

SUNAC 融創中國

10  
2003-2013  
周年

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 2013 年中期報告

# 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 five main regions of Beijing, Tianjin, Chongqing, Shanghai and Hangzhou 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 adopts advanced concepts of design and strict management and control systems in order to strive for an ongoing improvement on product positioning, planning and design and the capability on construction and the provision of services, enhancement of the overall quality of projects and building outstanding projects.

融創中國控股有限公司(「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，本公司在北京、天津、重慶、上海和杭州五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、零售物業、寫字樓及泊車位等多種物業類型。

本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中國房地產行業領跑者。本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，本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。





## CONTENTS

2	Corporate Information
4	Financial Summary
5	Management Discussion and Analysis
11	Business Review and Outlook
24	Corporate Governance and Other Information
35	Report on Review of Interim Financial Information
37	Condensed Consolidated Balance Sheet
39	Condensed Consolidated Income Statement
40	Condensed Consolidated Statement of Comprehensive Income
41	Condensed Consolidated Statement of Changes In Equity
42	Condensed Consolidated Statement of Cash Flows
43	Notes to the Condensed Consolidated Interim Financial Information (unaudited)



# 品質點亮價值

融創中國十週年 專築高端精品

北京 | 上海 | 天津 | 重慶 | 杭州 | 蘇州 | 無錫 | 常州



# 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

### Non-executive Directors

Ms. Hu Xiaoling  
Mr. Zhu Jia

### Independent Non-executive Directors

Mr. Poon Chiu Kwok  
Mr. Li Qin  
Mr. Ma Lishan  
Mr. Tse Chi Wai

## 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  
Mr. Tse Chi Wai

## REMUNERATION COMMITTEE

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

## 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

10/F, Building C7, 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

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House  
24 Shedden Road, George Town  
Grand Cayman KY1-1110  
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:*  
Sidley Austin  
Paul, Hastings, Janofsky & Walker

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

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

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
Hong Kong

## PRINCIPAL BANKERS

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

## STOCK CODE

1918

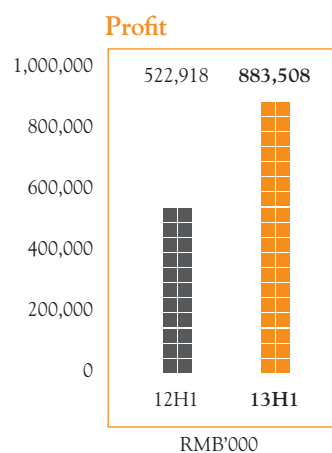
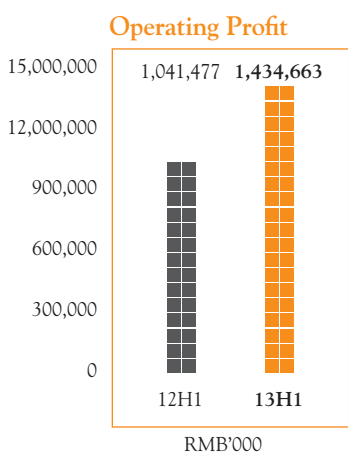
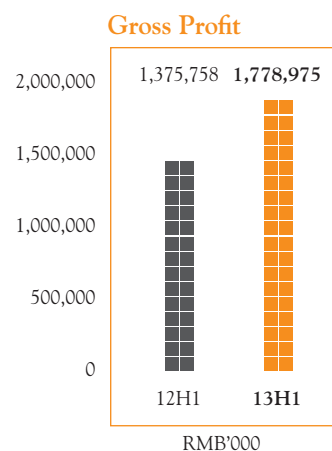
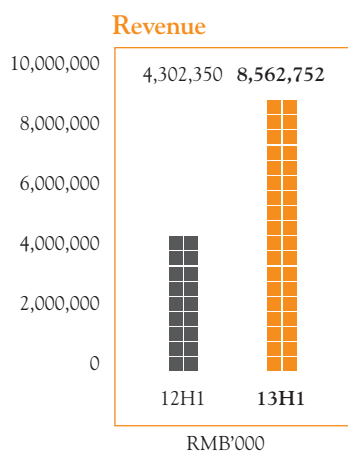
## COMPANY'S WEBSITE

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

# Financial Summary

## FINANCIAL HIGHLIGHTS

	For the six months ended 30 June (Unaudited)		
	2013 RMB'000	2012 RMB'000	Growth
Revenue	8,562,752	4,302,350	99%
Gross profit	1,778,975	1,375,758	29%
Operating profit	1,434,663	1,041,477	38%
Profit	883,508	522,918	69%
Profit attributable to owners of the Company	752,418	527,427	43%
Earnings per share			
– Basic (RMB)	0.230	0.176	31%
– Diluted (RMB)	0.226	0.175	29%



# Management Discussion and Analysis

## FINANCIAL REVIEW

### Revenue

Revenue of the Group for the six months ended 30 June 2013 was substantially generated from sales of residential and commercial properties. Only a minor portion of the Group's revenue was derived from the income from property management services business and rental of investment properties located in Tianjin.

For the six months ended 30 June 2013, the Group remained focusing on the development of real estate properties in five main regions of the PRC, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou, and continued to deliver a solid performance, achieving satisfactory growth in its core businesses.

Revenue of the Group for the six months ended 30 June 2013 amounted to RMB8,562.8 million, representing an increase of 99.0% comparing with the total revenue of RMB4,302.4 million for the six months ended 30 June 2012.

The following table sets forth certain details of the revenues:

	Six months ended 30 June			
	2013		2012	
	RMB'000	%	RMB'000	%
Sales of properties	8,463,925	98.8	4,203,344	97.7
Property management service income	85,453	1.0	90,745	2.1
Rental income from investment properties	13,374	0.2	8,261	0.2
<b>Total</b>	<b>8,562,752</b>	<b>100.0</b>	<b>4,302,350</b>	<b>100.0</b>
Total gross floor area ("GFA") delivered (sq.m.)	302,949		262,434	
Average selling prices ("ASP") sold (RMB per sq.m.)	27,938		16,017	

The revenue from the sales of properties increased by RMB4,260.6 million for the six months ended 30 June 2013, primarily attributable to an increase in the recognition of RMB3,945.3 million in revenue from the delivery of properties from the projects acquired by the Group from Greentown Real Estate Group Co., Ltd. ("Sunac Greentown Projects") in the second half year of 2012.

# Management Discussion and Analysis

## Cost of sales

Cost of sales comprises of the costs that the Group incurred in relation to its direct development activities for the properties delivered, as well as costs for property management operations and leasing.

For the six months ended 30 June 2013, cost of sales of the Group amounted to RMB6,783.8 million, representing an increase of 131.8% as compared with that of RMB2,926.6 million for the six months ended 30 June 2012, which was primarily due to the following:

- (i) cost of sales increased in line with the increase of sales revenue. In addition to the increase of GFA delivered by 40,515 sq.m., the proportion of cost of sales for the delivered properties with higher unit value to total cost of sales increased from 48.2% for the six months ended 30 June 2012 to 83.7% for the six months ended 30 June 2013; and
- (ii) the proportion of the delivered properties for the six months ended 30 June 2013 which were remeasured at fair value due to the impacts of the acquisition of property projects increased as compared with that for the six months ended 30 June 2012. Cost of sales included RMB810.5 million for the six months ended 30 June 2013 and RMB442.2 million for the six months ended 30 June 2012 related to the valuation surplus of the properties acquired.

## Gross margin

For the six months ended 30 June 2013, gross profit of the Group amounted to RMB1,779.0 million, or an increase of 29.3% as compared with RMB1,375.8 million for the six months ended 30 June 2012. Gross margin was 20.8% for the six months ended 30 June 2013 compared with 32.0% for the six months ended 30 June 2012, mainly due to the following:

- (i) the delivery of the properties from Sunac Greentown Projects acquired in the second half year of 2012, which had lower gross margin and accounted for 46.1% of the total revenue recorded for the six months ended 30 June 2013. Excluding Sunac Greentown Projects, the gross margin of the Group's existing projects for the six months ended 30 June 2013 was 31.4%;
- (ii) the increase of the proportion of the delivered properties for the six months ended 30 June 2013 which were remeasured at fair value due to the impact of the acquisition of property projects. Excluding the impact of remeasurement of fair value, the Group's gross margin was 30.2%; and
- (iii) excluding the impact of the aforementioned items (i) and (ii), the Group's gross margin was 45.1% for the six months ended 30 June 2013 and 42.3% for the six months ended 30 June 2012.

## Other gains – net

For the six months ended 30 June 2013, the Group recorded other gains of RMB93.9 million which was mainly attributable to the gain of RMB61.7 million from disposal of investment properties and RMB23.6 million in compensation income.



# Management Discussion and Analysis

## **Selling and marketing costs and administrative expenses**

Selling and marketing costs of the Group rose to RMB255.0 million for the six months ended 30 June 2013 from RMB195.3 million for the six months ended 30 June 2012. Administrative expenses of the Group increased to RMB206.4 million for the six months ended 30 June 2013 from RMB179.7 million for the six months ended 30 June 2012. Those changes were primarily due to the increase of sales amount and the quantity of projects newly acquired and launched for the six months ended 30 June 2013.

## **Other income**

The Group's other income significantly increased by RMB15.4 million from RMB11.7 million for the six months ended 30 June 2012 to RMB27.1 million for the six months ended 30 June 2013, which was primarily due to an increase of RMB10.6 million in government grants.

## **Other expenses**

The Group's other expenses slightly increased by RMB1.8 million from RMB2.7 million for the six months ended 30 June 2012 to RMB4.5 million for the six months ended 30 June 2013.

## **Operating profit**

As a result of the sectors analyzed above, the Group's operating profit increased by RMB393.2 million from RMB1,041.5 million for the six months ended 30 June 2012 to RMB1,434.7 million for the six months ended 30 June 2013, which was primarily due to:

- (i) an increase of RMB403.2 million in gross profit; and
- (ii) an increase of RMB10.0 million in operating expenses.

## **Finance costs**

The Group's finance costs increased to RMB287.8 million for the six months ended 30 June 2013 from RMB2.6 million for the six months ended 30 June 2012 and the capitalized interest increased to RMB1,050.4 million for the six months ended 30 June 2013 from RMB803.3 million for the six months ended 30 June 2012. It was mainly attributable to an increase in interest expenses on the Group's total borrowings from RMB805.8 million for the six months ended 30 June 2012 to RMB1,338.2 million for the six months ended 30 June 2013. This increase was due primarily to an increase of borrowings to finance the Group's expanded property development activities for the six months ended 30 June 2013.

## **Share of loss of jointly controlled entities**

The Group's share of loss of jointly controlled entities increased to RMB31.6 million for the six months ended 30 June 2013 from RMB1.6 million for the six months ended 30 June 2012, which was primarily due to the increase of the quantity of jointly controlled entities which had not yet commenced recording the revenue.

# Management Discussion and Analysis

## Share of profit/(loss) of associates

For the six months ended 30 June 2013, the Group recorded share of profit of RMB276.5 million, compared to share of loss of RMB2.6 million for the six months ended 30 June 2012. This change was mainly attributable to the significant increase of profit from Shanghai Greentown Woods Golf Villa Development Co., Ltd., an associate of the Group, because a gain of RMB268.0 million attributable to the Group from the acquisition of Zhejiang Jinying Realty Co.,Ltd. was recognized.

## Profit

As a result of the sectors analyzed above, the Group's profit attributable to owners of the Company for the six months ended 30 June 2013 increased 43% to RMB752.4 million from RMB527.4 million for the six months ended 30 June 2012. Moreover, excluding the impact of the gain from acquisition of equity interests, the fair value change of the investment properties and impairment provision for properties, the Group's core profit attributable to owners of the Company for the six months ended 30 June 2013 increased 39.3% to RMB845.1 million from RMB606.5 million for the six months ended 30 June 2012.

