accrued interest).

(b) Withdrawal of recommendation for payment of interim dividend

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.

(c) Default of the loans and borrowings

- (i) As of the date of this report, the Company has failed to make repayment of the principal and the premium on the Convertible Bonds of the United States Dollar ("USD") 52,391,600 in total on the maturity date, an event of default has taken place. The event of default will trigger cross-default provisions under the 2021 Senior Green Notes and certain other debt instruments, including the 2018 Senior Notes, the 2021 Senior Notes, and the 2021 Senior Green Notes may become immediately due and payable if the creditors choose to accelerate.
- (ii) As of the date of this report the Group has not repaid a loan from other financial institution of RMB191 million which was due 26 July 2021, and is in the process of negotiating certain agreements with the lender. And it may trigger a 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.