

The background of the entire page is a photograph of a large, modern building with a grey roof and many windows, situated on a lush green lawn. The sky is filled with soft, golden clouds, suggesting a sunrise or sunset. The overall tone is warm and professional.

**SUNAC 融創中國**

**融創中國控股有限公司**  
**SUNAC CHINA HOLDINGS LIMITED**

(於開曼群島註冊成立的有限責任公司)  
(*incorporated in the Cayman Islands with limited liability*)

Stock Code 股份代號: 1918

INTERIM REPORT 2012 中期報告

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PASSION FOR PERFECTION

# About SUNAC

## 關於融創

SUNAC China Holdings Limited (the “Company”, “our Company” and its subsidiaries collectively referred to as the “Group”) is an integrated residential and commercial property developer. To date, the Company has engaged in project developments in the four main regions of Beijing, Tianjin, Chongqing and Shanghai, which are currently in different phases and has covered a diverse range of property types, such as high-rise and mid-rise residences, detached villas, townhouses, retail properties, offices and car parks.

The Company focuses on high-end property development and management business. Guided by its brand positioning as “Passion for Perfection”, the Company has long been providing high-end products to customers. With the aim of becoming leader of the real estate industry in China, the Company’s pursuit of high-quality products and services never ends. It is always committed to providing a desirable, elegant life experience to its customers through quality products and services. With its accurate judgment of market trends, keen in-sights into consumer demands and emphasis on high product quality, the Company is ready to adopt cutting-edge concepts at the right time to design and develop its projects, and has created an advanced quality control and supervisory system.

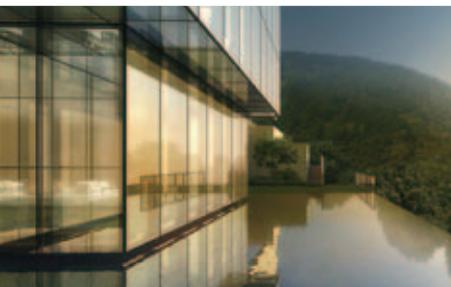
融創中國控股有限公司(簡稱：本公司，本公司及其附屬公司統稱為本集團)是一家專業從事住宅及商業地產綜合開發的企業。迄今，公司在北京、天津、重慶、上海四大區域擁有眾多處於不同發展階段的項目，產品涵蓋高層及多層住宅、別墅、聯排別墅、商業、寫字樓及泊車位等多種物業類型。

公司專注於高端物業的開發和管理，以「至臻，致遠」為品牌方向，持之以恆的為客戶專注打造高端精品物業，立志成為對高端品質不懈追求的房地產行業領跑者。公司用心為客戶提供大氣舒放、貴氣質感、富有品質的高端生活體驗，不懈追求具有恆久價值的優質產品和用心週到的服務。基於對市場發展的精準判斷，對消費者需求的敏銳洞悉，以及對高品質的不懈追求，公司採用先進的設計理念和嚴格的管理監控體系，致力於不斷提升定位、產品規劃設計、建設和服務能力，提升專案綜合品質，打造精品項目。



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Sun Hongbin (*Chairman and Chief Executive Officer*)  
Mr. Wang Mengde  
Mr. Li Shaozhong  
Mr. Chi Xun  
Mr. Shang Yu  
Mr. Jing Hong (appointed with effect from 3 July 2012)

### Non-executive Directors

Ms. Hu Xiaoling  
Mr. Zhu Jia

### Independent Non-executive Directors

Mr. Poon Chiu Kwok  
Mr. Li Qin  
Mr. Ma Lishan

## JOINT COMPANY SECRETARIES

Mr. Huang Shuping  
Ms. Ma Sau Kuen Gloria

## AUTHORIZED REPRESENTATIVES

Mr. Wang Mengde  
Ms. Ma Sau Kuen Gloria

## AUDIT COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)  
Mr. Li Qin  
Mr. Ma Lishan

## REMUNERATION COMMITTEE

Mr. Poon Chiu Kwok (*Chairman*)  
Mr. Sun Hongbin  
Mr. Li Qin  
Mr. Ma Lishan

## NOMINATION COMMITTEE

Mr. Sun Hongbin (*Chairman*)  
Mr. Poon Chiu Kwok  
Mr. Li Qin  
Mr. Ma Lishan

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8th Floor, Gloucester Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

3/F, Building A3, Magnetic Plaza  
Binshuixi Road, Nankai District  
Tianjin 300381  
PRC

## REGISTERED OFFICE

Landmark Square  
3rd Floor  
64 Earth Close  
P.O. Box 30592  
Grand Cayman KY1-1203  
Cayman Islands

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited  
Butterfield House  
68 Fort Street  
P.O. Box 609  
Grand Cayman KY1-1107  
Cayman Islands

# Corporate Information

## HONG KONG SHARE REGISTRAR

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

## LEGAL ADVISERS

*As to Hong Kong law:*  
Norton Rose Hong Kong

*As to Cayman Islands law:*  
Conyers Dill & Pearman

*As to PRC law:*  
Jincheng Tongda & Neal Law Firm

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*

## PRINCIPAL BANKERS

Industrial and Commercial Bank of China  
Agricultural Bank of China  
Bank of China

## STOCK CODE

1918

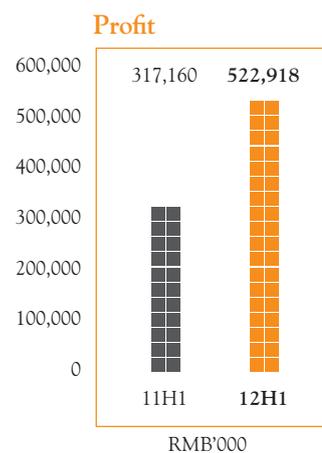
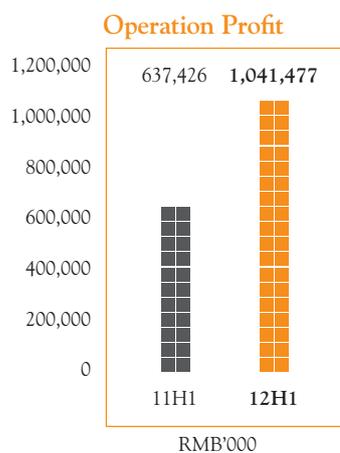
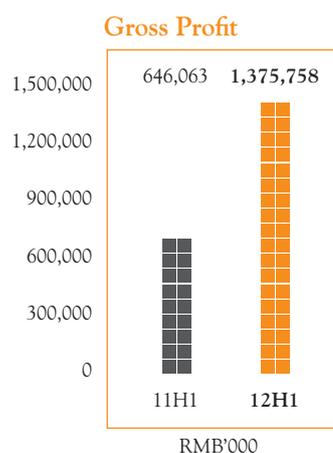
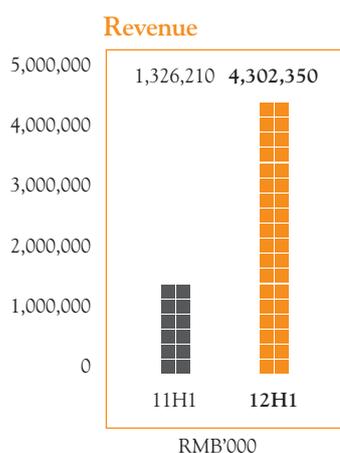
## COMPANY'S WEBSITE

[www.sunac.com.cn](http://www.sunac.com.cn)

# Financial Summary

For the six months  
ended 30 June  
(Unaudited)

	2012 RMB'000	2011 RMB'000	Growth
Revenue	4,302,350	1,326,210	224%
Gross profit	1,375,758	646,063	113%
Operation profit	1,041,477	637,426	63%
Profit	522,918	317,160	65%
Profit attributable to owners of the Company	527,427	318,698	65%
Earnings per share			
– Basic (RMB)	0.176	0.106	65%
– Diluted (RMB)	0.175	0.106	65%



# Business Review and Outlook

## SUMMARY OF PRINCIPAL PROPERTIES

The Group has engaged in a total of 22 property development projects. The following tables set forth certain details of the Group's projects based on actual data or estimates of the Group and associated project companies as of 30 June 2012.

Project Summary as of 30 June 2012							
Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Sunac Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	460,840	1,248,768	1,188,539	100%	December 2014
Sunac Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	809,386	749,250	100%	December 2012
Sunac Central of Glorious	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties and car parks	14,608	64,738	62,977	100%	October 2012
Sunac Joy Downtown	Tianjin	Retail properties	25,234	56,615	55,960	100%	Completed in June 2006
Sunac PL Du Pantheon	Tianjin	High-rise apartments, retail properties and car parks	70,600	246,982	241,636	50%	June 2015
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	305,088	303,036	100%	December 2013
Sunac Glorious Mansion II	Tianjin	Mid-rise apartments, townhouses and detached villas, retail properties, offices and car parks	75,125	132,331	134,530	50%	2014
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,425	720,646	704,983	100%	June 2016
Horizon Capital	Tianjin	High-rise apartments, townhouses, retail properties, offices, serviced apartments and car parks	111,446	385,644	385,644	49%	September 2016

# Business Review and Outlook

## Project Summary as of 30 June 2012

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Sunac East Fairyland	Beijing	High-rise apartments, retail properties and car parks	54,502	166,481	144,276	100%	Completed in November 2010
Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	439,901	334,657	100%	December 2013
Sunac Long Beach Mansion	Beijing	Mid-rise apartments, retail properties and car parks	63,940	133,956	100,786	100%	December 2013
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	37,985	135,861	107,847	49%	June 2015
Yao Jinmao Residence	Beijing	High-rise and mid-rise apartments and car parks	54,784	194,589	159,565	49%	December 2013
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, serviced apartments, offices and car parks	1,714,366	2,577,259	2,006,301	100%	December 2014
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	179,204	394,428	311,350	100%	December 2014

# Business Review and Outlook

## Project Summary as of 30 June 2012

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Interest attributable to the Group	Estimated completion time
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, retail properties, serviced apartments, offices and car parks	118,912	759,515	607,205	85%	October 2014
Camphorwood Mansion	Wuxi	High-rise apartments, detached villas, retail properties and car parks	203,070	711,063	681,064	51%	December 2017
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	733,889	1,399,962	1,295,222	100%	June 2014
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	570,182	1,052,889	950,570	71%	December 2014
Sunac 81	Suzhou	Townhouses, detached villas and retail properties	133,434	100,340	82,581	100%	December 2012
Sunac Royal Garden	Yixing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	465,941	397,347	100%	December 2014
<b>Total</b>			<b>5,969,068</b>	<b>12,502,382</b>	<b>11,005,327</b>		

## Business Review and Outlook

### Completed Properties as of 30 June 2012

Project	Location	Aggregate GFA (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Unsold/ held for rental aggregate GFA (sq.m.)	Saleable/ rentable GFA unsold/ held for rental (sq.m.)
Sunac Magnetic Capital	Tianjin	1,120,200	1,061,605	208,687	197,771
Sunac Mind-Land International	Tianjin	760,803	723,636	38,983	37,079
Sunac Central of Glorious	Tianjin	11,457	11,614	1,708	1,732
Sunac Joy Downtown	Tianjin	56,615	55,960	12,870	12,721
Sunac East Fairyland	Beijing	166,481	144,276	0	0
Sunac West Chateau	Beijing	252,425	193,674	123,406	94,683
Sunac Olympic Garden	Chongqing	1,584,561	1,270,145	82,869	66,426
Sunac Asia Pacific Enterprise Valley	Chongqing	435,384	347,779	263	210
Sunac Swan Lake	Wuxi	891,600	817,360	168,446	154,420
Sunac Dream of City	Wuxi	469,000	436,489	40,654	37,835
Sunac 81	Suzhou	72,207	55,500	15,611	11,999
Sunac Royal Garden	Yixing	39,000	26,704	19,151	13,114
<b>Total</b>		<b>5,859,733</b>	<b>5,144,742</b>	<b>712,648</b>	<b>627,990</b>

# Business Review and Outlook

## Properties under Development as of 30 June 2012

Project	Location	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Estimated saleable/ rentable GFA not pre-sale/ held for rental (sq.m.)
Sunac Magnetic Capital	Tianjin	22,436	22,090	7,594
Sunac Mind-Land International	Tianjin	48,583	25,614	429
Sunac Central of Glorious	Tianjin	53,281	51,363	4,954
Sunac Glorious Mansion	Tianjin	305,088	303,036	230,479
Sunac Central Academy	Tianjin	183,670	184,028	57,630
Sunac PL Du Pantheon	Tianjin	149,789	144,444	110,172
Sunac West Chateau	Beijing	187,476	140,983	127,654
Sunac Long Beach Mansion	Beijing	133,956	100,786	54,792
Sunac Olympic Garden	Chongqing	564,019	421,741	162,020
Sunac Eton Manor	Chongqing	151,928	128,050	107,651
Camphorwood Mansion	Wuxi	287,659	273,259	174,875
Sunac Swan Lake	Wuxi	413,587	388,670	300,137
Sunac Dream of City	Wuxi	265,964	236,642	134,598
Sunac 81	Suzhou	28,134	27,082	465
Sunac Royal Garden	Yixing	258,905	225,846	148,273
<b>Total</b>		<b>3,054,475</b>	<b>2,673,634</b>	<b>1,621,723</b>

# Business Review and Outlook

## Properties to be Constructed as of 30 June 2012

Project	Location	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)
Sunac Magnetic Capital	Tianjin	106,131	104,844
Sunac Central Academy	Tianjin	536,976	520,955
Sunac PL Du Pantheon	Tianjin	97,193	97,193
Horizon Capital	Tianjin	385,644	385,644
Sunac Beitang II	Tianjin	132,331	134,530
Wangjing Jinmao Palace	Beijing	135,861	107,847
Yao Jinmao Residence	Beijing	194,589	159,565
Sunac Olympic Garden	Chongqing	428,679	314,415
Sunac Asia Pacific Enterprise Valley	Chongqing	324,131	259,426
Sunac Eton Manor	Chongqing	242,501	183,300
Camphorwood Mansion	Wuxi	423,403	407,805
Sunac Swan Lake	Wuxi	94,775	89,192
Sunac Dream of City	Wuxi	317,925	277,440
Sunac Royal Garden	Yixing	168,036	144,797
<b>Total</b>		<b>3,588,174</b>	<b>3,186,952</b>

# Business Review and Outlook

## Review of the first half of 2012

In the first half of 2012, the economic environment became more complicated. Although the Government has adopted a series of stimulative measures to maintain the steady growth of the economy, it did not loosen the control over the property market. Against such background, with our vigorous marketing capability and the reasonable product positioning, the Company benefited from the favorable growth momentum of sales since last year and achieved its operational targets set at the beginning of this year. Meanwhile, the Company acquired parcels of land through equity cooperation and from the public market, enriching its land bank. We successfully entered into Shanghai market, formulating a strategic coverage over Beijing, Tianjin, Shanghai and Chongqing.