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	
	2013 RMB'000	2012 RMB'000
<b>Profit/(loss) for the period</b>	<b>883,508</b>	522,918
<i>Attributable to:</i>		
Owners of the Company	752,418	527,427
Non-controlling interests	131,090	(4,509)
	<b>883,508</b>	522,918

## Cash position

The Group operates in a capital intensive industry and has historically financed, and expects to continue to finance, its working capital, capital expenditures and other capital requirements through proceeds from the pre-sale 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 meeting 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 loans. The Group's long-term liquidity requirements relate to funding the development of its new property projects and repaying its long-term debt, and the Group's sources of long-term liquidity include loans, capital contributions from shareholders and share issuances.

# Management Discussion and Analysis

The Group's cash and cash equivalents (including restricted cash) increased 18.2% to RMB14,495.4 million as at 30 June 2013 from RMB12,262.7 million as of 31 December 2012.

The increase was principally attributable to:

- (i) the net cash inflow of RMB1,623.4 million in operating activities benefited from the significant increase of the proceeds from the pre-sale and sale of properties;
- (ii) the net cash outflow of RMB3,451.1 million in investing activities which was mainly due to obtaining new projects by the Group in Shanghai, Hangzhou and Tianjin respectively and acquiring equity interests; and
- (iii) the net cash inflow of RMB4,371.8 million in financing activities primarily due to the net inflow of RMB1,561.6 million from the borrowing, issue of senior notes and the payment of interest costs, net inflow of RMB1,625.1 million from the placing of shares and the net inflow of RMB955.4 million from the non-controlling interests' investments.

The Group believes 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 RMB24,827.7 million as at 30 June 2013, increasing by RMB3,102.7 million from RMB21,725.0 million as at 31 December 2012, which was primarily due to the net increase of RMB3,013.3 million from senior notes issued on 27 March 2013 and another net increase of RMB89.4 million from the loans obtained from banks and other parties.

As at 30 June 2013, RMB23,428.9 million of the Group's total borrowings (as at 31 December 2012: RMB19,326.2 million) were secured or jointly secured by the Group's properties under development, completed properties held for sale and investment properties totaling RMB30,398.8 million (as at 31 December 2012: RMB27,578.4 million), and certain equity interests of the Group's subsidiaries (including those legally transferred as collateral).

## **Net debt to total assets ratio, gearing ratio and net 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 (including restricted cash). As at 30 June 2013, the net debt to total assets ratio of the Group is 13%, as compared to 13% as of 31 December 2012.

Gearing ratio is calculated as net debt divided by total capital. Total capital is calculated as total equity plus net debt. As at 30 June 2013, the gearing ratio of the Group is 42%, as compared to 44% as at 31 December 2012.

Net gearing ratio is calculated as net debt divided by total equity. As at 30 June 2013, the net gearing ratio decreased to 71.8% from 78.9% as at 31 December 2012. The Group continues to pay attention to and manage its financial structure and potential risks during its course of development.

# Management Discussion and Analysis

## **Interest rate risk**

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

As at 30 June 2013, 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 the Group has some bank deposits denominated in foreign currencies and the senior notes issued on 9 October 2012 and 27 March 2013 denominated in US dollars, the Group faces foreign exchange risk. However, the Group's operating cash flow and liquidity are not subject to significant effect from fluctuations in exchange rates. No currency hedging arrangements were made as at 30 June 2013. The Group will closely monitor and manage its exposure to fluctuation in foreign exchange rates.

## **Contingent Liabilities**

The Group provided guarantees to banks for mortgage facilities granted to certain purchasers of the Group's properties to secure the obligations of such purchasers for repayment of their mortgage loans. As at 30 June 2013, the amount was RMB6,888.8 million as compared with RMB5,124.2 million as at 31 December 2012. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which generally takes place within an average period of six months of the properties delivery date; or (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.

# Business Review and Outlook

## SUMMARY OF PRINCIPAL PROPERTIES

As at 30 June 2013, the Group engaged in a total of 46 property development projects. The following table sets 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 2013.

Project Summary as of 30 June 2013							
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	1,247,860	1,188,920	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%	Completed in December 2012
Sunac Central of Glorious	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties and car parks	14,608	64,738	64,151	100%	Completed in 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, detached villas, retail properties and car parks	70,633	241,770	225,404	50%	December 2014
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	303,037	306,659	100%	December 2013
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,425	692,170	701,233	100%	December 2017
Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	383,789	385,849	49%	May 2017

# Business Review and Outlook

## Project Summary as of 30 June 2013

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
Dream of Mansion	Tianjin	Mid-rise apartments, townhouses and detached villas, retail properties, offices and car parks	120,058	243,762	224,207	50%	June 2016
Yongji Phase 2	Tianjin	High-rise apartments, retail properties, offices and car parks	26,837	79,260	79,260	47%	June 2015
R3 Project	Tianjin	Retail properties, offices, serviced apartments and car parks	121,214	471,288	471,288	47%	June 2018
River and Sea	Tianjin	High-rise apartments, retail properties and car parks	77,587	271,613	269,866	47%	December 2016
Tianjin Azure Coast	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,688	192,465	40%	September 2017
Shuangjie Project	Tianjin	High rise apartments, mid-rise apartments, detached villas, townhouses, retail properties, office and car parks	248,118	619,688	565,616	54%	October 2019
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	334,911	100%	December 2013

# Business Review and Outlook

## Project Summary as of 30 June 2013

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 Long Beach Mansion	Beijing	Mid-rise apartments, retail properties and car parks	63,940	133,956	104,258	100%	December 2013
Yao Jinmao Residence	Beijing	High-rise apartments, retail properties and car parks	84,684	247,174	138,253	49%	November 2014
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	148,657	97,951	49%	December 2015
Fontainebleau Chateau	Beijing	High rise and mid-rise apartments, retail properties and car parks	134,805	416,070	378,291	50%	December 2015
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	1,668,498	2,620,556	2,067,928	100%	December 2014
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, serviced apartments, retail properties and car parks	179,204	404,086	304,788	100%	December 2014
Guardian Manor	Chongqing	High rise and mid-rise apartments, townhouses, serviced apartments, retail properties and car parks	159,793	527,001	450,610	100%	December 2015
Jardins de Versailles	Chongqing	High rise apartments, detached villas, townhouses, retail properties and car parks	397,844	1,321,799	1,136,834	80%	December 2017

# Business Review and Outlook

## Project Summary as of 30 June 2013

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, offices, serviced apartments and car parks	118,912	759,516	619,318	100%	December 2014
Camphorwood Mansion	Wuxi	High-rise apartments, detached villas, retail properties and car parks	203,070	706,473	637,481	51%	December 2017
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	706,889	1,392,554	1,288,172	100%	June 2014
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	579,947	1,035,399	941,053	100%	December 2015
Sunac 81	Suzhou	Townhouses, detached villas, retail properties	133,434	100,340	82,608	100%	Completed in December 2012
Sunac Royal Garden	Yixing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	468,052	399,542	100%	December 2014
Melodious Manor	Hangzhou	Mid-rise apartments, townhouses and car parks	59,360	131,185	102,173	75%	November 2014
Wonderful Mansion	Hangzhou	High-rise apartments, retail properties and car parks	20,480	90,158	58,672	50%	December 2015



# Business Review and Outlook

## Project Summary as of 30 June 2013

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
Zhijiang River Holiday Village Project	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	58,184	267,209	224,943	49%	June 2016
Golf Villa	Hangzhou	High-rise apartments, retail properties and car parks	214,202	524,512	454,768	25%	December 2015
Dynasty on the Bund <sup>(1)</sup>	Shanghai	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	110,726	660,668	654,764	50%	2018
Shanghai Magnolia Garden	Shanghai	High-rise and mid-rise apartments, car parks	58,163	120,063	116,782	50%	Completed in June 2013
Shanghai Bund House	Shanghai	High-rise apartments, car parks	65,758	352,671	226,001	26%	November 2017
Shanghai Rose Garden	Shanghai	Detached villas, retail properties	803,353	238,838	145,002	50%	June 2015
Magnolia Garden-Glorious Garden	Shanghai	High-rise and mid-rise apartments, retail properties, car parks	72,803	162,914	150,957	25%	June 2015
Shanghai Wujiefang Project	Shanghai	High-rise and mid-rise apartments, retail properties, car parks	60,206	80,768	67,290	25%	June 2015

Note (1): Dynasty on the Bund was formerly known as Shanghai Huangpu Project.

# Business Review and Outlook

## Project Summary as of 30 June 2013

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
Franais Demeure	Shanghai	High-rise and mid-rise apartments, retail properties, car parks	75,091	179,946	117,832	25%	November 2015
Wuxi Magnolia Garden	Wuxi	High-rise apartments, retail properties, car parks	180,826	569,551	546,533	43%	September 2015
Magnolia West Project	Wuxi	High-rise apartments, serviced apartments, retail properties and car parks	171,572	549,968	491,396	20%	December 2017
Fairyland	Suzhou	Detached villas	213,852	249,302	126,395	33%	June 2016
Suzhou Majestic Garden	Suzhou	Mid-rise apartments, detached villas and car parks	155,664	218,340	121,218	50%	December 2013
Changzhou Magnolia Square	Changzhou	High-rise apartments, retail properties, car parks	413,252	1,410,174	1,309,435	49%	December 2017
<b>Total</b>			<b>9,914,183</b>	<b>22,388,949</b>	<b>19,520,563</b>		

# Business Review and Outlook

## Completed Properties as of 30 June 2013

Project	Location	Aggregate GFA (sq.m.)	Saleable/ rentable GFA (sq.m.)	Unsold/held	Saleable/ rentable GFA
				for rental aggregate GFA (sq.m.)	unsold/held for rental (sq.m.)
Sunac Magnetic Capital	Tianjin	1,142,825	1,083,675	120,400	114,168
Sunac Mind-Land International	Tianjin	809,386	749,250	25,863	23,942
Sunac Central of Glorious	Tianjin	64,738	64,151	137	136
Sunac Joy Downtown	Tianjin	56,615	55,960	181	179
Sunac PL Du Pantheon	Tianjin	63,120	57,991	37,457	34,414
Sunac Central Academy	Tianjin	17,946	18,159	0	0
Sunac East Fairyland	Beijing	166,481	144,276	0	0
Sunac West Chateau	Beijing	439,901	334,911	146,403	111,461
Sunac Long Beach Mansion	Beijing	125,693	97,776	5,686	4,423
Sunac Olympic Garden	Chongqing	1,907,082	1,522,717	79,540	63,509
Sunac Asia Pacific Enterprise Valley	Chongqing	435,385	347,779	162	129
Camphorwood Mansion	Wuxi	74,995	36,392	35,678	17,313
Sunac Swan Lake	Wuxi	1,002,048	924,536	197,626	182,339
Sunac Dream of City	Wuxi	545,310	492,829	24,013	21,702
Sunac 81	Suzhou	100,340	82,608	3,689	3,037
Sunac Royal Garden	Yixing	146,666	127,900	26,885	23,445
Golf Villa	Hangzhou	166,655	101,238	140,578	85,397
Dynasty on the Bund	Shanghai	206,962	207,016	194,275	194,326
Shanghai Magnolia Garden	Shanghai	88,233	89,155	26,185	26,459
Shanghai Bund House	Shanghai	86,249	57,250	9,357	6,211
Shanghai Rose Garden	Shanghai	165,947	98,922	17,433	10,392
Wuxi Magnolia Garden	Wuxi	448,311	429,823	180,211	172,779
Suzhou Majestic Mansion	Suzhou	84,748	48,942	49,187	28,406
<b>Total</b>		<b>8,345,636</b>	<b>7,173,259</b>	<b>1,320,946</b>	<b>1,124,167</b>