## Operating revenue and profit highlight

In the first half of 2012, the revenue and profit of the Company increased significantly as compared with the corresponding period in 2011, of which, the revenue increased by RMB2,976.1 million as compared with the corresponding period of last year to RMB4,302.3 million and the profit increased by RMB205.7 million as compared with the corresponding period of last year to RMB522.9 million.

## Sales highlights

In the first half of 2012, the Company, through adherence to strategy of focusing on regional development and pursuing high-end property, over-fulfilled its planned objectives for the first half of 2012. The Group's sales amount was RMB12.5 billion for the first half of the year. Selling expenses and administrative expenses were also maintained at reasonable levels. The proportions of the above expenses to sales amount were 1.6% and 1.4% respectively. The Company believes all of our projects are located in premium locations of various cities and occupy rare resources. With clear positioning and targeting at high-income customer groups in the cities, the Company would be able to implement its sales plan.

## Land acquisitions and project companies acquisitions highlight in the reporting period

The Group has adopted a prudent and reasonable approach in expanding its land reserves:

On 5 January 2012, Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi") agreed to enter into an equity transfer agreement with Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of Greentown China Holdings Limited ("Greentown China"), pursuant to which Sunac Zhidi acquired 51% equity interest in Wuxi Greentown Hubin Real Estate Co., Ltd. ("Greentown Hubin"), at a consideration of RMB51 million.

On 22 June 2012, Sunac Zhidi entered into a cooperation framework agreement with Greentown Real Estate, pursuant to which Sunac Zhidi agreed to acquire an effective 50% interest in eight project companies by way of the establishment of the joint venture company (the "JV Company"), and directly acquire an effective 50% interest in a project company, at an aggregate consideration of RMB3,372,058,712, which will be invested in equity interests and shareholder's loans to the target companies. Details of the cooperation framework agreement are set out in the announcement of the Company dated 22 June 2012.

In the first half of 2012, the Company successfully acquired land of Sunac Glorious Mansion II in Tianjin, with an estimated aggregate GFA of 132,331 sq.m. The land premium of such land amounted to RMB362.6 million.

# Business Review and Outlook

## Outlook for the second half of 2012:

After considering the adjustment measures adopted by the Government in respect of real estate market would continue, the Company will make proactive adjustments against the developments, operations and market conditions on properties. We believe our consistent adherence to the strategy of focusing on regional development and pursuing high-end property will effectively reduce the uncertainties arising from market fluctuation, and promote steady and rapid development of the Company. Further, the macro adjustment measures brought us opportunities to acquire additional quality parcels of land. The Company also set up positive and stringent business and financial strategies.

As in the past, the Company will continue to observe its regional focus strategy and high-end property strategy, focusing on Beijing, Tianjin, Shanghai and Chongqing, to further improve its core competitiveness in development in terms of product positioning, planning and design, development and construction, market sales and property management. Meanwhile, the Company will achieve powerful combination of complementary advantages through its cooperation with Greentown China. On one hand, both parties will make full use of the existing resource advantages of the JV Company, to further expand high-end property market in Shanghai. They will also jointly facilitate strategic development of the JV Company, to make it bigger and stronger, by way of taking full advantages of their brands. On the other hand, the cooperation will enable the Company to enhance its systematic abilities in creating high-end properties and to further improve its image as a creator of high-end properties. In addition, the Company expects to maintain a steady and rapid development based on its profit-oriented strategy.

Also, the Company is prudent in relation to the cash flow. It will make decisions with caution regarding operation and investment projects to ensure the Company will have a stable growth. In the meantime, when our cash flow is sufficient, the Company will consider opportunities for acquiring new parcels of lands carefully and manage use of project funds according to our plans to enhance sales, accomplish all planned sales collection and expand financing channels, so as to maintain a sufficient cash flow of the Company.

With regard to corporate governance and internal control, we will persistently adopt appropriate management and industrial standards to systematize and standardize our governance procedures, so as to minimize management risks.

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

In the six months ended 30 June 2012, the Group still focused on development of real estate properties in six cities of the PRC, namely Beijing, Tianjin, Chongqing, Wuxi, Suzhou and Yixing. The Group continued to deliver a solid performance, achieving satisfactory growth in its core businesses. The revenue of the Group was substantially generated from sales of residential and commercial properties for the six months ended 30 June 2012, with a minor portion of the Group's revenue derived from rental investment properties located in Tianjin and income from property management service business.

The revenue of the Group increased by RMB2,976.2 million, or 224.4%, from RMB1,326.2 million for the six months ended 30 June 2011 to RMB4,302.4 million for the corresponding period in 2012.

The following table shows certain details of the revenue of the Group:

	Six months ended 30 June			
	2012		2011	
	RMB'000	%	RMB'000	%
Sales of properties	4,203,344	97.7	1,260,275	95.0
Income from property-management services	90,745	2.1	56,963	4.3
Rental income from investment properties	8,261	0.2	8,972	0.7
<b>Total</b>	<b>4,302,350</b>	<b>100.0</b>	<b>1,326,210</b>	<b>100.0</b>
Total gross floor area ("GFA") delivered (sq.m)	262,434		83,174	

The increase in sales of properties was primarily due to a 215.5% increase in the GFA delivered from 83,174 sq.m. for the six months ended 30 June 2011 to 262,434 sq.m. for the corresponding period in 2012.

### Cost of sales

Cost of sales of the Group increased to RMB2,926.6 million for the six months ended 30 June 2012 from RMB680.1 million for the corresponding period in 2011, which was primarily due to (i) the GFA of the properties delivered in the period increased significantly, and (ii) the impact of the acquisition of equity interests in Beijing Sunac Hengji Real Estate Development Co., Ltd. ("Beijing Sunac Hengji"). In September 2011, the Group acquired the outstanding 50% equity interest of Beijing Sunac Hengji, previously an associate of the Group. According to requirements of the HKFRSs, the properties of Beijing Sunac Hengji was remeasured at fair value at the acquisition date in the Company's consolidated financial statements. The amortization of the valuation surplus totaling RMB442.2 million for the six months ended 30 June 2012 was included in the Group's cost of sales for the period.

# Management Discussion and Analysis

## Gross profit

The gross profit of the Group increased by RMB729.7 million, or 112.9%, from RMB646.1 million for the six months ended 30 June 2011 to RMB1,375.8 million for the corresponding period in 2012. The gross profit margin decreased from 48.7% for the six months ended 30 June 2011 to 32.0% for the corresponding period in 2012, which was mainly due to (i) the impacts of the acquisition of equity interest in Beijing Sunac Hengji (as mentioned in “Cost of sales” section). Excluding the impact of the equity interest acquisition, the gross profit margin of the Group was 42.3% for the six months ended 30 June 2012; (ii) the variety of types of property product delivered in the six months ended 30 June 2012, such as high-rise and mid-rise apartments; While in the corresponding period in 2011, the properties delivered were mainly retail properties, offices, serviced apartments of Sunac Magnetic Capital and detached villas of Sunac 81. The gross profit margin of these property products are usually higher than other property products.

## Selling and marketing costs

The selling and marketing costs of the Group rose to RMB195.3 million for the six months ended 30 June 2012 from RMB96.1 million for the corresponding period in 2011, which was primarily due to (i) an increase of two subsidiaries newly acquired in late 2011 and early 2012 (Beijing Sunac Hengji and Greentown Hubin), the selling and marketing costs of these two subsidiaries amounting to RMB46.4 million was included in the profit or loss for the six months ended 30 June 2012; (ii) in order to achieve an expected high pre-sale/sale performance, the Group made more efforts on marketing and brand publicity activities to promote property sales. The proportion of selling and marketing cost to the total amount of new sale contracts signed during the six months ended 30 June 2012 was 1.6%, as compared with that of 1.4% in the corresponding period in 2011.

## Administrative expenses

The Group's administrative expenses increased to RMB179.7 million for the six months ended 30 June 2012 from RMB97.6 million for the corresponding period in 2011, which was in line with the higher sales for the six months ended 30 June 2012.

## Other income

The Group's other income increased by RMB5.1 million from RMB6.6 million for the six months ended 30 June 2011 to RMB11.7 million for the corresponding period in 2012. The increase in other income was primarily attributable to an amount of RMB10.0 million of government grants that the Group received in the six months ended 30 June 2012, while there was no such grants received in the comparative period. Such increase was partially off-set by a decrease of RMB4.5 million in investment income.

# Management Discussion and Analysis

## Operating profit

The Group's operating profit increased significantly by RMB404.1 million, or 63.4%, from RMB637.4 million for the six months ended 30 June 2011 to RMB1,041.5 million for the corresponding period in 2012, which was primarily contributed from (i) an increase of RMB729.7 million in gross profit; (ii) a decrease of RMB181.3 million in gain from re-measurement of interests in a previous associate during step acquisition, which was primarily from the step acquisition of additional equity interests in the jointly controlled entity, Chongqing Yatai Shiye Real Estate Development Co. Ltd. ("Chongqing Yatai"), in January 2011; (iii) the net gain of RMB31.7 million on acquisition of 51% equity interests in the new subsidiary, Greentown Hubin in January 2012; and (iv) an increase of RMB121.3 million in operating expenses.

## Finance income and finance costs

The Group's finance income increased from RMB10.4 million for the six months ended 30 June 2011 to RMB13.1 million for the corresponding period in 2012, which was mainly due to the average bank deposits balances increased during the six months ended 30 June 2012. The finance costs charged to the profit or loss decreased by RMB178.0 million from RMB180.6 million for the six months ended 30 June 2011 to RMB2.6 million for the corresponding period in 2012, as most of the finance costs have been capitalized in development costs of the properties.

## Share of loss of jointly controlled entities

The Group's share of loss of jointly controlled entities amounted to RMB1.6 million for the six months ended 30 June 2012, which was primarily due to the loss from Beijing Franshion Sunac Real Estate Development Co., Ltd. ("Franshion Sunac") and Tianjin Beitang Sunac Investment Co., Ltd. ("Beitang Sunac"). These two jointly controlled entities were newly established in January 2012 and March 2012, respectively. The Group had no jointly controlled entities for the six months ended 30 June 2011.

## Share of loss of associates

The Group's share of loss of associates amounted to RMB2.6 million for the six months ended 30 June 2012, which was primarily due to the loss from Tianjin Poly Sunac Investment Company Ltd., an associate established in September 2011. The share of loss of RMB6.9 million for the corresponding period in 2011 was from another associate at that time, Beijing Sunac Hengji, which became a subsidiary of the Group through an acquisition in September 2011.

## Profit

As a result of the foregoing, the Group's profit for the six months ended 30 June 2012 increased 64.9% to RMB522.9 million against RMB317.2 million for the corresponding period in 2011.

# Management Discussion and Analysis

The following table shows the profit attributable to owners of the Company and non-controlling interests respectively as of the dates indicated:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
<b>Profit/(loss) for the period</b>	<b>522,918</b>	<b>317,160</b>
<i>Attributable to:</i>		
Owners of the Company	527,427	318,698
Non-controlling interests	(4,509)	(1,538)
	<b>522,918</b>	<b>317,160</b>

## Non-controlling interests

As at 30 June 2012, the non-controlling interests of the Group amounted to RMB833.9 million (as at 31 December 2011: RMB354.7 million):

- (1) On 5 January 2012, the Group acquired 51% equity interests of Greentown Hubin from a third party, and it became a subsidiary of the Group. As at 30 June 2012, the non-controlling interests of the 49% equity interest in Greentown Hubin held by minority shareholders amounted to RMB53.8 million.
- (2) On 21 March 2012, an independent third party, Daye Trust Co., Ltd. acquired 49.5586% equity interest of a former wholly owned subsidiary of the Group, Tianjin Sunac Mingxiang Investment Development Co., Ltd. ("Sunac Mingxiang"). As at 30 June 2012, the equity attributable to the non-controlling interests of Sunac Mingxiang amounted to RMB404.2 million.
- (3) The non-controlling interests of the 15% equity interest in Chongqing Yatai held by minority shareholders amounted to RMB140.8 million (as at 31 December 2011: RMB141.7 million).
- (4) The equity attributable to the non-controlling interests of Wuxi Sunac City Construction Co., Ltd. amounted to RMB240.0 million (as at 31 December 2011: RMB235.1 million).

## Cash position

The Group operates in a capital intensive industry and have historically financed, and expect to continue to finance, its working capital, capital expenditures and other capital requirements through proceeds from pre-sales and sale of properties, borrowings from commercial banks and other parties, capital contributions from shareholders and new share issuances. The Group's short-term liquidity requirements relate to servicing its debt and funding its working capital requirements, and the Group's sources of short-term liquidity include cash balances, proceeds from pre-sales and sales of properties and new borrowings. The Group's long-term liquidity requirements relate to funding the development of its new property projects/phases and repaying its long-term debt. The Group's sources of long-term liquidity include proceeds from pre-sales and sales of properties, borrowings, capital contributions from shareholders and share issuances.

# Management Discussion and Analysis

The Group's cash and cash equivalents (including restricted cash) increased by RMB963.3 million or 24.9%, to RMB4,830.4 million as of 30 June 2012, from RMB3,867.1 million as of 31 December 2011.

This increase was principally attributable to (i) the net cash inflow of RMB2,952.3 million in operating activities; (ii) the net cash outflow of RMB1,702.4 million in investing activities which was mainly due to the net outflow of RMB1,692.9 million in investing associates and jointly controlled entities; and (iii) the net cash outflow of RMB1,372.8 million in financing activities.

The directors of the Company (the "Directors") believe that both the working capital and financial resources are sufficient to secure the business growth in foreseeable future.

## **Borrowing and collateral**

The Group had total borrowings of RMB12,454.0 million as at 30 June 2012. Comparing to RMB11,574.6 million as of 31 December 2011, the increase of RMB879.4 million was mainly due to the borrowings in relation to the acquisition of Greentown Hubin, the total borrowings of which at the acquisition date was RMB1,290.0 million. Excluding this impact, the total borrowings of the Group actually decreased by RMB410.6 million.

As at 30 June 2012, the Group's borrowings totaling RMB12,408.0 million (as at 31 December 2011: RMB11,528.6 million) were secured or jointly secured by the Group's properties under development, completed properties held for sale and investment properties totaling RMB20,187.7 million (as at 31 December 2011: RMB14,658.0 million), certain equity interests of the Group's subsidiaries (including those legally transferred as collateral).

## **Net debt to total assets ratio and gearing ratio**

Net debt to total assets ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings (including current and long-term borrowings) less cash and cash equivalents. The net debt to total assets ratio of the Group decreased from 22.9% as at 31 December 2011 to 17.8% as at 30 June 2012.

Gearing ratio is calculated as net debt divided by total capital. Total capital is calculated as total equity plus net debt. The gearing ratio of the Group decreased from 51.0% as at 31 December 2011 to 48.5% as at 30 June 2012.

Decreases in both net debt to total assets ratio and gearing ratio were due to increased cash and cash equivalents and total assets.

## **Interest rate risk**

As the Group does not have significant interest-bearing assets, the Group's interest rate risk mainly arises from long-term borrowings. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

## Management Discussion and Analysis

The table below sets out the Group's exposure to interest rate risks. Included in the tables are the liabilities at carrying amounts, categorized by maturity dates.

	At 30 June 2012 RMB'million	At 31 December 2011 RMB'million
Floating rates		
Less than 1 year	3,156	1,067
1 to 5 years	5,378	6,083
Sub-total	8,534	7,150
Fixed rates		
Less than 1 year	2,315	1,187
1 to 5 years	1,605	3,238
Sub-total	3,920	4,425
Total	12,454	11,575

As at 30 June 2012, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group analyzes its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

### Foreign exchange risk

The Group conducts its business principally in Renminbi, since all of the operating entities are based in the PRC. As at 30 June 2012, most of the operating entities' assets and liabilities were denominated in Renminbi and in the opinion of the Directors, these entities did not have significant foreign currency risk exposure. The Group will closely monitor and manage its exposure to fluctuation in foreign exchange rates.

### Contingent Liabilities

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure the obligations of such purchasers for repayment of their mortgage loans. As at 30 June 2012, the amount is RMB2,502.2 million compared with RMB1,975.7 million as at 31 December 2011.

Such guarantees terminate upon the earlier of (i) the issuance of the Property Ownership Certificate and the property encumbrance certificate, which generally takes place within an average period of two to three years after completion of the guarantee registration; and (ii) the satisfaction of obligations under the mortgage loans by the purchasers. The Group's guarantee period starts from the dates of grant of the mortgage.

# Other Information

## SHARE OPTION SCHEMES

The Company adopted the pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 9 September 2010 and the post-IPO share option scheme (the “Post-IPO Share Option Scheme”) on 29 April 2011.

### Pre-IPO Share Option Scheme

As disclosed in the Company’s prospectus dated 24 September 2010, the Company adopted the Pre-IPO Share Option Scheme on 9 September 2010 (“Pre-IPO Share Option Scheme Adoption Date”) and granted a total of 51,080,000 share options in total, representing approximately 1.70% of the total issued shares of the Company as at 30 June 2012. The purpose of the Pre-IPO Share Option Scheme is to provide an incentive for the employees of the Company, its subsidiaries and associated project companies to work with commitment towards enhancing the value of the Company and its shares for the benefit of its shareholders. The principal terms and conditions of the Pre-IPO Share Option Scheme are set out as below:

- (i) the exercise price per share is HK\$2.784, equivalent to 80% of the final offer price per share upon initial public offering of the Company;
- (ii) no option granted under the Pre-IPO Share Option Scheme will be exercisable within twelve months from the listing date;
- (iii) no further option will be granted under Pre-IPO Share Option Scheme after the listing of the Company; and
- (iv) the Pre-IPO Share Options granted to each grantee shall vest in accordance with the following schedule:

<u>Vesting period</u>	<u>Percentage of the options</u>
Upon the first anniversary date of the Pre-IPO Share Option Scheme Adoption Date	30%
Upon the second anniversary date of the Pre-IPO Share Option Scheme Adoption Date	an additional 30% (i.e. up to 60%)
Upon the third anniversary date of the Pre-IPO Share Option Scheme Adoption Date	an additional 40% (i.e. up to 100%)

The Pre-IPO Share Options, once vested, shall be exercisable within a period of three years from the first anniversary of the Pre-IPO Share Option Scheme Adoption Date.

On 9 September 2010, the Company granted an aggregate of 51,080,000 share options under the Pre-IPO Share Option Scheme, at an exercise price of HK\$2.784 per share, representing 80% of the offer price of the Company’s shares in the initial public offering.

During the six months ended 30 June 2012, several senior management and employees of the Company exercised an aggregate of 129,000 share options under the Pre-IPO Share Option Scheme, at an exercise price of HK\$2.784 per share. The weighted average closing price of the shares immediately before the date of exercise was HK\$2.985 per share.

## Other Information

Particulars of the grantees under the Pre-IPO Share Option Scheme as at 30 June 2012 are set forth below:

Name of grantee	Number of options granted on 9 September 2010	Percentage	Number of outstanding options as at 1 January 2012	Number of exercised options during the six months ended 30 June 2012	Number of cancelled options during the six months ended 30 June 2012	Number of lapsed options during the six months ended 30 June 2012	Number of outstanding options as at 30 June 2012
		of total issued shares of the Company as at 9 September 2010 upon exercise of all options					
<b>Directors</b>							
Mr. Sun Hongbin*	3,600,000	0.12%	3,600,000	–	–	–	3,600,000
Mr. Wang Mengde	3,300,000	0.11%	3,300,000	–	–	–	3,300,000
Mr. Li Shaozhong	3,600,000	0.12%	3,600,000	–	–	–	3,600,000
Mr. Chi Xun	3,600,000	0.12%	3,600,000	–	–	–	3,600,000
Mr. Shang Yu	3,300,000	0.11%	3,300,000	–	–	–	3,300,000
<b>Senior management and employees</b>							
	33,680,000	1.12%	33,680,000	129,000	–	–	33,551,000
	51,080,000	1.70%	51,080,000	129,000	–	–	50,951,000

\* Mr. Sun Hongbin is also the Chief Executive Officer and a substantial shareholder of the Company.

Except for the Directors listed in the table above, none of the grantees under the Pre-IPO Share Option Scheme is a connected person of the Group.

## Other Information

### Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme was approved and adopted by all the shareholders of the Company at the annual general meeting held on 29 April 2011 (the “Post-IPO Share Option Scheme Adoption Date”). The purpose of which is to motivate the employees of the Company and its subsidiaries to diligently enhance the value of the Company and its shares for the benefit of all its shareholders, and to attract and retain the valuable employees who would make a contribution and be or may be beneficial to the growth and development of the Company. The principal terms and conditions of the Post-IPO Share Option Scheme are set out as follows:

- (a) the maximum number of shares in respect of the share options that may be granted (the “Share Options”) shall not exceed 99,900,000 shares, or 3.33% of the total issued shares as at the Post-IPO Share Option Scheme Adoption Date;
- (b) The total number of shares issued or to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total shares in issue, except subject to shareholders’ approval;
- (c) the Post-IPO Share Option Scheme has been effective and valid for three years since the Post-IPO Share Option Scheme Adoption Date, unless it may be early terminated subject to the resolution of the board of directors of the Company (the “Board”);
- (d) the Share Options shall be granted in accordance with the following schedule:

<u>Grant Period</u>	<b>Percentage of the total issued shares as at the Post-IPO Share Option Scheme Adoption Date (i.e. 3,000,000,000 shares, the “Total Issued Shares”)</b>
The year commencing from the Post-IPO Share Option Scheme Adoption Date	(the “1st Grant Period”) 1.33% :
The year commencing from the 1st anniversary of the Post-IPO Share Option Scheme Adoption Date	(the “2nd Grant Period”) 1% of the Total Issued Shares plus the Share Options not granted during the 1st Grant Period;
The year commencing from the 2nd anniversary of the Post-IPO Share Option Scheme Adoption Date	(the “3rd Grant Period”) 1% of the Total Issued Shares plus the Share Options not granted during the 1st Grant Period and the 2nd Grant Period;

- (e) the subscription prices are subject to the absolute discretion of the Board which, however, shall not be lower than the highest of (i) the closing price of the shares as stated in the daily quotation sheet issued by The Stock Exchange of Hong Kong Limited (the “SEHK”) on the date of the offer of the Share Options (“Offer Date”); (ii) the average closing price of the shares as stated in the daily quotation sheet issued by the SEHK for the five business days immediately preceding the Offer Date; and (iii) the nominal value of the shares;

## Other Information

(f) the Share Options granted to each grantee shall vest in accordance with the following schedule:

<u>Vesting Date</u>	<u>Percentage of the Share Options vested/to be vested on the Vesting Date</u>
<b>(1) The Share Options granted during the 1st Grant Period</b>	
Grant date	30%
Upon the first anniversary date of the commencement date of the 1st Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 1st Grant Period	An additional 40% (i.e. up to 100% in total)
<b>(2) The Share Options granted during the 2nd Grant Period</b>	
Grant date	30%
Upon the first anniversary date of the commencement date of the 2nd Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 2nd Grant Period	An additional 40% (i.e. up to 100% in total)
<b>(3) The Share Options granted during the 3rd Grant Period</b>	
Grant date	30%
Upon the first anniversary date of the commencement date of the 3rd Grant Period	An additional 30% (i.e. up to 60% in total)
Upon the second anniversary date of the commencement date of the 3rd Grant Period	An additional 40% (i.e. up to 100% in total)

The Post-IPO Share Options, once vested, shall be exercisable within a period of three years from the Post-IPO Share Option Scheme Adoption Date or the most recent anniversary of the Post-IPO Share Option Scheme Adoption Date.

A Post-IPO Share Option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any third party over or in relation to any option (except that the grantee may nominate a nominee, of which the grantee is the sole beneficial owner, in whose name the shares issued pursuant to the Post-IPO Share Option Scheme may be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding option or any part thereof to the extent not already exercised.

On 30 September 2011, the Company granted an aggregate of 39,900,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK\$1.484 per share. The closing price of the shares immediately before the date of grant was HK\$1.44 per share.