# Business Review and Outlook

## Properties under Development as of 30 June 2013

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	105,035	105,245	71,310
Sunac PL Du Pantheon	Tianjin	178,651	167,413	57,127
Sunac Glorious Mansion	Tianjin	303,037	306,659	214,979
Sunac Central Academy	Tianjin	387,553	396,404	197,083
Horizon Capital	Tianjin	218,428	220,488	141,998
Dream of Mansion	Tianjin	118,366	107,556	84,566
River and Sea	Tianjin	93,738	91,991	10,903
Tianjin Azure Coast	Tianjin	106,487	94,679	94,679
Sunac Long Beach Mansion	Beijing	8,263	6,481	6,481
Yao Jinmao Residence	Beijing	194,993	138,253	57,445
Wangjing Jinmao Palace	Beijing	98,250	88,151	52,059
Sunac Olympic Garden	Chongqing	495,586	409,546	273,114
Sunac Eton Manor	Chongqing	404,086	304,788	77,734
Jardins de Versailles	Chongqing	366,543	322,684	296,508
Sunac Asia Pacific Enterprise Valley	Chongqing	324,131	271,539	158,204
Camphorwood Mansion	Wuxi	421,692	395,523	275,571
Sunac Swan Lake	Wuxi	390,506	363,636	204,772
Sunac Dream of City	Wuxi	316,807	288,231	83,149
Sunac Royal Garden	Yixing	279,171	239,485	156,502
Melodious Manor	Hangzhou	131,185	102,173	102,173
Golf Villa	Hangzhou	143,775	141,255	93,391
Shanghai Magnolia Garden	Shanghai	31,830	27,627	9,713
Shanghai Bund House	Shanghai	111,701	63,831	63,831
Shanghai Rose Garden	Shanghai	72,891	46,079	26,139
Shanghai Magnolia Garden Phase II	Shanghai	162,914	150,957	150,957
Shanghai Senlan Project	Shanghai	179,946	117,832	117,832
Wuxi Magnolia Garden	Wuxi	121,240	116,709	114,746
Magnolia West Project	Wuxi	360,394	329,696	329,696
Fairyland	Suzhou	94,812	53,815	53,815
Suzhou Majestic Mansion	Suzhou	133,592	72,275	48,632
Changzhou Magnolia Square	Changzhou	547,166	501,087	380,518
<b>Total</b>		<b>6,902,769</b>	<b>6,042,090</b>	<b>4,005,629</b>

# Business Review and Outlook

## Properties to be Constructed as of 30 June 2013

Project	Location	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)
Sunac Central Academy	Tianjin	286,671	286,671
Horizon Capital	Tianjin	165,361	165,361
Dream of Mansion	Tianjin	125,396	116,651
Yongji Phase 2	Tianjin	79,260	79,260
R3 Project	Tianjin	471,288	471,288
River and Sea	Tianjin	177,875	177,875
Tianjin Azure Coast	Tianjin	103,201	97,786
Shuangjie Project	Tianjin	619,688	565,616
Yao Jinmao Residence	Beijing	52,181	0
Wangjing Jinmao Palace	Beijing	50,407	9,800
Fontainebleau Chateau	Beijing	416,070	378,291
Sunac Olympic Garden	Chongqing	217,888	135,665
Guardian Manor	Chongqing	527,001	450,610
Jardins de Versailles	Chongqing	955,256	814,150
Camphorwood Mansion	Wuxi	209,786	205,566
Sunac Dream of City	Wuxi	173,281	159,993
Sunac Royal Garden	Yixing	42,216	32,157
Wonderful Mansion	Hangzhou	90,158	58,672
Zhijiang River Holiday Village Project	Hangzhou	267,209	224,943
Golf Villa	Hangzhou	214,082	212,275
Dynasty on the Bund	Shanghai	453,706	447,748
Shanghai Bund House	Shanghai	154,721	104,920
Shanghai Wujiefang Project	Shanghai	80,768	67,290
Magnolia West Project	Wuxi	189,574	161,700
Fairyland	Suzhou	154,490	72,580
Changzhou Magnolia Square	Changzhou	863,008	808,348
<b>Total</b>		<b>7,140,543</b>	<b>6,305,214</b>

# Business Review and Outlook

## Review of the first half of 2013

During the first half of 2013, the government still maintained its tight macro-control measures on real estate industry. However, the Company remarkably achieved its various operational tasks through unwavering adherence to our strategy of regional focus and high-end properties and with support from a team with superior execution, enabling a continuously steady and fast business growth.

Revenue of the Company amounted to RMB8.56 billion for the first half of the year, representing an increase of 99% as compared to that for the corresponding period of last year. Profit attributable to owners of the Company amounted to RMB750 million, representing an increase of 43% as compared to that for the corresponding period of last year. Contract amount from sales for the first half of the year was RMB23.6 billion, representing an increase of 89% as compared to that for the corresponding period of last year, over-fulfilling the target that the Company set for the first half of the year.

During the first half of the year, competition on the acquisition of land was getting keener and land prices continued to increase as many enterprises kept an eye again on the first and second tier cities and strengthen their presences there. The Company has strictly followed its internal rules on land acquisition and chose not to acquire a number of parcels of excessively-priced land. Meanwhile, the Company acquired five parcels of land with favourable costs in a more flexible manner in the regions where the Company focuses. One of the projects was acquired through the bid invitation, auction and listing system while the other four projects were acquired through equity acquisition. Three out of those five projects were located in Hangzhou where the Company entered into last year, which greatly increases our presence in Hangzhou. Dynasty on the Bund, which was formally known as Huangpu Project, was acquired with Greentown China Holdings Limited in Shanghai. It is a large scale project and is a rarity in central Shanghai with a river view. The project will be significant to the Company's further growth and the establishment of our competitive edges in Shanghai.

The Company's promising operating results also gained recognition from the capital market. In January, the Company completed the placing of 300,000,000 shares at HK\$6.7 per share, raising a fund of HK\$2 billion. In March, the Company issued US\$500 million 9.375% senior notes due 2018. In July, the Company entered into an agreement with five banks in relation to a three year term syndicated loan of not exceeding US\$450 million. This has been the first time the Company obtained a foreign syndicated loan. These financial activities not only provided financial support for the Group's subsequent development but also provided a new financing channel to the Company, enhanced its capital structure and its risk management capability.

## Operating revenue and profit highlight

In the first half of 2013, the revenue and profit of the Company increased significantly as compared with the corresponding period in 2012, of which, the revenue increased by RMB4.26 billion to RMB8.56 billion as compared with the corresponding period of last year and the profit increased by RMB0.36 billion to RMB0.88 billion as compared with the corresponding period of last year.

# Business Review and Outlook

## Sales highlights

In the first half of 2013, 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 2013. The Group's sales amount was RMB23.6 billion for the first half of the year. The Company believes that all of its 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.

## Highlight on land acquisitions and project companies acquisitions in the reporting period

In the first half of 2013, there was keen competition in the land market and the land prices were getting higher. The Company has been following its policies on land acquisition and acquired five parcels of reasonably-priced land in a flexible and prudent manner. The Company replenished approximately 2,162,235 sq.m. of land bank and approximately 972,105 sq.m. of attributable land bank.

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

### *Hangzhou Wonderful Mansion Project*

On 17 January 2013, Tianjin Sunac Zhidi Co., Ltd., a wholly-owned subsidiary of the Company, and Hangzhou Chengjian Development Group Co., Ltd. entered into a framework agreement, pursuant to which the Company acquired 50% equity interest in Hangzhou Wonderful Mansion Project at a consideration of RMB560 million. The project is located at a prime location where it is situated in the core of Qianjiang New Town, the downtown area of Hangzhou, and is adjacent to large service facilities, namely the Hangzhou Theatre, the Hangzhou International Conference Center and the Hangzhou Citizen Center, and historical and cultural streets such as Nansongyu Street and Hefang Street and West Lake Scenic Area. The land extends to Xihuan Road in the east, Guihuazhi Road in the west, a piece of vacant land in our land bank in the north and Jiangnan Road in the south. The site area and the GFA of the project is approximately 20,500 sq.m. and approximately 90,200 sq.m. respectively.

### *Hangzhou Zhijiang River Holiday Village Project*

On 14 March 2013, Yingzi Real Estate Investment Holdings Ltd., a wholly-owned subsidiary of the Company, and Summer Sky Investments Limited, a wholly-owned subsidiary of Shimao Property Holdings Limited, entered into an agreement, pursuant to which the Company indirectly acquired 49% equity interest in Hangzhou Zhijiang River Holiday Village Project at a consideration of HK\$49. The agreement provided that the Company shall make a capital contribution of approximately RMB907 million to the project. The project is located in Binjiang District, Hangzhou, and such piece of land extends from Wangjiang East Road in the east, Qianjiang Road in the south, Guihua Road in the west and Guihua Road in the north, and is adjacent to the Qiantang River with the river view, and enjoying the scenery of Liuhe Pagoda and Qianjiang Bridge. The site area and the GFA of the project is approximately 58,200 sq.m. and approximately 267,200 sq.m. respectively.

# Business Review and Outlook

## *Hangzhou Golf Villa Project*

On 30 May 2013, Shanghai Greentown Woods Golf Villa Development Co., Ltd. (“Shanghai Greentown Woods Golf”) and Jindu Real Estate Group Co., Ltd. (“Jindu Real Estate”) entered into an equity transfer agreement and a creditor’s right transfer agreement, pursuant to which Shanghai Greentown Woods Golf shall acquire 50% of equity interest in Zhejiang Jinying Realty Co., Ltd. (“Zhejiang Jinying”) held by Jindu Real Estate at a consideration of RMB1.2 billion. Upon completion of the transaction, the Company will indirectly own 25% interest in Golf Villa Project which is under development by Zhejiang Jinying. Golf villa Project is located at Zhuantang Town, West Lake District, Hangzhou and such piece of land extends from Doumen Road in the east, Hengqiao Road in the south, Xiangshan Road in the west and Doumen Road in the north. Such project is situated in Zhijiang National Tourist Resort Area, enjoying a beautiful natural view and neighbouring on the West Lake Golf Course and China Academy of Art, Xiangshan College. The site area and the estimated GFA of the project is approximately 214,200 sq.m. and approximately 524,500 sq.m. respectively.

## *Shanghai Dynasty on the Bund Project*

On 31 May 2013, Sunac Greentown Investments Holdings Limited (“Sunac Greentown”) entered into a definitive transfer agreement with the vendor in relation to Shanghai Dynasty on the Bund Project to acquire 100% interest in Shanghai Dynasty on the Bund Project. Pursuant to the agreement, the total consideration for the transaction was approximately RMB7.996 billion. Upon completion of the transaction, the Company will hold 50% interest in Shanghai Dynasty on the Bund Project Company, which will become a non wholly-owned subsidiary of the Company. The project is located along the Huangpu River of Huangpu District, Shanghai, north to Zhongshan South Road, east to Zhizaoju Road, south to Longhua East Road, west to Mengzi Road. The land is a rarity in the central Shanghai, enjoying the river view of the Huangpu Jiang River. The site area and the GFA of Shanghai Dynasty on the Bund is approximately 110,700 sq.m. and approximately 660,700 sq.m. respectively.

## *Tianjin Shuangjie Project*

On 28 June 2013, Tianjin Rongyao Real Estate Company Limited, a non wholly-owned subsidiary of the Company, acquired the Tianjin Shuangjie Project at a consideration of approximately RMB1.132 billion. The consideration payable by the Company was approximately RMB611 million. Upon completion of the transaction, the Company will hold 54% interest in the project. Located at the core of Shuangjie Town, Beichen District, Tianjin, with the Jing-Jin Express in the east, the project is convenient in transport. It is surrounded by rivers on three sides with beautiful riverside scenery. The site area and the GFA of the project is approximately 248,100 sq.m. and approximately 619,700 sq.m. respectively.



# Business Review and Outlook

## Outlook for the second half of 2013

For the second half of 2013, the Company does not expect the government to change its macro-control measures on the real estate industry in the near future. However, such non-marketization measures as administration's intervention will gradually be replaced by marketization measures to allow the market to decide for itself, which will be beneficial for the long-term and healthy growth of real estate market. In the second half of the year, the relative tight demand and supply in the first and second tier cities will not change in a short term and the market will remain stable but promising. At the same time, the Company expects that the local governments will increase their land supply and more quality land will be supplied to the market. Intense competition among enterprises on quality land will remain.

In the second half of the year, the Company is expected to begin selling 12 new projects successively. With sufficient high quality products, the achievement on the yearly sales target will be ensured. The Company is highly confident on achieving such yearly target. With regard to land acquisition, the Company will also continue to keep an eye on the availability of quality land and replenish its land bank with quality land in a prudent manner in the second half of the year. However, The Company will strictly follow its policies on land acquisition and would rather not to buy any land than buy useless land. In respect of the selection of the cities for land acquisition, the Company will continuously adhere to our strategy of regional focus. While the Company continues to cultivate five major regions, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou, The Company will further study any opportunities to gain presence in new cities. The Company will not rule out the possibility that the Company may enter into one or two new cities which meet the requirement of the Company's development strategy in order to optimize the regional coverage for a better preparation for the Company's future growth.

The Company will strictly adhere to its prudent cash flow management strategy to ensure sufficient cash flow and enhance the Company's risk management capability. Meanwhile, the Company will further enhance its financing structure and lower the overall financial cost of the Company.

While the Company continues to scale up, the Company will consistently emphasize on the improvement on its management capabilities and continuously build up of a talent pool and systems. The comprehensive and integrated management and control platform, which has been built up since 2010, will provide a stronger and more systematic support to the Company on the enhancement of management efficiency and the management and control on risks. The Company believes that the enhancing capability on management and control will be important to the Company's sustainable and healthy growth.

# Corporate Governance and Other Information

## CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “SEHK”) (the “Listing Rules”) as its own code on corporate governance and has, throughout the six months ended 30 June 2013, complied with all applicable code provisions under the Corporate Governance Code, save and except for the deviations from code provisions A.2.1 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 of directors of the Company (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 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) was unable to attend the Company’s annual general meeting held on 16 May 2013 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.

The Board 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 regular discussions about the performance and business strategies of the Group. They, together with the relevant senior executives of the Company, have also attended 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’S INFORMATION

Mr. Poon Chiu Kwok (“Mr. Poon”), an independent non-executive Director of the Company, was appointed as independent non-executive director of Tonly Electronics Holdings Limited, a company listed on the SEHK (stock code: 01249) since 12 July 2013.

# Corporate Governance and 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 1.54% of the total issued shares of the Company as at 30 June 2013. 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 shareholders of the Company. 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 the 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.

As of the date of this interim report, options to subscribe for an aggregate of 51,080,000 shares, representing approximately 1.67% of the shares in issue immediately following the completion of the capitalization issue and the global offering (assuming that the options under the Pre-IPO Share Option Scheme have been exercised in full), have been conditionally granted to 121 grantees, for nominal consideration of HK\$1.00 paid by each grantee, under the Pre-IPO Share Option Scheme. The exercise price per share shall be equal to HK\$2.784, being 80% of the offer price of the Company’s shares in the initial public offering.

During the six months ended 30 June 2013, several senior management and employees of the Company exercised an aggregate of 1,912,000 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\$6.48 per share.

## Corporate Governance and Other Information

Movements of the options under the Pre-IPO Share Option Scheme as at 30 June 2013 are set forth below:

Name of grantee	Number of options granted on 9 September 2010	Approximate percentage of total issued shares of the Company upon exercise of all options	Number of outstanding options as at 1 January 2013	Number of exercised options during the six months ended 30 June 2013	Number of cancelled options during the six months ended 30 June 2013	Number of lapsed options during the six months ended 30 June 2013	Number of outstanding options as at 30 June 2013
Directors							
Mr. Sun Hongbin*	3,600,000	0.11%	3,600,000	–	–	–	3,600,000
Mr. Wang Mengde	3,300,000	0.10%	3,300,000	–	–	–	3,300,000
Mr. Li Shaozhong	3,600,000	0.11%	3,600,000	–	–	–	3,600,000
Mr. Chi Xun	3,600,000	0.11%	3,600,000	–	–	–	3,600,000
Mr. Shang Yu	3,300,000	0.10%	3,300,000	–	–	–	3,300,000
Mr. Jing Hong	3,600,000	0.11%	2,200,000	–	–	–	2,200,000
Senior management and employees							
	30,080,000	0.91%	27,199,875	1,912,000	–	–	25,287,875
	51,080,000	1.54%	46,799,875	1,912,000	–	–	44,887,875

\* 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.

# Corporate Governance and 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 Share 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;
- (d) the Share Options shall be granted in accordance with the following schedule:

<u>Grant Period</u>	<u>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”)</u>
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 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;

## Corporate Governance and 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 Share 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 Share 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.

On 2 May 2013, the Company granted an aggregate of 30,900,000 Share Options under the Post-IPO Share Option Scheme, at an exercise price of HK\$6.32 per share. The closing price of the shares immediately before the date of grant was HK\$6.26 per share.

## Corporate Governance and Other Information

Movement of the Share Options under the Post-IPO Share Option Scheme during the six months ended 30 June 2013 is as follows:

Name of Grantee	Number of Share Options granted on 30 September 2011 (Note 1)	Number of Share Options granted on 21 May 2012 (Note 2)	Number of outstanding Share Options as at 1 January 2013	Number of Share Options granted on 2 May 2013 (Note 3)	Number of exercised Share Options during the six months ended 30 June 2013	Number of cancelled Share Options during the six months ended 30 June 2013	Number of lapsed Share Options during the six months ended 30 June 2013	Number of outstanding Share Options as at 30 June 2013
<b>Directors</b>								
Mr. Sun Hongbin*	2,600,000	400,000	3,000,000	-	-	-	-	3,000,000
Mr. Wang Mengde	2,300,000	1,300,000	3,600,000	1,600,000	-	-	-	5,200,000
Mr. Li Shaozhong	2,300,000	1,200,000	3,500,000	1,300,000	-	-	-	4,800,000
Mr. Chi Xun	2,600,000	1,200,000	3,600,000	1,300,000	-	-	-	4,900,000
Mr. Shang Yu	2,300,000	1,200,000	3,500,000	1,300,000	-	-	-	4,800,000
Mr. Jing Hong	2,600,000	1,200,000	3,350,000	1,300,000	-	-	-	4,650,000
<b>Senior management and employees</b>								
	25,200,000	22,600,000	37,653,850	24,100,000	1,391,850	-	-	60,362,000
<b>Total</b>	<b>39,900,000</b>	<b>29,100,000</b>	<b>58,203,850</b>	<b>30,900,000</b>	<b>1,391,850</b>	<b>-</b>	<b>-</b>	<b>87,712,000</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 the share options have vested 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) the remaining 30% of the Share Options shall be vested on 29 April 2012; and (iii) the remaining 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 the share options 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) the remaining 30% of the Share Options shall be vested on 29 April 2013; and (iii) the remaining 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.
- The exercise period is from 2 May 2013 to 28 April 2016 and the share options 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. 2 May 2013); (ii) the remaining 30% of the Share Options shall be vested on 29 April 2014; and (iii) the remaining 40% of the Share Options shall be vested on 29 April 2015. 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\$6.26 per share.

During the six months ended 30 June 2013, several senior management and employees of the Company exercised an aggregate of 726,850 Share Options granted on 30 September 2011 by the Company 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\$6.49 per share.

## Corporate Governance and Other Information

During the six months ended 30 June 2013, an aggregate of 665,000 Share Options granted on 21 May 2012 by the Company under the Post-IPO Share Option Scheme were exercised, 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\$6.48 per share.

During the six months ended 30 June 2013, no Share Option was exercised by the senior management and employees of the Company granted on 2 May 2013 by the Company under the Post-IPO Share Option Scheme.

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 Share Options granted during the six months ended 30 June 2013 determined using the binomial valuation model was HK\$6.32 per Share Option. The significant input into the model were weighted average share price of HK\$6.32 at the grant date, exercise price of HK\$ 6.32, volatility of 50.90%, dividend yield of 0.86%, an expected Share Option life of 3 years and an annual risk-free interest rate of 0.16%. 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 amortization of Share Option of RMB13,963,000 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the six months ended 30 June 2013, 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 2013.

### 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 2013, 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 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>	46.88%
	Beneficial interest	Sunac International Investment Holding Ltd ("Sunac International") <sup>(3)</sup>		100%
Mr. Jing Hong	Beneficial interest	The Company	650,000 (L) <sup>(1)</sup>	0.02%



## Corporate Governance and 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 the holding company of the Company and therefore an “associated corporation” of our 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 (Note)</u>	<u>Approximate percentage of interest in the Company</u>
Mr. Sun Hongbin	Beneficial interest <sup>(1)</sup>	6,600,000	0.20%
Mr. Wang Mengde	Beneficial interest <sup>(1)</sup>	8,500,000	0.26%
Mr. Li Shaozhong	Beneficial interest <sup>(1)</sup>	8,400,000	0.25%
Mr. Chi Xun	Beneficial interest <sup>(1)</sup>	8,500,000	0.26%
Mr. Shang Yu	Beneficial interest <sup>(1)</sup>	8,100,000	0.24%
Mr. Jing Hong	Beneficial interest <sup>(1)</sup>	6,850,000	0.21%

Note: The interests in the underlying shares are related to the Share Options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme.

Save as disclosed herein, as at 30 June 2013, 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.

## Corporate Governance and 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 2013, 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<sup>(1)</sup></u>	<u>Approximate percentage of shareholding</u>
Sunac International	Beneficial interest	1,555,578,451 (L)	46.88%
Bain Capital Sunac Limited	Beneficial interest	180,336,637 (L)	5.43%
Bain Capital Asia Integral Investors, L.P. <sup>(2)</sup>	Interest in a controlled corporation	180,336,637 (L)	5.43%
Bain Capital Asia Fund, L.P. <sup>(3)</sup>	Interest in a controlled corporation	180,336,637 (L)	5.43%
Bain Capital Partners Asia, L.P. <sup>(4)</sup>	Interest in a controlled corporation	180,336,637 (L)	5.43%
Bain Capital Investors, LLC <sup>(5)</sup>	Interest in a controlled corporation	180,336,637 (L)	5.43%

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.

Save as disclosed herein, as at 30 June 2013, 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.

# Corporate Governance and Other Information

## INTERIM DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2013.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## PLACING OF THE SHARES

On 21 January 2013, the Company, Sunac International Investment Holdings Ltd., the controlling shareholder of the Company ("the Vendor") and Citibank Global Markets Asia Limited ("the Placing Agent") entered into the placing and subscription agreement pursuant to which the Placing Agent has agreed to place, on a fully underwritten basis, 300,000,000 existing shares of the Company ("the Placing Shares") at a price of HK\$6.70 per share on behalf of the Vendor. The Placing Shares represent approximately 9.04% of the issued share capital of the Company on 30 June 2013.

## CONDITION OF SPECIFIC OBLIGATION TO BE PERFORMED BY THE CONTROLLING SHAREHOLDER UNDER A FACILITY AGREEMENT

Pursuant to Rule 13.18 of the Listing Rules, on 23 July 2013, the Company as one of the parent guarantors entered into the facility agreement with, among others, the borrower and the original lenders in relation to certain three-year term loan facilities in an aggregate amount of approximately US\$400,000,000, which subject to the accession by any bank(s) to the facility agreement pursuant to the terms thereunder will be increased to an amount not exceeding an aggregate amount of approximately US\$450,000,000. The facility agreement includes a term which requires the controlling shareholder of the Company to maintain a minimum percentage of not less than 30% of shareholding in the Company.

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2013, the Group had a total of 5049 employees in Hong Kong and the PRC. For the six months ended 30 June 2013, the staff cost of the Group was approximately RMB174.5 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.

To attract and maintain talented people, eligible participants (including employees of the Group) may be granted Share 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 24 to page 32 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 2013.