On 21 May 2012, the Company granted an aggregate of 29,100,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK\$2.33 per share. The closing price of the shares immediately before the date of grant was HK\$2.22 per share.

## Other Information

Movement of the options under the Post-IPO Share Option Scheme during the six months ended 30 June 2012 is as follows:

Name of Grantee	Number of Share Options granted on 30 September 2011 (Note 1)	Number of Share Options outstanding as at 1 January 2012	Number of Share Options granted on 21 May 2012 (Note 2)	Number of Share Options exercised during the six months ended 30 June 2012	Number of Share Options cancelled during the six months ended 30 June 2012	Number of Share Options lapsed during the six months ended 30 June 2012	Number of Share Options outstanding as at 30 June 2012
<b>Directors</b>							
Mr. Sun Hongbin*	2,600,000	2,600,000	400,000	-	-	-	3,000,000
Mr. Wang Mengde	2,300,000	2,300,000	1,300,000	-	-	-	3,600,000
Mr. Li Shaozhong	2,300,000	2,300,000	1,200,000	-	-	-	3,500,000
Mr. Chi Xun	2,600,000	2,600,000	1,200,000	-	-	-	3,800,000
Mr. Shang Yu	2,300,000	2,300,000	1,200,000	-	-	-	3,500,000
<b>Senior management and employees</b>							
	27,800,000	27,800,000	23,800,000	1,616,000	-	-	49,984,000
<b>Total</b>	<b>39,900,000</b>	<b>39,900,000</b>	<b>29,100,000</b>	<b>1,616,000</b>	<b>-</b>	<b>-</b>	<b>67,384,000</b>

\* Mr. Sun Hongbin is also the Chief Executive Officer and a substantial shareholder of the Company.

Notes:

- The exercise period is from 30 September 2011 to 28 April 2014 and shall vest in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 30 September 2011); (ii) an additional 30% of the Share Options shall be vested on 29 April 2012; and (iii) an additional 40% of the Share Options shall be vested on 29 April 2013. The closing price of the Company's shares listed on the SEHK immediately before the date on which the Share Options were granted was HK\$1.44 per share.
- The exercise period is from 21 May 2012 to 28 April 2015 and shall vest in accordance with the following vesting dates: (i) 30% of the Share Options shall be vested on the date of grant (i.e. 21 May 2012); (ii) an additional 30% of the Share Options shall be vested on 29 April 2013; and (iii) an additional 40% of the Share Options shall be vested on 29 April 2014. The closing price of the Company's shares listed on the SEHK immediately before the date on which the Share Options were granted was HK\$2.22 per share.

During the six months ended 30 June 2012, several senior management and employees of the Company exercised an aggregate of 1,486,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK\$1.484 per share. The weighted average closing price of the shares immediately before the date of exercise was HK\$2.84 per share.

## Other Information

Further, during the six months ended 30 June 2012, several senior management and employees of the Company exercised an aggregate of 130,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK\$2.33 per share. The weighted average closing price of the Shares immediately before the date of exercise was HK\$2.88 per share.

Except for the Directors listed in the table above, none of the grantees under the Post-IPO Share Option Scheme is a connected person of the Group.

The weighted average fair value of options granted during the six months ended 30 June 2012 determined using the Binomial valuation model was HK\$2.33 per option. The significant input into the model were weighted average share price of HK\$2.33 at the grant date, exercise price of HK\$2.33, volatility of 46.41%, dividend yield of 1.99%, an expected option life of 2.935 years and an annual risk-free interest rate of 0.295%. The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group. The amortisation of share option of RMB13,977,414 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the six months ended 30 June 2012, the Company had not adopted any share option schemes. Save as disclosed in this report, none of any share options were granted, exercised, cancelled and lapsed during the six months ended 30 June 2012.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 30 June 2012, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong ("the SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required, to be notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules"), are set out below:

#### (i) Interest in Shares of the Company and/or associated corporation

Name of Director	Nature of Interest	Relevant company (including associated corporations)	Number of shares of the relevant company	Approximate percentage of interest in the relevant company
Mr. Sun Hongbin	Interest in a controlled corporation <sup>(2)</sup>	The Company	1,555,578,451 (L) <sup>(1)</sup>	51.82%
	Beneficial interest	Sunac International Investment Holding Ltd ("Sunac International") <sup>(3)</sup>		100%

## Other Information

Notes:

- (1) The letter “L” denotes the person’s long position in such shares.
- (2) Mr. Sun is the beneficial owner of 100% of the issued share capital of Sunac International and is deemed to be interested in the shares held by Sunac International.
- (3) Sunac International is our holding company and therefore an “associated corporation” of the Company within the meaning of Part XV of the SFO.

### (ii) Interest in the underlying shares of the Company

<u>Name of Director</u>	<u>Nature of Interest</u>	<u>Number of Underlying Shares<sup>(Note)</sup></u>	<u>Approximate percentage of interest in the Company</u>
Mr. Sun Hongbin	Beneficial interest	6,600,000	0.22%
Mr. Wang Mengde	Beneficial interest	6,900,000	0.23%
Mr. Li Shaozhong	Beneficial interest	7,100,000	0.24%
Mr. Chi Xun	Beneficial interest	7,400,000	0.25%
Mr. Shang Yu	Beneficial interest	6,800,000	0.23%

Note: The Directors have been granted options under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme of the Company.

Save as disclosed herein, as at 30 June 2012, none of the Directors and chief executives of the Company, or their respective associates, had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the SEHK pursuant to the Model Code.

## Other Information

### INTEREST AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 30 June 2012, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the shares or underlying shares of the Company:

<u>Name of Shareholders</u>	<u>Nature of Interest/Capacity</u>	<u>Number of Shares or underlying Shares</u>	<u>Approximate percentage of shareholding</u>
Sunac International	Beneficial interest	1,555,578,451(L) <sup>(1)</sup>	51.82%
Bain Capital Sunac Limited	Beneficial interest	300,336,637 (L) <sup>(1)</sup>	10.01%
Bain Capital Asia Integral Investors, L.P. <sup>(2)</sup>	Interest in a controlled corporation	300,336,637 (L) <sup>(1)</sup>	10.01%
Bain Capital Asia Fund, L.P. <sup>(3)</sup>	Interest in a controlled corporation	300,336,637 (L) <sup>(1)</sup>	10.01%
Bain Capital Partners Asia, L.P. <sup>(4)</sup>	Interest in a controlled corporation	300,336,637 (L) <sup>(1)</sup>	10.01%
Bain Capital Investors, LLC <sup>(5)</sup>	Interest in a controlled corporation	300,336,637 (L) <sup>(1)</sup>	10.01%
CDH Aurora Limited (“CDH”) <sup>(6)</sup>	Beneficial interest	255,200,737 (L) <sup>(1)</sup>	8.50%
CDH China Fund III, L.P. <sup>(6)</sup>	Interest in a controlled corporation	255,200,737 (L) <sup>(1)</sup>	8.50%
CDH III Holdings Company Limited <sup>(6)</sup>	Interest in a controlled corporation	255,200,737 (L) <sup>(1)</sup>	8.50%
China Diamond Holdings III, L.P. <sup>(6)</sup>	Interest in a controlled corporation	255,200,737 (L) <sup>(1)</sup>	8.50%
China Diamond Holdings Company Limited <sup>(6)</sup>	Interest in a controlled corporation	255,200,737 (L) <sup>(1)</sup>	8.50%

## Other Information

Notes:

- (1) The letter “L” denotes the person’s long position in such shares.
- (2) Bain Capital Asia Integral Investors, L.P. owns 99.48% of the shares in Bain Capital Sunac Limited.
- (3) Bain Capital Asia Fund, L.P. owns 94.45% of the partnership interests in Bain Capital Asia Integral Investors, L.P.
- (4) Bain Capital Partners Asia, L.P. is the general partner and owns 0.10% of the partnership interest in Bain Capital Asia Fund, L.P.
- (5) Bain Capital Investors, LLC is the general partner of, and owns 0.10% of the partnership interest in, Bain Capital Partners Asia, L.P. and Bain Capital Asia Integral Investors, L.P.
- (6) CDH, a limited liability company incorporated in the BVI, is a wholly owned subsidiary of CDH China Fund III, L.P., an exempted limited partnership organized and existing under the laws of the Cayman Islands focused on private equity investments in China. The general partner of CDH China Fund III, L.P. is CDH III Holdings Company Limited, a limited liability company organized and existing under the laws of the Cayman Islands. China Diamond Holdings III, L.P. is the holding company of CDH III Holdings Company Limited, and China Diamond Holdings Company Limited is the general partner of China Diamond Holdings III, L.P. Each of CDH China Fund III, L.P., CDH III Holdings Company Limited, CDH III Holdings Company Limited, China Diamond Holdings III, L.P. and China Diamond Holdings Company Limited is deemed to be interested in the shares held by CDH under the SFO.

Save as disclosed herein, as at 30 June 2012, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

### INTERIM DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2012.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 30 June 2012, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

### EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2012, the Group had a total of 3,616 employees in Hong Kong and the PRC. For the six months ended 30 June 2012, the staff cost of the Group was approximately RMB95.98 million.

The employees’ remuneration policy is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal once every year for its employees, the results of which are taken account of in annual salary review and promotion assessment. The Group’s employees are considered for the entitlement of annual bonus according to certain performance conditions and appraisal results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained for its Hong Kong staff.

## Other Information

To attract and maintain talented people, eligible participants (including employees of the Group) may be granted options to subscribe for shares of the Company pursuant to the Pre-IPO Share Option Scheme adopted by the Board on 9 September 2010, and the Post-IPO Share Option Scheme adopted on the annual general meeting held on 29 April 2011, details of which are disclosed from page 19 to page 24 of this interim report. In addition, the Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or any material labour dispute during the six months ended 30 June 2012.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2012 in relation to their securities dealings, if any.

### CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and has, throughout the six months ended 30 June 2012, complied with all applicable code provisions under the Corporate Governance Code, save and except for the only deviations from code provisions A.2.1, A.6.7 and E.1.2.

Code provision A.2.1 provided that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are performed by Mr. Sun Hongbin. Although Mr. Sun Hongbin assumes both the roles of chairman and chief executive officer, the divisions of responsibilities between the two roles are clearly defined. The role of the chairman is to monitor the duties and performance of the Board, whereas the role of chief executive officer is to manage the Group's business. The Board believes that at the current stage of development of the Group, vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Code provision A.6.7 provided that, independent non-executive Directors and other non-executive Directors should attend general meetings. Mr. Li Qin and Mr. Ma Lishan (independent non-executive directors of the Company) as well as Mr. Zhu Jia and Ms. Hu Xiaoling (non-executive directors of the Company) were unable to attend the annual general meeting of the Company held on 18 May 2012 (the "AGM") due to conflicting schedules. Accordingly, the Company was unable to fully comply with code provision A.6.7 of the Corporate Governance Code. However, Mr. Poon Chiu Kwok ("Mr. Poon"), an independent non-executive director of the Company, attended the AGM and answered questions from shareholders. Mr. Poon is also the chairman of the audit committee, chairman of the remuneration committee and member of the nomination committee of the Company.

Code provision E.1.2 provided that, the chairman of the Board should attend the annual general meeting and be available to answer questions at the meeting. Mr. Sun Hongbin (chairman of the Board of the Company) was unable to attend the AGM as he had to attend certain business matters in the PRC on the same day. Accordingly, the Company was unable to fully comply with code provision E.1.2 of the Corporate Governance Code.

## Other Information

The Board of the Company recognizes and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have also attended regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have regular trainings on Listing Rules and regulatory requirements. The Company has an established internal reporting practice throughout the Group in monitoring the operation and business development of the Company.

### CHANGE OF DIRECTOR AND DIRECTOR'S INFORMATION

#### Change of Directors

Mr. Jing Hong was appointed by the Board as an executive director of the Company with effect from 3 July 2012.

Mr. Yuan Renbiao (also known as Yuan Yihong) was appointed as an independent non-executive director and a member of the remuneration committee of the Company by the Board with effect from 3 July 2012.

Mr. Yuan Renbiao (also known as Yuan Yihong) resigned as an independent non-executive director and a member of the remuneration committee of the Company with effect from 10 July 2012.

Mr. Ma Lishan ("Mr. Ma"), Independent Non-executive director of the Company, has resigned as chairman and an executive director of Hao Tian Resources Group Limited ("Hao Tian Resources", listed on SEHK), and resigned from his office as director of various members of Hao Tian Resources, with effect from 9 August 2012. Upon his resignation, Mr. Ma also ceased to be a member of the remuneration committee and the chairman of the nomination committee of Hao Tian Resources. Mr. Ma will be engaged as a senior consultant of Hao Tian Resources following his resignation from the board of Hao Tian Resources.

### AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the Corporate Governance Code. The audit committee consists of three independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Li Qin and Mr. Ma Lishan, and is chaired by Mr. Poon Chiu Kwok who has possessed appropriate accounting and related financial management expertise. The primary duties of the audit committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company and to perform other duties and responsibilities as assigned by the Board.