## Corporate Governance and Other Information

The emoluments of the Directors are firstly reviewed by the remuneration committee of the Board and then approved by the Board, having regard to the Director's skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions.

### 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 2013 in relation to their securities dealings, if any.

### 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 four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai, 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 2013.

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

Hong Kong, 26 August 2013

# 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 37 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 2013 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.

---

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, 26 August 2013

# Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	30 June 2013 (Unaudited) RMB '000	31 December 2012 (Audited) RMB '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	52,772	48,947
Investment properties	7	248,000	570,500
Intangible assets	7	319,584	308,500
Investments in jointly controlled entities	8	2,035,185	1,081,184
Investments in associates	9	3,069,271	3,123,480
Prepayments for equity transactions	10	2,080,862	85,000
Deferred income tax assets		1,050,708	885,135
		<b>8,856,382</b>	<b>6,102,746</b>
<b>Current assets</b>			
Properties under development	11	39,306,174	37,697,620
Completed properties held for sale	12	9,708,902	8,703,708
Amounts due from jointly controlled entities	34(c)	1,427,001	1,289,920
Amounts due from associates	34(c)	1,625,399	1,772,488
Trade and other receivables	13	334,561	415,920
Prepayments	14	4,678,700	2,689,111
Restricted cash	15	3,634,669	3,868,713
Cash and cash equivalents	16	10,860,726	8,394,026
		<b>71,576,132</b>	<b>64,831,506</b>
<b>Total assets</b>		<b>80,432,514</b>	<b>70,934,252</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	284,909	260,341
Reserves			
– Proposed final dividend		–	260,730
– Others	18	11,534,017	8,967,941
		<b>11,818,926</b>	<b>9,489,012</b>
Non-controlling interests		2,580,885	2,505,164
<b>Total equity</b>		<b>14,399,811</b>	<b>11,994,176</b>

# Condensed Consolidated Balance Sheet

As at 30 June 2013

	Note	30 June 2013 (Unaudited) RMB '000	31 December 2012 (Audited) RMB '000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	18,257,285	9,942,480
Long-term payable		–	166,745
Deferred income tax liabilities		4,309,354	4,536,843
		<b>22,566,639</b>	<b>14,646,068</b>
<b>Current liabilities</b>			
Trade and other payables	19	6,959,175	7,115,809
Advanced proceeds from customers		19,352,443	15,145,978
Amounts due to jointly controlled entities	34(c)	281,360	428,925
Amounts due to associates	34(c)	1,362,696	1,184,417
Amounts due to non-controlling interests		4,495,527	3,540,126
Current income tax liabilities	21	4,444,460	5,096,206
Borrowings	20	6,570,403	11,782,547
		<b>43,466,064</b>	<b>44,294,008</b>
<b>Total liabilities</b>		<b>66,032,703</b>	<b>58,940,076</b>
<b>Total equity and liabilities</b>		<b>80,432,514</b>	<b>70,934,252</b>
<b>Net current assets</b>		<b>28,110,068</b>	<b>20,537,498</b>
<b>Total assets less current liabilities</b>		<b>36,966,450</b>	<b>26,640,244</b>

The notes on pages 43 to 74 are an integral part of the condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 37 to 74 were approved by the Board of Directors on 26 August 2013 and were signed on its behalf.

**Sun Hongbin**  
Director

**Wang Mengde**  
Director



# Condensed Consolidated Income Statement

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue	22	8,562,752	4,302,350
Cost of sales	23	(6,783,777)	(2,926,592)
<b>Gross profit</b>		<b>1,778,975</b>	<b>1,375,758</b>
Gain from business combination	32	510	–
Other gains, net	24	93,935	31,684
Selling and marketing costs	23	(254,965)	(195,329)
Administrative expenses	23	(206,412)	(179,684)
Other income	25	27,110	11,703
Other expenses		(4,490)	(2,655)
<b>Operating profit</b>		<b>1,434,663</b>	<b>1,041,477</b>
Finance income	27	37,234	13,082
Finance costs	27	(287,836)	(2,568)
Share of losses of jointly controlled entities, net	8	(31,624)	(1,607)
Share of profits/(losses) of associates, net	9	276,533	(2,623)
<b>Profit before income tax</b>		<b>1,428,970</b>	<b>1,047,761</b>
Income tax expense	28	(545,462)	(524,843)
<b>Profit for the period</b>		<b>883,508</b>	<b>522,918</b>
<b>Attributable to:</b>			
– Owners of the Company		752,418	527,427
– Non-controlling interests		131,090	(4,509)
		<b>883,508</b>	<b>522,918</b>
Earnings per share (RMB/share)	30		
– Basic		0.230	0.176
– Diluted		0.226	0.175
Dividends	35	–	–

The notes on pages 43 to 74 are an integral part of the condensed consolidated interim financial information

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Profit for the period	883,508	522,918
Other comprehensive income		
– Disposal of available-for-sale financial assets, net of tax	–	(212)
<b>Total comprehensive income for the period, net of tax</b>	<b>883,508</b>	<b>522,706</b>
<b>Total comprehensive income for the period attributable to:</b>		
– Owners of the Company	752,418	527,215
– Non-controlling interests	131,090	(4,509)
	<b>883,508</b>	<b>522,706</b>

The notes on pages 43 to 74 are an integral part of the condensed consolidated interim financial information.

# Condensed Consolidated Statement of Changes In Equity

For the six months ended 30 June 2013

	Unaudited						
	Attributable to owners of the Company						
	Ordinary shares RMB'000 (Note 17)	Share premium RMB'000 (Note 18)	Other reserves RMB'000 (Note 18)	Retained earnings RMB'000 (Note 18)	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
<b>At 1 January 2013</b>	260,341	1,727,298	483,445	7,017,928	9,489,012	2,505,164	11,994,176
Total comprehensive income for the six months ended 30 June 2013	-	-	-	752,418	752,418	131,090	883,508
<b>Transactions with owners in their capacity as owners</b>							
Employees share option schemes:							
- Value of employee services	-	-	13,963	-	13,963	-	13,963
- Proceeds from shares issued	274	6,316	-	-	6,590	-	6,590
Placing ordinary shares	24,294	1,594,257	-	-	1,618,551	-	1,618,551
Transactions with non-controlling interests	-	-	(64,249)	-	(64,249)	(55,369)	(119,618)
Others	-	-	2,641	-	2,641	-	2,641
	24,568	1,600,573	(47,645)	-	1,577,496	(55,369)	1,522,127
<b>At 30 June 2013</b>	284,909	3,327,871	435,800	7,770,346	11,818,926	2,580,885	14,399,811
<b>At 1 January 2012</b>	259,112	1,783,783	341,529	4,666,563	7,050,987	354,728	7,405,715
Total comprehensive income for the six months ended 30 June 2012	-	-	(212)	527,427	527,215	(4,509)	522,706
<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 additional interests in subsidiaries	-	-	-	-	-	79,441	79,441
Transactions with non-controlling interests	-	-	(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
	142	2,189	17,280	(266,606)	(246,995)	483,641	236,646
<b>At 30 June 2012</b>	259,254	1,785,972	358,597	4,927,384	7,331,207	833,860	8,165,067

The notes on pages 43 to 74 are an integral part of the condensed consolidated interim financial information.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Note	Six months ended 30 June	
		2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		3,661,248	3,913,165
Income tax paid		(2,037,866)	(960,836)
<b>Net cash generated from in operating activities</b>		<b>1,623,382</b>	<b>2,952,329</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries, net of cash settled		(39,029)	(13,516)
Investments in jointly controlled entities		(860,163)	(1,160,903)
Investments in an associate		(22,500)	(531,983)
Transactions with non-controlling interests		(449,020)	–
Prepayment or down payment for equity transactions		(2,080,862)	–
Purchases of property, plant and equipment (“PP&E”)		(11,136)	(6,988)
Proceeds on disposal of PP&E		1,616	838
Purchase of financial assets		–	(5,000)
Loans to jointly controlled entities and associates	34	(2,024,097)	–
Collection of loans from jointly controlled entities and associates	34	2,034,105	–
Proceeds from disposals of financial assets		–	15,157
<b>Net cash used in investing activities</b>		<b>(3,451,086)</b>	<b>(1,702,395)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		1,625,141	2,331
Proceeds from bonds offering, net	20	3,093,841	–
Proceeds from borrowings	20	10,132,356	3,988,950
Repayments of borrowings	20	(10,527,983)	(4,399,560)
Guarantee deposits for bank borrowings		199,012	(719,665)
Payments of interest costs		(1,136,633)	(805,834)
Proceeds from non-controlling interests’ investments, net		955,401	560,968
Cash advance from jointly controlled entities and associates	34	657,722	–
Repayments of funds from jointly controlled entities and associates	34	(621,008)	–
<b>Net cash generated from/(used in) financing activities</b>		<b>4,371,849</b>	<b>(1,372,810)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>2,544,145</b>	<b>(122,876)</b>
Cash and cash equivalents at beginning of period		8,394,026	2,763,386
Exchange losses		(77,445)	–
<b>Cash and cash equivalents at end of period</b>		<b>10,860,726</b>	<b>2,640,510</b>

The notes on pages 43 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 2013

## 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 Islands.

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 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 26 August 2013.

## 2 Basis of preparation

These condensed consolidated interim financial information for the six months ended 30 June 2013 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 2012, which have been prepared in accordance with HKFRSs.

### 2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its pre-sale proceeds, bank facilities and other borrowings from third parties. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group’s property products; and (b) the availability of bank finance for the foreseeable future. The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group had adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group’s borrowings is given in Note 20.

## 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 2012, as described in those annual financial statements.

### (a) New and amended standards adopted by the Group

#### (I) *Changes effective for annual periods beginning on or after 1 July 2012*

Amendment to HKAS 1, “Presentation of financial statements”: 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.

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

For the six months ended 30 June 2013

## 3 Accounting policies (continued)

### (a) New and amended standards adopted by the Group (continued)

#### (II) Changes effective for annual periods beginning on or after 1 January 2013

Amendment to HKFRS 10, “Consolidated financial statements”: the objective of HKFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities to present consolidated financial statements. It defines the principle of control, and establishes control as the basis for consolidation. It sets 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.

Amendment to HKAS 27, “Separate financial statements”: HKAS 27 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.

Amendment to HKFRS 11, “Joint arrangements”: 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.

Amendment to HKAS 28, “Associates and joint ventures”: HKAS 28 includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of HKFRS 11.

Amendment to HKFRS 12, “Disclosure of interests in other entities”: 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.

Amendment to HKFRS 13, “Fair value measurements”: 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, 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.

Amendment to HKAS 19, “Employee benefits”: this amendment eliminates the corridor approach and calculates finance costs on a net funding basis.

Amendment to HKFRS 1, “Government loans”: the amendments require that a first-time adopter shall classify all government loans received as a financial liability or an equity instrument in accordance with HKAS 32 Financial Instruments: Presentation.

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

For the six months ended 30 June 2013

## 3 Accounting policies (continued)

### (a) New and amended standards adopted by the Group (continued)

#### (II) Changes effective for annual periods beginning on or after 1 January 2013 (continued)

Amendment to HKFRS 7, “Financial instruments: Disclosures – Offsetting financial assets and financial liabilities”: the amendments also require new disclosure requirements which focus on quantitative information about recognized financial instruments that are offset in the statement of financial position, as well as those recognized financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

#### (III) Fourth 2011 annual improvements project – Changes effective for annual periods beginning on or after 1 January 2013

Amendment to HKFRS 1, “First time adoption of HKFRS”: the amendment clarifies that an entity may apply HKFRS 1 more than once under certain circumstances. The amendment also clarifies that an entity can choose to adopt HKAS 23, ‘Borrowing costs’, either from its date of transition or from an earlier date.

Amendment to HKAS 1, “Presentation of financial statements”: the amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either as required by HKAS 8, ‘Accounting policies, changes in accounting estimates and errors’; or voluntarily.

Amendment to HKAS 16, “Property, plant and equipment”: the amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment.

Amendment to HKAS 32, “Financial instruments: Presentation”: the amendment clarifies the treatment of income tax relating to distributions and transaction costs.

Amendment to HKAS 34, “Interim financial reporting”: the amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial information.

### (b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these condensed consolidated financial information:

#### (I) Changes effective for annual periods beginning on or after 1 January 2014

Amendment to HKAS 32, “Financial instruments: Presentation – Offsetting financial assets and financial liabilities”: the amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of ‘currently has a legally enforceable right of set-off; and (ii) that some gross settlement systems may be considered equivalent to net settlement.

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

For the six months ended 30 June 2013

## 3 Accounting policies (continued)

### (b) New standards and interpretations not yet adopted (continued)

#### (I) Changes effective for annual periods beginning on or after 1 January 2014 (continued)

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27, “Investment entities”: the amendments provide an exception to the consolidation requirements in HKFRS 10 and require investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendments also set out disclosure requirements for investment entities.

Amendments to HKAS 36, “Recoverable amount disclosures for non-financial assets”: the HKICPA made consequential amendments to the disclosure requirements of HKAS when it issued HKFRS 13. One of the amendments was drafted more widely than intended. The unintended result was a requirement to disclose the recoverable amount for each Cash Generating Unit (“CGU”) with significant amount of goodwill or intangible assets with indefinite useful lives no matter whether there has been impairment. HKICPA has published limited amendments to remove such requirement for CGU without impairment and introduces additional disclosures about fair value measurements when there has been impairment or a reversal of impairment. The amendments are effective from annual periods beginning on or after 1 January 2014 and please read the amendments in their entirety to determine the impact for deciding early adoption.

#### (II) Changes effective for annual periods beginning on or after 1 January 2015

HKFRS 9, “Financial instruments”, addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group’s accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

Amendment to HKFRS 7 and HKFRS 9, “Mandatory effective date and transition disclosures”, 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.

According to the Group’s assessment, adoption of these new standards, amendments and interpretations will not have material impact to the financial information of the Group.

## 4 Estimates

The preparation of interim financial information 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.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2012.



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

For the six months ended 30 June 2013

## 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 information 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 2012.

There have been no changes in the risk or in any risk management policies since 31 December 2012.

## 6 Segment information

The executive directors review the Group's internal reporting in order to assess performance and allocate resources. The executive directors have determined the operating segments based on these reports.

The executive directors assess the performance of property development business and property management service business respectively. The performance of the operating segments is assessed based on a measure of profit/(loss) before income tax.

The analysis of the Group's profit/(loss) before income tax by segment is as follows:

	Six months ended 30 June 2013		
	Property development and investment RMB'000	Property management services RMB'000	Total RMB'000
Total segment revenue	8,477,299	104,263	8,581,562
Inter-segment revenue	–	(18,810)	(18,810)
Revenue from external customers	8,477,299	85,453	8,562,752
Profit before income tax	1,471,168	(42,198)	1,428,970

	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	102,665	4,314,270
Inter-segment revenue	–	(11,920)	(11,920)
Revenue from external customers	4,211,605	90,745	4,302,350
Profit before income tax	1,065,681	(17,920)	1,047,761

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

For the six months ended 30 June 2013

## 6 Segment information (continued)

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

	As at 30 June 2013		
	Property development and investment RMB'000	Property management services RMB'000	Total RMB'000
<b>Total assets per the balance sheet</b>	80,363,284	69,230	80,432,514
Including:			
Investment in jointly controlled entities	2,035,185	–	2,035,185
Investment in associates	3,069,271	–	3,069,271
Investment properties	248,000	–	248,000
<b>Total liabilities per the balance sheet</b>	65,862,764	169,939	66,032,703

## 7 Property, plant and equipment, investment properties and intangible assets

	Property, plant and equipment RMB'000	Investment properties RMB'000	Goodwill RMB'000	Other intangible assets RMB '000
<b>Six months ended 30 June 2013</b>				
Net book value or valuation				
Opening amount as at 1 January 2013	48,947	570,500	301,805	6,695
Additions	11,136	–	–	–
Acquisition of a subsidiary (Note 32)	3,036	–	35,070	–
Disposals	(1,510)	(322,500)	–	–
Depreciation and amortization	(8,837)	–	–	(3,094)
Impairment provision	–	–	(20,892)	–
Closing amount as at 30 June 2013	52,772	248,000	315,983	3,601
<b>Six months ended 30 June 2012</b>				
Net book value or valuation				
Opening amount as at 1 January 2012	28,157	551,500	300,958	12,883
Additions	7,379	–	–	–
Acquisition of a subsidiary	1,073	–	–	–
Disposals	(788)	–	–	–
Depreciation and amortization	(4,833)	–	–	(3,095)
Impairment provision	–	–	–	–
Closing amount as at 30 June 2012	30,988	551,500	300,958	9,788

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

For the six months ended 30 June 2013

## 7 Property, plant and equipment, investment properties and intangible assets (continued)

During the six months ended 30 June 2013, the Group acquired motor vehicles totalling RMB8.7 million and office equipment totalling RMB2.3 million respectively.

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

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Outside Hong Kong, held on:		
Leases of between 5 to 20 years	248,000	570,500

During the six months ended 30 June 2013, the Group disposed certain investment properties located in Tianjin, the PRC with carrying value of RMB322.5 million to independent third parties, which resulted in a net gain of RMB61.7 million. The following amounts have been recognized in the profit or loss:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Gain from disposals of investment properties (Note 24)	61,730	–
Rental income (Note 22)	8,777	8,261
Operating expenses	(1,462)	(1,455)
	69,045	6,806

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

For the six months ended 30 June 2013

## 7 Property, plant and equipment, investment properties and intangible assets (continued)

The fair value measurement information for these investment properties is given below:

	Fair value measurements at 30 June 2013		
	Quoted prices in active markets for identical assets (Level 1)		
	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000
Recurring fair value measurements	–	33,400	214,600

There were no transfers among Level 1, Level 2 and Level 3 during the period.

## 8 Investments in jointly controlled entities

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Equity investments in jointly controlled entities ("JCEs")	2,035,185	1,081,184

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

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
At beginning of period		1,081,184	97
Increase in investment in an existing JCE	(a)	181,300	–
An associate becoming a JCE upon additional equity interest acquisition	(b)	706,482	–
Other investments in new JCEs	(c)	330,000	99,000
A JCE becoming a subsidiary upon additional equity interest acquisition	(d)	(205,490)	–
Dividend from a JCE		(26,667)	–
Share of losses of JCEs, net		(31,624)	(1,607)
At end of period		2,035,185	97,490

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

For the six months ended 30 June 2013

## 8 Investments in jointly controlled entities (continued)

Note:

The Group and its business partners do not have unilateral decisive voting power over the economic activities of the entities. Therefore, the investees are classified as jointly controlled entities of the Group.

- (a) In May 2013, the Group and the other shareholder of a 24.5% owned JCE of the Group, namely Shanghai Poly Hongrong Real Estate Co., Ltd. (“Shanghai Poly Hongrong”), increased capital contributions according to respective equity interest share, for the purpose of financing the property project development. The investment amount shared by the Group was RMB181.3 million. After capital increase, the Group owns 24.5% of the JCE.
- (b) On 7 January 2013, the Group acquired an additional 23.5% equity interest of a previously 23.5% owned associate, Tianjin TEDA City Development Co., Ltd. (“Tianjin TEDA City”) at a consideration of RMB348.9 million. After this transaction, the Group’s equity interest in Tianjin TEDA City was increased to 47%, and it became a JCE of the Group. (Note 4)
- (c) During the six months ended 30 June 2013, the following new JCEs were established by the Group and other third party business partners:

		Equity interest attributable to the Group (%)	Equity Investment RMB'000
Summer Sky Investments Limited (“Summer Sky”)	i)	49%	0
Hangzhou Wangjiangfu Real Estate Co., Ltd. (“Hangzhou Wangjiangfu”)	ii)	50%	325,000
Shanghai Longxiang Real Estate Development Co., Ltd. (“Shanghai Longxiang”)	iii)	25%	5,000
<b>Total</b>			<b>330,000</b>

- i) On 19 March 2013, a wholly owned subsidiary of the Company, Yingzi Real Estate Investment Holding Ltd., subscribed 49 new shares of Summer Sky at a consideration of HK\$49 in cash. Summer Sky is incorporated in Hong Kong and engaged in equity investment, and was originally wholly owned by an independent third party. Summer Sky is developing a property project in Hangzhou, the PRC, through its wholly owned subsidiary. After this transaction, the Group shares 49% interests in Summer Sky and its subsidiary.
- ii) On 25 March 2013, a wholly owned subsidiary of the Company, Tianjin Sunac Zhidi Co., Ltd., (“Sunac Zhidi”) together with a third party business partner, established Hangzhou Wangjiangfu. Sunac Zhidi contributed RMB325 million as equity investment and the Group shares 50% of interests in Hangzhou Wangjiangfu.
- iii) On 27 June 2013, a 50% owned subsidiary of the Company, Shanghai Sunac Greentown Investment Holdings Limited (“Shanghai Sunac Greentown”) invested RMB5 million as capital contribution in Shanghai Longxiang, which is engaged in real estate property development, and shares its 50% equity interests.

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

For the six months ended 30 June 2013

## 8 Investments in jointly controlled entities (continued)

Note: (continued)

- (d) In January 2013, the 50% owned subsidiary of the Company, Shanghai Sunac Greentown, acquired an additional 20% equity interest of its 37% owned JCE, Changzhou Greentown Real Estate Co., Ltd. (“Changzhou Greentown”), from a third party shareholder of Changzhou Greentown at a consideration of RMB163 million. Thereafter, Changzhou Greentown became a subsidiary of the Group.

Except for Summer Sky, which is incorporated in Hong Kong, the remaining JCEs of the Group are incorporated in the PRC. All JCEs are non-listed companies.

A summary of the Group’s interests in its JCEs as at 30 June 2013 and for the six months periods then ended is as follows:

	Equity interests attributable to the Group %	Assets RMB’000	Liabilities RMB’000	Revenue RMB’000	Profit/(loss) included in the consolidated income statement RMB’000	Profit/(loss) attributable to the owners of the Company RMB’000
<b>Six months ended 30 June 2013</b>						
Tianjin Beitang Sunac Investment Co., Ltd. (“Beitang Sunac”)	50%	525,170	493,902	–	(16,544)	(16,544)
Beijing Franshion Sunac Real Estate Development Co., Ltd. (“Franshion Sunac”)	49%	2,457,331	2,433,080	–	(5,079)	(5,079)
Shanghai Poly Hongrong	24.5%	674,816	186,307	–	(2,834)	(1,417)
Summer Sky	49%	454,285	454,256	–	(650)	(650)
Hangzhou Wangjiangfu	50%	620,792	297,145	–	(1,353)	(1,353)
Shanghai Longxiang	25%	2,500	–	–	–	–
Tianjin TEDA City	47%	2,755,409	2,063,084	4,304	(5,164)	(5,164)
		7,490,303	5,927,774	4,304	(31,624)	(30,207)

## 9 Investments in associates

	As at	
	30 June 2013 RMB’000	31 December 2012 RMB’000
Investments in associates	3,069,271	3,123,480

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

For the six months ended 30 June 2013

## 9 Investments in associates (continued)

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

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
At beginning of period	3,123,480	979,753
An associate becoming a JCE (Note 3(b))	(353,242)	–
Investment in a new associate (Note (a))	22,500	–
Share of profits/(losses) of associates, net	276,533	(2,623)
At end of period	3,069,271	977,130

All associates of the Group are incorporated in the PRC and are all non-listed companies.

Note:

- (a) In March 2013, the Group acquired 45% equity interest of Beijing Xingye Wanfa Real Estate Development Co., Ltd. (“Xingye Wanfa”) at the cash consideration of RMB22.5 million, through a wholly-owned subsidiary of the Company, Xingye Wanfa is developing a property project in Beijing, the PRC.