The audit committee and the auditor of the Company, PricewaterhouseCoopers, reviewed the accounting principles and practices adopted by the Company and discussed matters related to auditing, internal control and financial reporting matters, including the review of the unaudited interim financial results of the Group for the six months ended 30 June 2012.

By the order of the Board  
**Sunac China Holdings Limited**  
**SUN Hongbin**  
*Chairman*

Hong Kong, 28 August 2012

# Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of Sunac China Holdings Limited  
(Incorporated in Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 32 to 74, which comprises the interim condensed consolidated balance sheet of Sunac China Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2012 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

# Report on Review of Interim Financial Information



羅兵咸永道

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 28 August 2012

# Condensed Consolidated Interim Balance Sheet

As at 30 June 2012

	Note	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	30,988	28,157
Investment properties	8	551,500	551,500
Intangible assets	9	310,746	313,841
Investments in jointly controlled entities	10	97,490	97
Investments in associates	11	977,130	979,753
Deferred income tax assets	12	530,906	424,924
Available-for-sale financial assets	13	–	10,212
		<b>2,498,760</b>	<b>2,308,484</b>
<b>Current assets</b>			
Properties under development	14	26,689,687	19,999,293
Completed properties held for sale	15	4,737,715	5,651,306
Amounts due from related parties	38(c)	2,180,793	441,000
Trade and other receivables	16	271,763	451,373
Prepayments	17	1,609,377	893,995
Restricted cash	18	2,189,855	1,103,719
Cash and cash equivalents	19	2,640,510	2,763,386
		<b>40,319,700</b>	<b>31,304,072</b>
<b>Total assets</b>		<b>42,818,460</b>	<b>33,612,556</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	259,254	259,112
Share premium	20	1,785,972	1,783,783
Other reserves	21	358,597	341,529
Retained earnings		4,927,384	4,666,563
		<b>7,331,207</b>	<b>7,050,987</b>
Non-controlling interests		833,860	354,728
<b>Total equity</b>		<b>8,165,067</b>	<b>7,405,715</b>

# Condensed Consolidated Interim Balance Sheet

As at 30 June 2012

	Note	30 June 2012 (Unaudited) RMB'000	31 December 2011 (Audited) RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23	6,983,290	9,320,700
Long-term payable	36	161,843	–
Deferred income tax liabilities	12	2,310,073	2,258,287
		<b>9,455,206</b>	<b>11,578,987</b>
<b>Current liabilities</b>			
Trade and other payables	22	7,419,877	5,212,897
Advanced proceeds from customers		11,126,476	5,839,974
Amounts due to related parties	38(c)	627	66,150
Current income tax liabilities		1,180,507	1,254,933
Borrowings	23	5,470,700	2,253,900
		<b>25,198,187</b>	<b>14,627,854</b>
<b>Total liabilities</b>		<b>34,653,393</b>	<b>26,206,841</b>
<b>Total equity and liabilities</b>		<b>42,818,460</b>	<b>33,612,556</b>
<b>Net current assets</b>		<b>15,121,513</b>	<b>16,676,218</b>
<b>Total assets less current liabilities</b>		<b>17,620,273</b>	<b>18,984,702</b>

The notes on pages 38 to 74 are an integral part of the condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 32 to 74 were approved by the Board of Directors on 28 August 2012 and were signed on its behalf.

**Sun Hongbin**  
Director

**Wang Mengde**  
Director

# Condensed Consolidated Interim Statement of Income

For the six months ended 30 June 2012

	Note	Six months ended 30 June	
		2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
Revenue	24	4,302,350	1,326,210
Cost of sales	25, 26	(2,926,592)	(680,147)
<b>Gross profit</b>		<b>1,375,758</b>	646,063
Gain from re-measurement of interests in a previous associate during step acquisition		–	181,289
Other gain, net	37	31,684	–
Selling and marketing costs	25	(195,329)	(96,121)
Administrative expenses	25	(179,684)	(97,568)
Other income	27	11,703	6,646
Other expenses	28	(2,655)	(2,883)
<b>Operating profit</b>		<b>1,041,477</b>	637,426
Finance income	30	13,082	10,393
Finance costs	30	(2,568)	(180,606)
Share of losses of jointly controlled entities	10	(1,607)	–
Share of losses of associates	11	(2,623)	(6,899)
<b>Profit before income tax</b>		<b>1,047,761</b>	460,314
Income tax expenses	31	(524,843)	(143,154)
<b>Profit for the period</b>		<b>522,918</b>	317,160
<b>Attributable to:</b>			
– Owners of the Company		527,427	318,698
– Non-controlling interests		(4,509)	(1,538)
		<b>522,918</b>	317,160
Earnings per share (RMB/share)	32		
– Basic		0.176	0.106
– Diluted		0.175	0.106

The notes on pages 38 to 74 are an integral part of the condensed consolidated interim financial information

Dividends	39	–	–
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# Condensed Consolidated Interim Statement of Comprehensive Income

For the six months ended 30 June 2012

	Note	Six months ended 30 June	
		2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<b>Profit for the period</b>		<b>522,918</b>	317,160
Other comprehensive income			
– Disposal of available-for-sale financial assets, net of tax	13	(212)	–
<b>Total comprehensive income for the period, net of tax</b>		<b>522,706</b>	317,160
<b>Total comprehensive income for the period attributable to:</b>			
– Owners of the Company		527,215	318,698
– Non-controlling interests		(4,509)	(1,538)
		<b>522,706</b>	317,160

The notes on pages 38 to 74 are an integral part of the condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2012

	Attributable to owners of the Company					Non-controlling interests	Total equity
	Ordinary shares	Share premium	Other reserves	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>(Unaudited)</b>							
<b>At 1 January 2012</b>	<b>259,112</b>	<b>1,783,783</b>	<b>341,529</b>	<b>4,666,563</b>	<b>7,050,987</b>	<b>354,728</b>	<b>7,405,715</b>
<b>Total comprehensive income for the six months ended 30 June 2012</b>	<b>-</b>	<b>-</b>	<b>(212)</b>	<b>527,427</b>	<b>527,215</b>	<b>(4,509)</b>	<b>522,706</b>
<b>Transactions with owners in their capacity as owners</b>							
Employees share option schemes:							
– Value of employee services	-	-	13,977	-	13,977	-	13,977
– Proceeds from shares issued	142	2,189	-	-	2,331	-	2,331
Acquisition of non-controlling interests (Note 37)	-	-	-	-	-	79,441	79,441
Transaction with non-controlling interests (Note 36)	-	-	(28,075)	-	(28,075)	404,200	376,125
Dividends relating to 2011	-	-	-	(235,617)	(235,617)	-	(235,617)
Appropriation of statutory reserves	-	-	30,989	(30,989)	-	-	-
Others	-	-	389	-	389	-	389
<b>At 30 June 2012</b>	<b>259,254</b>	<b>1,785,972</b>	<b>358,597</b>	<b>4,927,384</b>	<b>7,331,207</b>	<b>833,860</b>	<b>8,165,067</b>
<b>(Unaudited)</b>							
<b>At 1 January 2011</b>	<b>259,112</b>	<b>1,783,783</b>	<b>165,226</b>	<b>2,455,840</b>	<b>4,663,961</b>	<b>-</b>	<b>4,663,961</b>
<b>Total comprehensive income for the six months ended 30 June 2011</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>318,698</b>	<b>318,698</b>	<b>(1,538)</b>	<b>317,160</b>
<b>Transactions with owners in their capacity as owners</b>							
Employees share option scheme:							
– Value of employee services	-	-	17,592	-	17,592	-	17,592
Acquisition of a subsidiary	-	-	-	-	-	119,780	119,780
Transaction with non-controlling interest	-	-	(8,044)	-	(8,044)	208,044	200,000
Others	-	-	616	-	616	-	616
<b>At 30 June 2011</b>	<b>259,112</b>	<b>1,783,783</b>	<b>175,390</b>	<b>2,774,538</b>	<b>4,992,823</b>	<b>326,286</b>	<b>5,319,109</b>

The notes on pages 38 to 74 are an integral part of the condensed consolidated interim financial information.

# Condensed Consolidated Interim Statement of Cash Flows

For the six months ended 30 June 2012

	Note	Six months ended 30 June	
		2012 (Unaudited) RMB'000	2011 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	33	3,913,165	(2,886,904)
Income tax paid		(960,836)	(516,888)
<b>Net cash generated from/(used in) in operating activities</b>		<b>2,952,329</b>	<b>(3,403,792)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash acquired	37	(13,516)	280,580
Investments in associates		(531,983)	–
Collection of loans from an associate		–	80,770
Investments in jointly controlled entities		(1,160,903)	(870)
Purchases of property, plant and equipment (“PP&E”)		(6,988)	(5,123)
Proceeds on disposal of PP&E		838	355
Purchase of financial assets	13	(5,000)	–
Proceeds from disposals of financial assets	13	15,157	–
<b>Net cash (used in)/generated from investing activities</b>		<b>(1,702,395)</b>	<b>355,712</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		2,331	–
Proceeds from borrowings		3,988,950	1,930,000
Repayments of borrowings		(4,399,560)	(978,152)
Guarantee deposits for bank borrowings		(719,665)	(132,778)
Payments of interest costs		(805,834)	(180,606)
Proceeds from non-controlling interests’ investments, net	36	560,968	200,000
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,372,810)</b>	<b>838,464</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(122,876)</b>	<b>(2,209,616)</b>
Cash and cash equivalents at beginning of period		2,763,386	3,957,952
<b>Cash and cash equivalents at end of period</b>		<b>2,640,510</b>	<b>1,748,336</b>

The notes on pages 38 to 74 are an integral part of the condensed consolidated interim financial information.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 1 General information

Sunac China Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) are principally engaged in property development, property investment and property management services in the People’s Republic of China (the “PRC”). The Company is an investment holding company.

The Company was incorporated in the Cayman Islands on 27 April 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its registered office is Landmark Square, 3rd floor, 64 Earth Close, P. O. box 30592, Grand Cayman KY1-1203, Cayman Island.

The Company’s ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in units of Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information had been approved for issue by the board of directors of the Company (the “Board”) on 28 August 2012.

These condensed consolidated interim financial statements have not been audited.

### Key events

- (1) On 5 January 2012, one of the wholly owned subsidiaries of the Company, Sunac Zhidi Co., Ltd. (“Sunac Zhidi”), acquired 51% equity interests of a property project company named Wuxi Greentown Hubin Real Estate Co., Ltd. (“Greentown Hubin”) from a third party at a consideration of RMB51 million. Further details are given in Note 37.
- (2) On 18 January 2012, another two wholly owned subsidiaries of the Company, Beijing Sunac Hengji Zhidi Real Estate Development Co., Ltd. (“Beijing Sunac Hengji”) and Tianjin Sunac Ao Cheng Investment Co., Ltd. (“Sunac Ao Cheng”), together with a third party investor, established a new jointly controlled entity named Beijing Franshion Sunac Real Estate Development Co., Ltd. (“Franshion Sunac”), to develop the Beijing Laiguangying project. Further details are given in Note 10.
- (3) On 28 March 2012, the Group invested another jointly controlled entity named Tianjin Beitang Sunac Investment Co., Ltd. (“Beitang Sunac”). Beitang Sunac was established to develop a new property project in Tianjin. Further details are given in Note 10.
- (4) In March 2012, for the purpose of financing the property project of a wholly owned subsidiary named Tianjin Sunac Mingxiang Investment Co., Ltd. (“Sunac Mingxiang”), the Group signed an equity cooperation agreement with a third party trust company, Daye Trust Co., Ltd. (“Daye Trust”), resulting in the transfer of 49.5586% equity interest of Sunac Mingxiang to a trust fund managed by Daye Trust. This transaction provided net cash inflow of RMB604.2 million. Further details are disclosed in Note 36.
- (5) On 22 June 2012, Sunac Zhidi announced its proposal to acquire an effective 50% interest in nine of a third party’s, Greentown Real Estate Co., Ltd. (“Greentown Real Estate”), a wholly-owned Greentown China Holdings Limited, property development subsidiaries or associates at a total estimated consideration of RMB1.0 billion. According to the framework agreement, upon completion of the transaction, the Group will have six new subsidiaries and three new associates. Further, as part of the agreement, the Group will provide total loans of RMB2.37 billion to the newly acquired project entities. Further details are given in Note 40.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with HKAS 34, 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with HKFRSs.

## 3 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

### (a) New and amended standards adopted by the Group in the six months ended 30 June 2012

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2012.

HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets (effective on or after 1 January 2012)
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- HKAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in HKAS 40, 'Investment property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, HK (SIC) 21, 'Income taxes – recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into HKAS 12 the remaining guidance previously contained in HK (SIC) 21, which is withdrawn.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 3 Accounting policies (continued)

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of financial statements (effective on or after 1 July 2012)
	<ul style="list-style-type: none"><li>– The main change resulting from these amendments is a requirement for entities to group items presented in ‘other comprehensive income’ (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.</li></ul>
HKFRS 7 (Amendment)	Disclosures – Offsetting financial assets and financial liabilities (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– The amendments also require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.</li></ul>
HKFRS 10	Consolidated financial statements (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– The objective of IFRS/HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entity (an entity that controls one or more other entities) to present consolidated financial statements. Defines the principle of control, and establishes controls as the basis for consolidation. Set out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. It also sets out the accounting requirements for the preparation of consolidated financial statements.</li></ul>
HKFRS 11	Joint arrangements (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– HKFRS 11 is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.</li></ul>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 3 Accounting policies (continued)

HKFRS 12	Disclosure of interests in other entities (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– HKFRS 12 includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles</li></ul>
HKAS 27 (2011)	Separate financial statements (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– HKAS 27 (revised 2011) includes the provisions on separate financial statements that are left after the control provisions of HKAS 27 have been included in the new HKFRS 10.</li></ul>
HKAS 28 (2011)	Associates and joint ventures (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– HKAS 28 (revised 2011) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.</li></ul>
HKFRS 13	Fair value measurements (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– HKFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements, which are largely aligned between HKFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs or US GAAP.</li></ul>
HKAS 19 (Amendment)	Employee benefits (effective on or after 1 January 2013)
	<ul style="list-style-type: none"><li>– These amendments eliminate the corridor approach and calculate finance costs on a net funding basis.</li></ul>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 3 Accounting policies (continued)

HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities (effective on or after 1 January 2014)
	<ul style="list-style-type: none"><li>– The amendments clarify the requirements for offsetting financial instruments on the balance sheet: (i) the meaning of ‘currently has a legally enforceable right of set-off’; and (ii) that some gross settlement systems may be considered equivalents to net settlement.</li></ul>
HKFRS 9	Financial instruments (effective on or after 1 January 2015)
	<ul style="list-style-type: none"><li>– HKFRS 9 is the first standard issued as part of a wider project to replace HKAS 39. HKFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. The guidance in HKAS 39 on impairment of financial assets and hedge accounting continues to apply.</li></ul>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory effective date and transition disclosures (effective on or after 1 January 2015)
	<ul style="list-style-type: none"><li>– HKFRS 7 and HKFRS 9 (Amendments) “Mandatory effective date and transition disclosures” delay the effective date to annual periods beginning on or after 1 January 2015, and also modify the relief from restating prior periods. As part of this relief, additional disclosures on transition from HKAS 39 to HKFRS 9 are required.</li></ul>

The Group is in the process of reviewing the impact of the above standards and do not expect a material impact on the Group’s or Company’s financial statements at the current stage.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 4 Estimates

The preparation of condensed consolidated interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

## 5 Financial risk management

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

### 5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

## 6 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

Management regularly reviews the operating results by property development projects and the property management service business. As property development projects are all located in the PRC, their revenue are primarily derived from the sales of, and are related and subject to common risks and returns, all property development projects are aggregated into a single reportable segment in accordance with HKFRS 8 "Operating segments".

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 6 Segment information (continued)

The analysis of the Group's revenue and results by segment is as follows:

	Six months ended 30 June 2012		
	Property development and investment RMB'000	Property management services RMB'000	Total RMB'000
Total segment revenue	4,211,605	90,745	4,302,350
Cost of sales	(2,825,865)	(100,727)	(2,926,592)
<b>Segment results</b>	<b>1,385,740</b>	<b>(9,982)</b>	<b>1,375,758</b>
Segment income/(expenses):			
– Gain from acquisition of a new subsidiary	31,684	–	31,684
– Selling and marketing costs	(195,329)	–	(195,329)
– Administrative expenses	(171,131)	(8,553)	(179,684)
– Other income	10,673	1,030	11,703
– Other expenses	(2,446)	(209)	(2,655)
– Finance income	13,081	1	13,082
– Finance costs	(2,361)	(207)	(2,568)
– Share of losses of jointly controlled entities	(1,607)	–	(1,607)
– Share of losses of associates	(2,623)	–	(2,623)
<b>Profit/(loss) before income tax</b>	<b>1,065,681</b>	<b>(17,920)</b>	<b>1,047,761</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 6 Segment information (continued)

	Six months ended 30 June 2011		
	Property development and investment RMB'000	Property management services RMB'000	Total RMB'000
Total segment revenue	1,269,247	56,963	1,326,210
Cost of sales	(631,978)	(48,169)	(680,147)
<b>Segment results</b>	<b>637,269</b>	<b>8,794</b>	<b>646,063</b>
Unallocated income/(expenses):			
– Gain from re-measurement of interests in a previous associate during step acquisition	181,289	–	181,289
– Selling and marketing costs	(96,118)	(3)	(96,121)
– Administrative expenses	(89,663)	(7,905)	(97,568)
– Share of losses of associates	(6,899)	–	(6,899)
– Other income	5,809	837	6,646
– Other expenses	(2,804)	(79)	(2,883)
– Finance income	10,393	–	10,393
– Finance costs	(180,606)	–	(180,606)
<b>Profit before income tax</b>	<b>458,670</b>	<b>1,644</b>	<b>460,314</b>

The analysis of the Group's assets and liabilities by segment is as follows:

	30 June 2012		
	Property development and investment RMB'000	Property management services RMB'000	Total RMB'000
<b>Total assets per the balance sheet</b>	<b>42,760,971</b>	<b>57,489</b>	<b>42,818,460</b>
Including:			
Investments in associates	977,130	–	977,130
Investment properties	551,500	–	551,500
Investments in jointly controlled entities	97,490	–	97,490
<b>Total liabilities per the balance sheet</b>	<b>34,539,054</b>	<b>114,339</b>	<b>34,653,393</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 6 Segment information (continued)

	31 December 2011		
	Property development and investment	Property management services	Total
	RMB'000	RMB'000	RMB'000
<b>Total assets per the balance sheet</b>	33,574,849	37,707	33,612,556
Including:			
Investments in associates	979,753	–	979,753
Investment properties	551,500	–	551,500
Investments in jointly controlled entities	97	–	97
<b>Total liabilities per the balance sheet</b>	26,130,472	76,369	26,206,841

## 7 Property, plant and equipment

	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>Six months ended 30 June 2012</b>				
At 1 January 2012	15,685	8,342	4,130	28,157
Additions	3,422	2,946	1,011	7,379
Acquisition of subsidiaries	647	426	–	1,073
Disposals	(137)	(525)	(126)	(788)
Depreciation charges	(2,505)	(1,884)	(444)	(4,833)
At 30 June 2012	17,112	9,305	4,571	30,988
<b>Six months ended 30 June 2011</b>				
At 1 January 2011	12,718	4,254	960	17,932
Additions	2,269	3,355	117	5,741
Acquisition of a subsidiary	1,464	441	344	2,249
Disposals	(133)	(21)	–	(154)
Depreciation charges	(1,320)	(2,202)	(175)	(3,697)
At 30 June 2011	14,998	5,827	1,246	22,071

Depreciation charges for the six months ended 30 June 2012 and 30 June 2011 were expensed in selling and administrative expenses in the profit or loss respectively.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 8 Investment properties

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
At beginning of period/year	551,500	583,500
Transfer from completed properties held for sale	–	43,900
Loss from fair value measurement	–	(75,900)
At end of period/year	551,500	551,500

The following amounts have been recognised in the profit or loss:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Rental income (Note 24)	8,261	8,972

The valuations were performed based on current prices in an active market for the investment properties.

The Group's interests in investment properties are all located in the PRC and are stated at their fair values as analysed below:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Outside Hong Kong, held on: Leases of between 10 to 50 years	551,500	551,500

Some of the investment properties are leased to tenants under long-term operating leases. Minimum rentals receivable under non-cancellable operating leases of investment properties which are not recognised in the financial statements are as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Within 1 year	18,672	18,603
Later than 1 year but no later than 5 years	67,390	68,688
Later than 5 years	137,471	145,474
	223,533	232,765

As at 30 June 2012, certain investment properties with balance totalling RMB207 million were pledged as collateral for the Group's borrowings (as at 31 December 2011: RMB207 million) (Note 23).

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 9 Intangible assets

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Goodwill (Note (a))	300,958	300,958
Trademark (Note (b))	8,925	11,900
Others	863	983
	<b>310,746</b>	<b>313,841</b>

### (a) Goodwill

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Beginning of period/year	300,958	291,023
Acquisition of subsidiaries	–	9,935
End of period/year	<b>300,958</b>	<b>300,958</b>

The goodwill is mainly attributable to the future value surplus of the related real estate property projects.

An operating entity level summary of the goodwill allocation is presented below:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Wuxi Sunac City Construction Co., Ltd. ("Wuxi Sunac City")	124,245	124,245
Wuxi Sunac Real Estate Co., Ltd. ("Wuxi Sunac Real Estate")	85,708	85,708
Chongqing Sunac Jiye Real Estate Development Co., Ltd. ("Chongqing Jiye")	48,308	48,308
Tianjin Sunac Property Management Co., Ltd.	32,762	32,762
Beijing Sunac Hengji Zhidi Real Estate Development Co., Ltd. ("Beijing Sunac Hengji")	9,017	9,017
Chongqing Yatai Shiye Real Estate Development Co., Ltd. ("Chongqing Yatai")	918	918
	<b>300,958</b>	<b>300,958</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 9 Intangible assets (continued)

### (b) Trademark

Trademark represents the cost of the right for Chongqing Jiye to use the name “Olympic Garden”, which was acquired from China Sports Industry Group Co., Ltd. on 30 June 2004. According to the agreement, Chongqing Jiye can use the trademark until the completion of the development of the project, which is expected to be end of 2013.

	Trademark RMB'000	Computer software RMB'000	Total RMB'000
<b>Six months ended 30 June 2012</b>			
Cost			
At 1 January 2012 and 30 June 2012	58,136	1,181	59,317
Amortisation			
As at 1 January 2012	(46,236)	(198)	(46,434)
Charges for the period	(2,975)	(120)	(3,095)
At 30 June 2012	(49,211)	(318)	(49,529)
Net book value			
At 30 June 2012	8,925	863	9,788
<b>Six months ended 30 June 2011</b>			
Cost			
At 1 January 2011 and 30 June 2011	58,136	1,181	59,317
Amortisation			
At 1 January 2011	(40,286)	–	(40,286)
Charges for the period	(2,975)	(78)	(3,053)
At 30 June 2011	(43,261)	(78)	(43,339)
Net book value			
At 30 June 2011	14,875	1,103	15,978

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 10 Investments in jointly controlled entities

	30 June 2012 RMB'000	31 December 2011 RMB'000
Equity investments in jointly controlled entities	97,490	97

An analysis of the movement of equity investments in jointly controlled entities is as follows:

	30 June 2012 RMB'000	31 December 2011 RMB'000
At beginning of period/year	97	178,540
Jointly controlled entity becoming subsidiary	–	(178,540)
Investments in new jointly controlled entities (Note (a))	99,000	–
Share of (losses)/profits of jointly controlled entities	(1,607)	97
At end of period/year	97,490	97

Note (a):

- On 18 January 2012, Beijing Sunac Hengji Real Estate Development Co., Ltd. (“Beijing Sunac Hengji”) and Sunac Ao Cheng, together with a third party investor, established a new jointly controlled entity, Beijing Franshion Sunac Real Estate Development Co., Ltd. (“Franshion Sunac”), to develop the Beijing Laiguangying project, for which the land use right was secured at the cost of about RMB3,167 million in December 2011. The Group has a 49% equity interest in Franshion Sunac for a total investment of registered capital of RMB49 million. As at 30 June 2012, the Group has also provided an interest-free loan of RMB1,527 million, which has been recorded in Amount due from related parties in the condensed consolidated interim balance sheet of the Company.
- On 28 March 2012, Tianjin Sunac Dingsheng Land Co., Ltd. (“Sunac Dingsheng”), a wholly owned subsidiary of the Company, entered into an agreement with a third party investor to establish a new property development project company, Tianjin Beitang Sunac Investment Co., Ltd. (“Beitang Sunac”), in Tianjin, the PRC, pursuant to which, Sunac Dingsheng and the third party investor jointly control the entity. The Group has a 50% equity interest in Beitang Sunac for an investment of registered capital of RMB50 million. Beitang Sunac will develop a new property project in Tianjin; the total cost of the land use rights for the project is RMB577.6 million, of which the land use rights of RMB362.6 million were acquired in the six months ended 30 June 2012 and the land use rights of RMB215 million were acquired in July 2012. As at 30 June 2012, the Group has provided an interest-free loan of RMB78 million, which has been recorded in Amount due from related parties in the condensed consolidated interim balance sheet of the Company.