A summary of the Group’s interests in the associates as at 30 June 2013 and for the six months then ended is as follows:

	Equity interests attributable to the Group %	Assets RMB'000	Liabilities RMB'000	Revenue RMB'000	Profit/(loss) included in the consolidated income statement RMB'000	Profit/(loss) attributable to the owners of the Company RMB'000
<b>Six months ended 30 June 2013</b>						
Shanghai Greentown Woods Golf Villa Development Co., Ltd. (“Shanghai Woods Golf”)	50%	1,938,562	1,265,771	468,070	288,739	288,739
Beijing Poly Sunac Real Estate Development Co., Ltd. (“Beijing Poly Sunac”)	49.5%	1,613,677	625,924	–	(1,123)	(1,123)
Tianjin Poly Sunac Investment Company Limited (“Tianjin Poly Sunac”)	49%	2,258,425	1,295,788	–	(8,124)	(8,124)
Xingye Wanfa	45%	678,712	560,079	–	(445)	(445)
Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. (“Gezhouba”)	24.5%	611,793	587,851	–	(937)	(469)
Wuxi Taihu Greentown Real Estate Co., Ltd. (“Wuxi Taihu Greentown”)	19.5%	415,274	371,663	–	(1,577)	(789)
		7,516,443	4,707,076	468,070	276,533	277,789

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

For the six months ended 30 June 2013

## 10 Prepayment for equity transactions

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Prepayment for the proposed acquisition of Elegant Trend Holdings Group (Note 36(b))	1,790,862	–
Down payment for potential acquisitions	290,000	–
Prepayment for the proposed additional equity acquisition of Changzhou Greentown	–	80,000
Prepayment for the proposed equity acquisition of Shanghai Longxiang	–	5,000
	<b>2,080,862</b>	<b>85,000</b>

## 11 Properties under development (“PUD”)

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
PUD expected to be completed within one operating cycle included under current assets:		
– Land use rights	25,414,093	25,314,913
– Construction costs and capitalized expenditures	10,850,771	9,610,200
– Capitalized finance costs	3,041,310	2,801,894
	<b>39,306,174</b>	<b>37,727,007</b>
Less: Provision for loss on realisable value	–	(29,387)
	<b>39,306,174</b>	<b>37,697,620</b>

The PUDs of the Group are all located in the PRC.

As at 30 June 2013, PUD of totalling RMB24,175 million were pledged as collateral for the Group's borrowings (31 December 2012: RMB22,361 million) (Note 20).

## 12 Completed properties held for sale

The completed properties are all located in the PRC.

As at 30 June 2013, completed properties totalling RMB6,224 million were pledged as collateral for the Group's borrowings (31 December 2012: RMB5,010 million) (Note 20).



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

For the six months ended 30 June 2013

## 13 Trade and other receivables

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Trade receivables	860	32,066
Notes receivables	4,049	105,293
Dividend receivable from a JCE	26,667	–
Other receivables	302,985	278,561
	<b>334,561</b>	<b>415,920</b>

As at 30 June 2013 and 31 December 2012, the carrying amounts of the Group's trade and other receivables are all denominated in RMB and the fair value of trade and other receivables approximated their carrying amounts.

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

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Within 90 days		
– Trade receivables	860	32,066
– Notes receivables	4,049	105,293

## 14 Prepayments

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Prepaid taxes		
– Business tax and surcharge	1,172,285	832,329
– Land appreciation tax (“LAT”)	624,247	456,059
– Corporate income tax (“CIT”)	520,113	430,268
Prepayments for land use rights tendering	2,311,674	943,966
Others	50,381	26,489
	<b>4,678,700</b>	<b>2,689,111</b>

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 2013

## 15 Restricted cash

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Restricted cash from pre-sale of properties (Note a)	1,923,664	1,981,027
Guarantee deposits for bank loans	1,658,543	1,857,555
Others	52,462	30,131
	<b>3,634,669</b>	<b>3,868,713</b>

Note a:

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

## 16 Cash and cash equivalents

	As at	
	30 June 2013 RMB '000	31 December 2012 RMB '000
Cash at bank and in hand		
– Denominated in RMB	5,821,993	7,581,815
– Denominated in US dollar	3,796,240	800,402
– Denominated in HK dollar	1,242,493	11,809
	<b>10,860,726</b>	<b>8,394,026</b>

The Group earns interests 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 2013

## 17 Share capital

	Number of shares  (thousands)	Ordinary shares	
		HK\$ '000	Equivalent to RMB '000
<b>Authorised:</b>			
Ordinary shares of HK\$0.1 each			
<b>As at 31 December 2012 and 30 June 2013</b>	<b>10,000,000</b>	<b>1,000,000</b>	
<b>Issued:</b>			
Ordinary shares of HK\$0.1 each			
As at 31 December 2012	3,015,076	301,508	260,341
Placing ordinary shares (Note (a))	300,000	30,000	24,294
Shares issued upon exercise of employees' share options (Note (b))	3,400	340	274
<b>As at 30 June 2013</b>	<b>3,318,476</b>	<b>331,848</b>	<b>284,909</b>

Note:

- (a) On 21 January 2013, the Company issued 300 million shares of par value of HK\$0.1 each. The subscription price was HK\$6.70 per share and the total share premium of RMB1,594 million (Note 18) was recorded in reserves of the Company.
- (b) The Company has adopted a Pre-IPO Share Option Scheme on 9 September 2010 and a Post-IPO Share Option Scheme on 29 April 2011 respectively. On 2 May 2013, the Company granted 30,900 thousand share options within the Post-IPO Share Option Scheme.

For the six months ended 30 June 2013, 1,912 thousand shares in Pre-IPO Share Option Scheme and 1,488 thousand in Post-IPO Share Options Scheme were exercised by the employees, resulting in an increase of RMB0.3 million in the share capital and RMB6.32 million in share premium (Note 18).

As at 30 June 2013, 24,456 thousand shares in Pre-IPO Share Option Scheme and 54,346 thousand shares in Post-IPO Share Options Scheme are exercisable (31 December 2012: 26,368 thousand shares in Pre-IPO Share Option Scheme and 21,874 thousand shares in Post-IPO Share Option Scheme).

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

For the six months ended 30 June 2013

## 18 Reserves

	Note	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Six months ended 30 June 2013</b>					
At 1 January 2013		1,727,298	483,445	7,017,928	9,228,671
Profit for the period		–	–	752,418	752,418
Transaction with non-controlling interests	33	–	(64,249)	–	(64,249)
Placing ordinary shares	17(a)	1,594,257	–	–	1,594,257
Employees share option schemes:					
– Value of employee services	17(b), 26	–	13,963	–	13,963
– Exercise of employees' share options	17(b)	6,316	–	–	6,316
Others		–	2,641	–	2,641
At 30 June 2013		3,327,871	435,800	7,770,346	11,534,017

	Note	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Six months ended 30 June 2012</b>					
At 1 January 2012		1,783,783	341,529	4,666,563	6,791,875
Profit for the period		–	(212)	527,427	527,215
Transaction with non-controlling interests		–	(28,075)	–	(28,075)
Employees share option scheme:					
– Value of employee services		–	13,977	–	13,977
– Proceeds from shares issued		2,189	–	–	2,189
Statutory reserve		–	30,989	(30,989)	–
Dividends		–	–	(235,617)	(235,617)
Others		–	389	–	389
At 30 June 2012		1,785,972	358,597	4,927,384	7,071,953

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

For the six months ended 30 June 2013

## 19 Trade and other payables

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Trade payables	4,733,468	5,193,012
Notes payables	170,726	242,301
Payable for equity interest acquisition	576,559	410,778
Interests payable	363,871	184,342
Other taxes payable	296,077	454,606
Advanced deed tax received from customers	184,955	113,900
Payroll and welfare payables	46,026	107,233
Other payables – third parties	587,493	409,637
	<b>6,959,175</b>	<b>7,115,809</b>

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

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Within 90 days	3,532,066	4,221,977
90-180 days	223,731	111,435
180-365 days	398,456	434,656
Over 365 days	579,215	424,944
	<b>4,733,468</b>	<b>5,193,012</b>

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

For the six months ended 30 June 2013

## 20 Borrowings

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
<b>Non-current</b>		
Secured, borrowed from:		
– Banks	9,228,366	9,314,430
– Other financial institutions	8,544,147	4,996,710
– Third parties	–	500,000
Senior notes (Note a)	5,472,678	2,459,390
	23,245,191	17,270,530
Less: Current portion of long-term borrowings	(4,987,906)	(7,328,050)
	18,257,285	9,942,480
<b>Current</b>		
Secured, borrowed from:		
– Banks	72,000	255,000
– Other financial institutions	111,690	1,750,690
– Third parties	–	50,000
Unsecured, borrowed from:		
– Other financial institutions	318,807	318,807
– Third parties	1,080,000	2,080,000
Current portion of long-term borrowings (Note*)	4,987,906	7,328,050
	6,570,403	11,782,547
<b>Total borrowings</b>	<b>24,827,688</b>	<b>21,725,027</b>

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

For the six months ended 30 June 2013

## 20 Borrowings (continued)

Note \*: As at 30 June 2013, RMB2,553.8 million (as at 31 December 2012: RMB1,657 million) of borrowings for property development projects will be due for full repayment upon an aggregated 50%~80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB2,029.4 million (as at 31 December 2012: RMB1,400 million) of borrowings will be due for repayment in the twelve months ended 30 June 2014 and are included in current liabilities.

Movements in borrowings is analysed as follows:

	RMB'000
<b>Six months ended 30 June 2013</b>	
Opening amount as at 1 January 2013	21,725,027
Acquisition of subsidiaries	485,000
Additions in borrowings	10,132,356
Senior Notes	3,093,841
Repayments of borrowings	(10,527,983)
Exchange gains	(80,553)
	<hr/>
Closing amount as at 30 June 2013	24,827,688
<b>Six months ended 30 June 2012</b>	
Opening amount as at 1 January 2012	11,574,600
Acquisition of subsidiaries	1,290,000
Additions in borrowings	3,988,950
Repayments of borrowings	(4,399,560)
	<hr/>
Closing amount as at 30 June 2012	12,453,990

As at 30 June 2013, the Group's borrowings totalling RMB23,429 million (31 December 2012: RMB19,326 million) were secured or jointly secured using the Group's properties under development, completed properties held for sale totalling RMB30,399 million (31 December 2012: RMB27,578 million), and certain equity interests of the Group's subsidiaries.

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 2013

## 20 Borrowings (continued)

### (a) Senior notes

The Company issued senior notes (“Senior Notes”) with principal of USD400 million and USD500 million in October 2012 and April 2013 respectively. The Senior Notes are listed on the Singapore Exchange Securities Trading Limited. The senior notes carry interest at the rates of 12.5% and 9.375% per annum respectively, payable semi-annually in arrears. The redemption prices are shown as below:

#### Redemption time

USD400 million:

<u>Year</u>	<u>Redemption price</u>
Prior to 16 October 2015	112.5%
16 October 2015 to 15 October 2016	106.3%
16 October 2016 and thereafter	103.1%

USD500 million:

<u>Year</u>	<u>Redemption price</u>
<b>Prior to 5 April 2016</b>	
– Redemption up to 35%	109.4%
– Redemption in whole but not in part (Note i)	100%+applicable premium
5 April 2016 to 31 December 2016	104.7%
2017 and thereafter	102.3%

Note i: The applicable premium is the greater of (1) 1% of the principal amount and (2) the excess of the present value of 104.7% of the principal plus the scheduled interest cost amount for the period from the redemption date to 5 April 2016 over the principal amount at the redemption date.

These early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors are of the view that the Group has no plan of any early redemption and the fair value of the above early redemption option is not material on initial recognition and as at 30 June 2013.