The Group’s interests in its jointly controlled entities for the six months ended 30 June 2012 are as follows:

	Place of incorporation	Assets	Liabilities	Revenue	Loss	Interest
		RMB'000	RMB'000	RMB'000	RMB'000	%
APEV Property Management Co., Ltd. (“APEV PM”)	PRC	123	1,697	1,571	(132)	40
Beitang Sunac	PRC	146,530	96,575	–	(45)	50
Franshion Sunac	PRC	1,606,252	1,558,140	–	(1,430)	49
		1,752,905	1,656,412	1,571	(1,607)	

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 11 Investments in associates

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Investments in associates	977,130	979,753

An analysis of the movement of equity investments in associates is as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
At beginning of period/year	979,753	297,775
Dividend received from associates	–	(181,090)
Associates becoming subsidiaries	–	(106,860)
Investment in a new associate	–	980,000
Share of losses of associates	(2,623)	(10,072)
At end of period/year	977,130	979,753

The Group's interests in its associates for the six months ended 30 June 2012 are as follows:

	Place of incorporation	Assets RMB'000	Liabilities RMB'000	Revenue RMB'000	loss RMB'000	Interest %
Tianjin Poly Sunac Investment Company Ltd. ("Poly Sunac")	PRC	1,559,823	582,698	–	(2,623)	49

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 12 Deferred income tax

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Deferred income tax assets recoverable:		
– within 12 months	380,850	106,773
– after 12 months	150,056	318,151
	<b>530,906</b>	<b>424,924</b>
Deferred income tax liabilities to be settled:		
– within 12 months	887,242	1,042,085
– after 12 months	1,422,683	1,216,202
	<b>2,309,925</b>	<b>2,258,287</b>

The movements in deferred income tax assets and liabilities are as follows:

### (a) Deferred income tax assets

	Total Deferred deductible expenses RMB'000	Unpaid land appreciation tax (“LAT”) RMB'000	Deductible tax losses RMB'000	Total RMB'000
<b>For the six months ended 30 June 2012</b>				
At 1 January 2012	69,183	305,069	50,672	424,924
Charges to profit or loss	16,412	34,327	55,243	105,982
At 30 June 2012	<b>85,595</b>	<b>339,396</b>	<b>105,915</b>	<b>530,906</b>
<b>For the six months ended 30 June 2011</b>				
At 1 January 2011	33,251	177,253	17,831	228,335
Charges to profit or loss	6,813	6,293	21,871	34,977
Acquisition of a subsidiary	1,421	–	–	1,421
At 30 June 2011	<b>41,485</b>	<b>183,546</b>	<b>39,702</b>	<b>264,733</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 12 Deferred income tax (continued)

### (b) Deferred income tax liabilities

	Deferred corporate income tax				
	Deferred LAT on acquisition of new subsidiaries RMB'000	Fair value on acquisitions RMB'000	Fair value of investment properties and property management RMB'000	Distributable profits from PRC subsidiaries RMB'000	Total RMB'000
<b>For the six months ended 30 June 2012</b>					
At 1 January 2012	1,330,000	774,866	6,699	146,722	2,258,287
(Credit)/charges to profit or loss	–	(81,908)	(6,699)	16,350	(72,257)
Acquisition of subsidiary (Note 37)	268,318	34,303	–	–	302,621
Payments	–	–	–	(27,890)	(27,890)
Transfer to LAT payable	(150,688)	–	–	–	(150,688)
<b>At 30 June 2012</b>	<b>1,447,630</b>	<b>727,261</b>	<b>–</b>	<b>135,182</b>	<b>2,310,073</b>
<b>For the six months ended 30 June 2011</b>					
At 1 January 2011	–	108,972	25,674	76,033	210,679
(Credit)/charges to profit or loss	–	(11,488)	–	9,064	(2,424)
Acquisition of subsidiaries	–	148,481	–	–	148,481
<b>At 30 June 2011</b>	<b>–</b>	<b>245,965</b>	<b>25,674</b>	<b>85,097</b>	<b>356,736</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 13 Available-for-sale financial assets

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
At beginning of period/year	10,212	–
Subscription	5,000	10,000
Change in fair value	–	212
Disposal	(15,212)	–
At end of period/year	–	10,212

## 14 Properties under development

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Comprising:		
Land use rights	16,944,783	13,939,223
Construction costs	8,098,122	5,488,210
Capitalised financial costs	1,646,782	571,860
	<b>26,689,687</b>	19,999,293
Including:		
Properties under development to be completed within 12 months	6,496,365	8,618,079
Properties under development to be completed after 12 months	20,193,322	11,381,214
	<b>26,689,687</b>	19,999,293

The properties under development are all located in the PRC.

As at 30 June 2012, properties under development totalling RMB16,565 million were pledged as collateral for the Group's borrowings (as at 31 December 2011: RMB10,809 million) (Note 23).

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 15 Completed properties held for sale

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Completed properties held for sale, gross	4,835,215	5,688,806
Less: Provision for loss on realisable value	(97,500)	(37,500)
Completed properties held for sale, net	4,737,715	5,651,306

The completed properties held for sale are all located in the PRC.

As at 30 June 2012, completed properties held for sale of RMB3,416 million were pledged as collaterals for the Group's borrowings (as at 31 December 2011: RMB3,642 million) (Note 23).

As at 30 June 2012, the Group is in the process of applying for the ownership certificate in respect of the completed car parks amounting to RMB97 million. The Directors consider that the title of car parks will be obtained with no additional costs to the Group.

## 16 Trade and other receivables

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Trade receivables (Note (a))	5,430	39,058
Notes receivables (Note (a))	10,612	49,991
Other receivables		
– Deposits for projects	118,105	238,863
– Deposits for guarantee provided for customers' bank loans	84,324	32,447
– Deposits for land use right tendering	30,000	50,000
– Others	23,292	41,014
	271,763	451,373

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 16 Trade and other receivables (continued)

Note:

- (a) The aging analysis of the Group's trade and notes receivables is as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Within 90 days		
– Trade receivables	5,430	39,058
– Notes receivables	10,612	49,991

- (b) As at 30 June 2012 and 31 December 2011, the fair value of other receivables approximated their carrying amounts.

- (c) The carrying amounts of the Group's trade and other receivables are all denominated in RMB.

## 17 Prepayments

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Prepaid taxes	1,163,031	787,689
Prepayments for land use rights acquisition	377,200	100,000
Prepayments of project development costs	69,146	6,306
	1,609,377	893,995

The carrying amounts of the Group's prepayments are all denominated in RMB.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 18 Restricted cash

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Restricted cash from pre-sale of properties (Note a)	1,228,907	862,435
Guarantee deposits for bank loans	952,092	171,698
Others	8,856	69,586
	2,189,855	1,103,719

Note a:

Restricted cash from pre-sale of properties is certain portion of the proceeds from pre-sale of properties in Tianjin and Beijing subsidiaries of the Company saved in restricted bank accounts according to related regulations issued by the local governments. The regulations are for the purpose of ensuring the property pre-sale proceeds are properly used in the property development.

## 19 Cash and cash equivalents

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Cash at bank and in hand		
– Denominated in RMB	2,626,425	2,745,499
– Denominated in HKD	11,490	14,587
– Denominated in USD	2,595	3,300
	2,640,510	2,763,386

The conversion of RMB denominated balances into foreign currencies, and the remittance of foreign currencies-denominated bank balances and cash out of the PRC are subject to restrictive foreign exchange control rules and regulations.

The Group earns interest on cash at bank, at floating bank deposit rates.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 20 Share capital and share premium

### Share capital

	Number of shares  (thousands)	Ordinary shares	
		HK\$ '000	Equivalent to RMB'000
<b>Authorised:</b>			
Ordinary shares of HK\$0.1 each			
As at 31 December 2011 and 30 June 2012	10,000,000	1,000,000	
<b>Issued:</b>			
As at 31 December 2011	3,000,000	300,000	259,112
Proceeds from shares issued upon exercise of employees' share option (Note a)	1,745	175	142
As at 30 June 2012	3,001,745	300,175	259,254

### Share premium

	RMB'000
As at 31 December 2011	1,783,783
Proceeds from shares issued	2,189
As at 30 June 2012	1,785,972

Note a:

#### Employee share option schemes

##### (i) Pre-IPO share option scheme

The Company has adopted the Pre-IPO Share Option Scheme on 9 September 2010 ("Pre-IPO Option Scheme Adoption Date"). Under the Pre-IPO Share Option Scheme, the Company has conditionally granted to 121 grantees options to subscribe up to 51,080,000 shares. Such options will vest in accordance with the following schedule: 30% upon the first anniversary of the Pre-IPO Share Option Scheme Adoption Date, an additional 30% upon the second anniversary and an additional 40% upon the third anniversary. The options are conditioned by the employees' continuing service within the Group as at the exercise dates. A grantee may exercise any vested portion of his or her options prior to the end of a period of four years from the Pre-IPO Share Option Scheme Adoption Date, as a subscription price per share equal to 80% of the offer price of the Company's shares in the initial public offering (i.e. 80% of HK\$3.48).

As of 30 June 2012, 129,000 shares had been exercised.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 20 Share capital and share premium (continued)

Note a: (continued)

### Employee share option schemes (continued)

#### (ii) Post-IPO share option scheme

A Post-IPO Share Option Scheme was approved and adopted by the Company on 29 April 2011 (the “Post-IPO Share Option Scheme Adoption Date”). The maximum number of shares in respect of which options (“Options”) may be granted should not exceed 99,900,000 shares. The options are to be granted during a grant period of three years from the Post-IPO Share Option Scheme Adoption Date. Such options will vest in accordance with the following schedule: 30% upon the grant, an additional 30% upon the first anniversary of the Post-IPO Share Option Scheme Adoption Date and additional 40% upon the second anniversary. The options are not conditional on the employees’ performance target before an option can be exercised. The subscription price for each grant should be at least the higher of (1) the closing price of the shares as stated in the Hong Kong Stock Exchange’s daily quotations sheets on the grant dates, (2) the average of the closing prices of the shares as stated in the Hong Kong Stock Exchange’s daily quotation sheets for the five business days immediately preceding the grant date, and (3) the nominal value of the shares of the Company. The Post-IPO Share Options, once vested, shall be exercisable within a period of three years from the Post-IPO Share Option Scheme Adoption Date or the most recent anniversary of the Post-IPO Share Option Scheme Adoption Date.

As of 30 June 2012, the Company has granted total share options of 69,000 thousand shares and 1,616,000 shares had been exercised.

The Group has no legal or constructive obligation to repurchase or settle any of the above mentioned options in cash.

Movement in the number of share options and their related weighted average exercise prices are as follows:

	As at 30 June 2012		As at 31 December 2011	
	Average price in HK\$ per share	Options (thousand)	Average price in HK\$ per share	Options (thousand)
At beginning of period/year	2.21	90,980	2.78	51,080
Granted	2.33	29,100	1.48	39,900
At end of period/year	2.24	120,080	2.21	90,980

As at 30 June 2012, 15,195 thousand shares in Pre-IPO Share Option Scheme and 31,054 thousand shares in Post-IPO Share Options Scheme are exercisable (2011: 15,324 thousand shares in Pre-IPO Share Option Scheme and 11,970 thousand shares in Post-IPO Share Option Scheme).

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 21 Other reserves

	Other reserves RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Available- for-sale financial assets reserve RMB'000	Total RMB'000
<b>Six months ended 30 June 2012</b>					
At 1 January 2012	1,324,813	(1,423,109)	439,613	212	341,529
Change in fair value of available-for-sale financial assets	-	-	-	(212)	(212)
Employees share option schemes: - Value of employee services	13,977	-	-	-	13,977
Transaction with non-controlling interests	(28,075)	-	-	-	(28,075)
Appropriation of statutory reserve	-	-	30,989	-	30,989
Others	389	-	-	-	389
At 30 June 2012	1,311,104	(1,423,109)	470,602	-	358,597
<b>Six months ended 30 June 2011</b>					
At 1 January 2011	1,294,167	(1,423,109)	294,168	-	165,226
Employees share option scheme: - Value of employee services	17,592	-	-	-	17,592
Transaction with non-controlling interests	(8,044)	-	-	-	(8,044)
Others	616	-	-	-	616
At 30 June 2011	1,304,331	(1,423,109)	294,168	-	175,390

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 22 Trade and other payables

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Trade payables	3,331,792	3,132,703
Notes payables	236,190	–
Other taxes payable	1,741,898	1,620,203
Other payables	809,381	218,979
Payable to non-controlling interests	862,975	–
Dividends payable (Note 39)	235,617	–
Payable for consideration of prior years' equity interest acquisition	152,415	152,415
Payroll and welfare payables	26,609	88,597
Current portion of long-term payable (Note 36)	23,000	–
	<b>7,419,877</b>	<b>5,212,897</b>

The ageing analysis of the Group's trade payables is as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Within 90 days	2,400,037	1,656,060
90-180 days	179,038	636,329
180-365 days	213,957	208,961
Over 365 days	538,760	631,353
	<b>3,331,792</b>	<b>3,132,703</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 23 Borrowings

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
<b>Non-current</b>		
Secured, borrowed from:		
– Banks	8,004,490	7,098,600
– Other financial institutions	2,534,500	3,650,000
– Third parties	730,000	530,000
	<b>11,268,990</b>	11,278,600
Less: Current portion of long-term borrowings	<b>(4,285,700)</b>	(1,957,900)
	<b>6,983,290</b>	9,320,700
<b>Current</b>		
Secured, borrowed from:		
– Banks	50,000	–
– Other financial institutions	1,089,000	250,000
Unsecured, borrowed from:		
– Other financial institutions	46,000	46,000
Current portion of long-term borrowings	<b>4,285,700</b>	1,957,900
	<b>5,470,700</b>	2,253,900
<b>Total borrowings</b>	<b>12,453,990</b>	11,574,600

As at 30 June 2012, the Group's borrowings totalling RMB12,408 million (as at 31 December 2011: RMB11,529 million) were secured or jointly secured by the Group's properties under development, completed properties held for sale and investment properties totalling RMB20,188 million (as at 31 December 2011: RMB14,658 million), certain equity interests of the Groups subsidiaries (including those legally transferred as collateral) and guarantee by a third party respectively.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 23 Borrowings (continued)

### (a) Long-term borrowings

The Group's borrowings as at 30 June 2012 were repayable as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Within 1 year	4,285,700	1,957,900
Between 1 and 2 years	2,581,200	6,069,700
Between 2 and 5 years	4,402,090	3,251,000
	11,268,990	11,278,600

### (b) As at 30 June 2012, the Group had the following committed undrawn banking facilities:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
– Expiring within one year	3,493,000	578,000
– Expiring beyond one year	–	1,839,950
	3,493,000	2,417,950

### (c) The carrying amounts of all the Group's borrowings are denominated in RMB and approximate their fair value.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 24 Revenue

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Sales of properties	4,203,344	1,260,275
Property management service income	90,745	56,963
Rental income	8,261	8,972
	4,302,350	1,326,210

## 25 Expenses by nature

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Cost of properties sold:		
– Construction costs	1,345,470	383,702
– Land use rights costs	1,074,365	160,297
– Business taxes (Note 26)	235,021	69,734
– Capitalised interests	160,775	16,693
– Other costs	110,961	49,721
Advertisement and promotion costs	138,646	71,428
Staff costs (Note 29)	95,975	63,469
Impairment provision for car parks	60,000	2,900
Office and travel expenses	26,632	16,052
Other tax expenses	19,425	12,836
Entertainment expenses	12,831	10,321
Depreciation and other amortisation	7,928	6,750
Consulting expenses	5,511	3,281
Others	8,065	6,652
Total cost of sales, selling and marketing costs and administrative expenses	3,301,605	873,836

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 26 Business taxes and related surcharges

The PRC companies now comprising the Group are subject to business taxes on their revenues at the following rates:

Category	Rate	Bases
Business tax		
– Sales of properties	5%	Taxable revenue
– Rental income of investment properties	5%	Taxable revenue
– Property management services	5%	Taxable revenue
Urban construction and maintenance tax	7%	Business tax paid
Education surcharge	3%	Business tax paid
Local education surcharge	0%-2%	Business tax paid
Anti-flood fund	0%-1%	Business tax paid

## 27 Other income

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Government grants	10,000	–
Interest income from loans to associates and jointly controlled entities	–	4,460
Others	1,703	2,186
	11,703	6,646

## 28 Other expenses

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Compensation to customers	1,940	845
Donations	350	2,000
Others	365	38
	2,655	2,883

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 29 Staff costs

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Wages and salaries	61,452	32,903
Share options amortisation (Note 20)	13,977	17,592
Pension costs	5,158	3,218
Staff welfare	6,722	4,620
Other social security costs	8,666	5,136
	95,975	63,469

## 30 Finance income and finance costs

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
<b>Finance income</b>		
– Interest income on bank deposits	(13,082)	(10,393)
<b>Finance costs</b>		
Interest expenses on		
– bank borrowings	367,142	149,643
– borrowings from non-bank financial institutions	351,112	131,404
– borrowings from third parties	87,379	50,486
	805,633	331,533
Other finance costs	201	38,508
	805,834	369,041
Less: Capitalised interests	(803,266)	(189,435)
	2,568	180,606

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 31 Income tax expenses

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Corporate income tax ("CIT") charge		
– Current income tax	348,727	121,830
– Deferred income tax	(178,239)	(37,401)
	170,488	84,429
LAT	354,355	58,725
	524,843	143,154

### (a) CIT

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Profit before income tax	1,047,761	460,314
Income tax calculated at statutory rate	261,940	115,079
LAT deduction	(88,589)	(14,682)
Income not subject to tax	(15,618)	(34,784)
Non-deductible expenses	7,213	10,098
Others	5,542	8,718
	170,488	84,429

Pursuant to the applicable rules and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Company and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

No provision for Hong Kong profits tax has been made, as the Group does not have any assessable profits in Hong Kong for the six months ended 30 June 2012.

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% and the estimated assessable profits for the six months ended 30 June 2012 based on existing legislations, interpretations and practices.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the Mainland China. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in Mainland China in respect of their earnings generated from 1 January 2008.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 31 Income tax expenses (continued)

### (b) LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures. LAT is included in the profit or loss as income tax expense.

## 32 Earnings per share

### (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2012	2011
Profit attributable to owners of the Company (RMB'000)	527,427	318,698
Weighted-average number of ordinary shares in issue (thousand)	3,000,144	3,000,000

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issues assuming the exercise of the share options.

	Six months ended 30 June	
	2012	2011
Profit attributable to owners of the Company (RMB'000)	527,427	318,698
Weighted-average number of ordinary shares in issue (thousand)	3,000,144	3,000,000
Adjusted for share options (thousand)	15,558	–
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	3,015,702	3,000,000

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 33 Cash used in operations

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Profit before income tax	1,047,761	460,314
Adjustments for:		
– Finance costs	805,834	180,606
– Gain on disposal of PP&E	(50)	(201)
– Gain on disposal of financial assets	(157)	–
– Amortisation of intangible assets	3,095	3,053
– Depreciation	4,833	3,697
– Share of profits from associates and jointly control entities	4,230	6,899
– Gain from acquisition of a new subsidiary	(31,684)	–
– Gain from disposal of non-controlling interests	–	(181,289)
– Share options amortization	13,977	17,592
Changes in working capital		
– Properties under development and completed properties held for sale, net	(1,508,578)	(5,781,532)
– Trade and other receivables	150,466	(197,162)
– Prepayments	(631,702)	20,133
– Advanced proceeds from customers	4,107,662	3,182,758
– Trade and other payables	(52,522)	(601,772)
Cash generated from/(used in) operations	3,913,165	(2,886,904)

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 34 Commitments

(a) Property development not yet incurred at the balance sheet date is as follows:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Property development expenditure		
– Contracted but not provided for	3,472,189	2,802,419
– Authorised but not contracted for	20,238,089	20,397,774
	<b>23,710,278</b>	<b>23,200,193</b>

(b) Commitments on equity investments

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
– Contracted but not provided for	3,582,662	656,600
– Authorised but not contracted	–	1,137,400
	<b>3,582,662</b>	<b>1,794,000</b>

(c) Operating lease commitments

The future aggregate minimum lease rental expense in respect of certain office buildings under non-cancellable operating leases contracts are payable in the following periods:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
No later than 1 year	3,121	6,258
Later than 1 year and no later than 5 years	15,969	–
	<b>19,090</b>	<b>6,258</b>

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 35 Financial guarantee

### (a) Guarantee on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	2,502,207	1,975,718

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of two to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the mortgage. The directors consider that the likelihood of default of payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) There was no corporate guarantee provided to the Group's subsidiaries in respect of bank borrowings as at 30 June 2012 (as at 31 December 2011: nil). The Directors consider the subsidiaries to be sufficiently financially resourced to settle their obligations.

## 36 Changes in ownership interests in subsidiaries without change of control

In March 2012, for the purpose of financing the property development project of Sunac Mingxiang, the Group signed an equity cooperation agreement with a third party trust company, Daye Trust Co., Ltd. ("Daye Trust"), to transfer 49.5586% equity interest of Sunac Mingxiang to a trust fund managed by Daye Trust. The total amount of the trust fund is RMB904.2 million, in which the wholly owned subsidiary of the Company, Sunac Zhidi, has subscribed subordinated units amounting to RMB200 million by assigning its receivable of the same amount from Sunac Mingxiang to the trust fund. Another wholly owned subsidiary of the Company, Tianjin Sunac Yingrun Equity Investment Fund Management Co., Ltd. has subscribed subordinated units amounting to RMB100 million in cash.

Upon completion of the transaction, the Group received a net cash amount of RMB604.2 million from the trust fund. The Sunac Mingxiang's payable of RMB200 million to the trust fund is not subject to interest charges, in accordance with the contractual agreements. The Group has recorded the current portion amounting RMB23 million as current liability (Note 22) and recorded the non-current portion amounting RMB177 million as long-term payable at its present value of RMB161.8 million. The remaining amount of RMB404.2 million has been recorded as a non-controlling interest in the condensed consolidated interim financial information according to HKFRSs.

According to the trust fund subscription agreement, should the Trust Fund Scheme incur losses, Sunac Group's subordinated units would first absorb these losses up to the amount of RMB300 million it originally subscribed; losses in excess of this amount would be taken up by the other investors. Should the Trust Fund Scheme record profits, the funds would be first used to meet certain return requirements of the other investors; then Sunac Group will be entitled to charge a consulting service fee and to share the excess profits of the Trust Fund Scheme.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 37 Business combination

On 5 January 2012, Sunac Zhidi acquire 51% equity interest in Greentown Hubin, from a third party, Greentown Real Estate, at a cash consideration of RMB51 million. Greentown Hubin became a subsidiary of Sunac Zhidi.

Details of net assets of Greentown Hubin acquired and goodwill are as follows:

	RMB'000
Consideration for 51% equity interest of Greentown Hubin (Note a)	51,000
Less: Fair value of 51% net assets – shown as below	(82,684)
Goodwill	(31,684)

The fair value of the assets and liabilities arising from the acquisition are as follows:

	RMB'000
Cash and cash equivalents	37,484
Property, plant and equipment	1,073
Properties under development	4,188,000
Other receivables	116,763
Trade and other payables	(13,735)
Advances from customers	(812,369)
Borrowings	(1,290,000)
Amounts due to related parties	(1,762,470)
Deferred tax liabilities	(302,621)
	162,125
Less: Non-controlling interest	(79,441)
Fair value of total net assets owned by the Group	82,684
Purchase consideration settled in cash (Note a)	(51,000)
Cash and cash equivalents in subsidiary acquired	37,484
Cash net outflow on acquisition	(13,516)

Note a: The purchase consideration has been settled in January 2012.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 38 Related party transactions

The Company is controlled by Sunac International Investment Holdings Ltd. (“Sunac International”), which owns 51.82% of the Company’s shares. The remaining 48.18% of the shares are widely held. The ultimate controlling party of the Company is Mr. Sun Hongbin.

### (a) Name and relationship with related parties

Name	Relationship
Franshion Sunac	Jointly controlled entity
Beitang Sunac	Jointly controlled entity
APEV PM	Associate
Poly Sunac	Associate

### (b) Transactions with related parties

During the six months ended 30 June 2012, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

	Six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Provision/(collection) of loans to		
– Franshion Sunac	1,086,403	441,000
– Poly Sunac	641,900	–
– Beitang Sunac	77,640	–
– APEV PM	(627)	–

### (c) Related party balances

	As at 30 June 2012 RMB'000	As at 31 December 2011 RMB'000
	Amounts due from related parties	
– Franshion Sunac (Note 10(a))	1,527,403	441,000
– Poly Sunac	575,750	–
– Beitang Sunac (Note 10(a))	77,640	–
Amounts due to related parties		
– APEV PM	(627)	
– Poly Sunac	–	(66,150)

As at 30 June 2012, the loans to associates and jointly controlled entities are interest-free and do not have fixed repayment date.

# Notes to the Condensed Consolidated Interim Financial Information (unaudited)

For the six months ended 30 June 2012

## 39 Dividends

A final dividend for the year ended 31 December 2011, amounting to a total RMB235,617,000 (RMB0.0785 per share), has been declared pursuant to the ordinary resolutions approved at the annual general meeting of the Company held on 18 May 2012. As at 30 June 2012, this dividend had not been paid (Note 22).

No interim dividend for the six months ended 30 June 2012 was declared (six months ended 30 June 2011: nil).

## 40 Events after the balance sheet date

- (a) On 22 June 2012, Sunac Zhidi, a wholly owned subsidiary of the Company, entered into a Cooperation Framework Agreement with Greentown Real Estate, a third party of the Company, pursuant to which, Sunac Zhidi agreed to acquire an effective 50% of Greentown Real Estate's interests in eight property development companies through a new joint venture company to be established with Greentown Real Estate, and to directly acquire 50% equity interest in another Greentown Real Estate's wholly owned project development company. The total investment amount, subject to adjustment, is RMB3,372.06 million, which will be invested in equity interests and shareholder's loan to the target companies.
- (b) On 11 July 2012, the wholly owned subsidiary of the Company, Sunac Zhidi, signed an agreement with the third party shareholder of Chongqing Yatai and APEV PM at a total consideration of RMB52,575,000. Currently Chongqing Yatai is a 85% owned subsidiary of Sunac Zhidi and APEV PM is a 45% owned jointly controlled entity of Sunac Zhidi. Upon completion of the transaction, Chongqing Yatai will become a wholly owned subsidiary and APEV PM will become a 60% owned subsidiary of Sunac Zhidi respectively.

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