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

For the six months ended 30 June 2013

## 21 Current income tax liabilities

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Land appreciation tax payable	2,688,640	2,796,314
Corporate income tax payable	1,755,820	2,299,892
	4,444,460	5,096,206

## 22 Revenue

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Sales of properties	8,463,925	4,203,344
Property management service income	85,453	90,745
Rental income		
– Investment properties	8,777	8,261
– Others	4,597	–
	8,562,752	4,302,350

## 23 Expenses by nature

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Costs of completed properties sold	6,314,356	2,691,571
Business tax and other levies	469,421	235,021
Staff costs	174,530	95,975
Advertisement and promotion costs	137,114	138,646
Office and travel expenses	50,651	26,632
Other tax expenses	22,412	19,425
Entertainment expenses	21,764	12,831
Impairment provision for goodwill	20,892	–
Depreciation and other amortisation	11,931	7,928
Others	22,083	73,576
Total cost of sales, selling and marketing costs and administrative expenses	7,245,154	3,301,605

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

For the six months ended 30 June 2013

## 24 Other gains, net

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Gain from disposal of investment properties (Note 7)	61,730	–
Gain from equity acquisitions (Note 8(b))	4,377	31,684
Others	27,828	–
	93,935	31,684

## 25 Other income

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Government grants received	20,602	10,000
Others	6,508	1,703
	27,110	11,703

## 26 Staff costs

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Wages and salaries	126,860	61,452
Share options amortisation (Note 18)	13,963	13,977
Pension costs	19,053	5,158
Staff welfare	14,654	15,388
	174,530	95,975

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

For the six months ended 30 June 2013

## 27 Finance income and finance costs

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
<b>Finance income</b>		
– Interest income on bank deposits	(37,234)	(13,082)
<b>Finance costs</b>		
Interest expenses on		
– bank borrowings	627,786	367,142
– borrowings from non-bank financial institutions	408,150	351,112
– borrowings from third parties	53,756	87,379
– bond offering	226,470	–
	1,316,162	805,633
Exchange loss	16,542	–
Other finance costs	5,526	201
	1,338,230	805,834
Less: Capitalised interests	(1,050,394)	(803,266)
	287,836	2,568

## 28 Income tax expense

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
<b>CIT charge</b>		
– Current income tax	547,293	348,727
– Deferred income tax	(234,733)	(178,239)
	312,560	170,488
<b>LAT</b>	232,902	354,355
	545,462	524,843

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

For the six months ended 30 June 2013

## 28 Income tax expense (continued)

### (a) CIT

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.

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 2013 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.

### (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.

## 29 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	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	752,418	527,427
Weighted-average number of ordinary shares in issue (thousand)	3,267,450	3,000,144

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

For the six months ended 30 June 2013

## 29 Earnings per share (continued)

### (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 issued assuming the exercise of the share options.

	Six months ended 30 June	
	2013	2012
Profit attributable to owners of the Company (RMB'000)	752,418	527,427
Weighted-average number of ordinary shares in issue (thousand)	3,267,450	3,000,144
Adjusted for share options (thousand)	62,143	15,558
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	3,329,593	3,015,702

## 30 Commitments

### (a) Property development

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Property development expenditure		
– Contracted but not provided for	12,206,709	9,435,282
– Authorised but not contracted for	34,198,243	22,596,327
	46,404,952	32,031,609

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

For the six months ended 30 June 2013

## 30 Commitments (continued)

### (b) Commitments on equity investments and new land use right acquisition

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
– Contracted but not provided for	3,522,107	–
– Authorised but not contracted	4,985,206	473,200
	8,507,313	473,200

### (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 2013 RMB'000	31 December 2012 RMB'000
No later than 1 year	3,406	3,162
Later than 1 year and no later than 10 years	28,495	18,464
	31,901	21,626

## 31 Financial guarantee

### Guarantee on mortgage facilities

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

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	6,888,840	5,124,183

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 six months of properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

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

For the six months ended 30 June 2013

## 31 Financial guarantee (continued)

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.

## 32 Business combination

As disclosed in Note 8(d), the 50% owned subsidiary of the Company, Shanghai Sunac Greentown acquired an additional 20% equity interest in Changzhou Greentown from a third party shareholder at a cash consideration of RMB163 million in January 2013. Right after this transaction, Changzhou Greentown became a 57% owned subsidiary of Shanghai Sunac Greentown.

Re-measurement of previously held interest:

	RMB'000
The fair value of the previously held 37% equity interest	206,000
Book value of previously held interest (Note 8(d))	205,490
Gain on re-measurement	510

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

	RMB'000
Consideration for 20% equity interest of Changzhou Greentown	163,480
Add: Fair value of previously owned 37% equity interest	206,000
Less: Fair value of 57% net assets	(334,410)
Goodwill	35,070

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

For the six months ended 30 June 2013

## 32 Business combination (continued)

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

	RMB'000
Cash and cash equivalents	44,451
Property, plant and equipment	3,036
Properties under development	1,628,539
Amount due from related parties	683,517
Deferred income tax assets	35,299
Other receivables	53,714
Trade and other payables	(295,292)
Advanced proceeds from customers	(425,723)
Borrowings	(485,000)
Amounts due to related parties	(523,200)
Deferred income tax liabilities	(146,082)
	573,259
Less: Non-controlling interest	(238,849)
Fair value of total net assets owned by the Group	334,410
Purchase consideration settled in cash (Note a)	(163,480)
Cash and cash equivalents in the subsidiary acquired	44,451
Cash net outflow on acquisition	(119,029)

Note a:

The Group prepaid part of the consideration of RMB80 million in November 2012, the remaining amount of RMB83.5 million was paid in January 2013.



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

For the six months ended 30 June 2013

## 33 Transactions with non-controlling interests

### (a) Acquisition of additional equity interests in subsidiaries

During the six months ended 30 June 2013, the Group completed the following acquisitions of additional equity interests in subsidiaries with non-controlling interests:

	Acquired additional equity interests %	Net assets at acquisition date RMB'000	Carrying value of acquired equity at the transaction date RMB'000	Consideration of the transaction RMB'000	Decrease in the equity attributable to the owners of the Group RMB'000
Wuxi Sunac City Construction Co., Ltd.	28.57%	819,699	234,188	248,000	13,812
Chongqing Yejin Real Estate Development Co., Ltd.	20%	8,302	1,660	2,000	340
Changzhou Greentown*	40%	547,863	219,145	318,886	49,871
Beijing Xishanhui Business Club Management Co., Ltd.	20%	(630)	(126)	100	226
		1,375,234	454,867	568,986	64,249

\* The acquired equity interest of Changzhou Greentown is immediately owned by Shanghai Sunac Greentown, the 50% owned subsidiary of the Company.

### (b) Disposal of equity interest to a non-controlling interest without losing the control

On 25 February 2013, the Group transferred 25% equity interest in originally wholly owned subsidiary, Hangzhou Sunac Greentown Real Estate Development Co., Ltd. ("Hangzhou Sunac"), to Greentown Group at the cash consideration of RMB161 million. After the transaction, the Group controls 75% equity interest in Hangzhou Sunac and still has the control in the entity.

	Net assets at the transaction date RMB'000	Carrying value of disposed equity at the transaction date RMB'000	Consideration of the transaction RMB'000	Impact in the equity attributable to the owners of the Company RMB'000
Hangzhou Sunac	642,080	160,520	160,520	–

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

For the six months ended 30 June 2013

## 34 Related party transactions

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

Name	Relationship
Franshion Sunac	JCE
Beitang Sunac	JCE
Summer Sky	JCE
Hangzhou Wangjiangfu	JCE
Shanghai Poly Hongrong	JCE
Tianjin TEDA City	JCE
Shanghai Longxiang	JCE
Gezhouba	Associate
Shanghai Woods Golf	Associate
Xingye Wanfa	Associate
Beijing Poly Sunac	Associate
Wuxi Taihu Greentown	Associate
Tianjin Poly Sunac	Associate

### (b) Transactions with related parties

During the six months ended 30 June 2013, 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	
	2013 RMB'000	2012 RMB'000
Funds to related parties		
(1) Provision of funds		
– JCEs	1,309,600	1,164,043
– Associates	714,497	641,900
(2) Collection of funds		
– JCEs	1,172,519	–
– Associates	861,586	–
Cash advances from related parties		
(1) Receiving of funds		
– JCEs	281,360	–
– Associates	376,362	–
(2) Repayment of funds		
– JCEs	428,925	–
– Associates	198,083	–

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

For the six months ended 30 June 2013

## 34 Related party transactions (continued)

### (c) Related party balances

	As at	
	30 June 2013 RMB'000	31 December 2012 RMB'000
Amounts due from JCEs	1,427,001	1,289,920
Amounts due from associates	1,625,399	1,772,488
Amounts due to JCEs	281,360	428,925
Amounts due to associates	1,362,696	1,184,417

\* As at 30 June 2013 RMB443.3 million (as at 31 December 2012: RMB1,645 million) were bearing interest at 7.5% to 12% per annum among the balance. The remaining amounts due from/to associates and JCEs were interest-free and did not have fixed repayment date.

## 35 Dividends

A final dividend of HK\$326 million relating to the year ended 31 December 2012 was paid in August 2013 (HK\$291 million relating to the year ended 31 December 2011 was paid in 2012). No interim dividend for the six months ended 30 June 2013 was proposed by the Board (Six months ended 30 June 2012: nil).

## 36 Events after the balance sheet date

(a) On 10 July 2013, Tianjin Sunac Dingsheng Land Co., Ltd. ("Sunac Dingsheng"), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with third parties, pursuant to which, Sunac Dingsheng agreed to acquire 100% equity interest of Tianjin Rongzheng Investment Co., Ltd. ("Tianjin Rongzheng") owned by the third party sellers and the sellers' receivables from Tianjin Rongzheng, at total cash consideration of RMB1,148.5 million. Up to the date of this report, the transaction has not been completed.

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

For the six months ended 30 June 2013

## 36 Events after the balance sheet date (continued)

- (b) On 17 July 2013, Sunac Greentown Investment Holdings Limited (“Sunac Greentown Investment”), a 50% owned subsidiary of the Company incorporated in the British Virgin Islands, acquired 100% equity interests in Elegant Trend Holdings Limited and its subsidiaries (“Elegant Group”) owned by the third party and its receivables from Elegant Group at a total consideration of RMB7,996.1 million. Elegant Group is engaged in real estate property development business and is currently developing one property project named “Dynasty on the Bund” in Shanghai, the PRC. As at the date of this report, the management of the Group is still in the progress of assessing the financial impact of this acquisition.

On 23 July 2013, Sunac Greentown Investment, as the borrower, entered into a Facility Agreement with five third party banks for three-year loan facility amounting to USD400 million to USD450 million. The facility is for the purpose of payment of the consideration of the acquisition of Elegant Group. On 2 August 2013, Sunac Greentown Investment has drawn down USD400 million from the facility using its equity interest in Elegant Company and its subsidiaries as collateral.

- (c) On 24 July 2013, Shanghai Sunac Greentown, the 50% owned subsidiary of the Company, secured an acquisition of a land use right in Shanghai, the PRC at the total price of RMB1,044 million through an opening tendering process. The Group will contribute RMB522 million, which is in proportion with its equity interest share in Shanghai Sunac Greentown. Up to the date of this report, the land use right acquisition contract has not been signed.
- (d) On 29 July 2013, a wholly owned subsidiary of the Company, Jujin Property Investment Holdings Limited, secured an acquisition of a land use right in Chongqing, the PRC at the total price of RMB567.4 million through an opening tendering process. Up to the date of this report, the land use right acquisition contract has not been signed.
- (e) On 6 August 2013, Tianjin Sunac Ao Cheng Investment Co., Ltd. (“Sunac Ao Cheng”), a wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement with two independent third parties, pursuant to which, Sunac Ao Cheng agreed to acquire a 60% equity interest of Hangzhou Guorong Real Estate Co., Ltd. (“Hangzhou Guorong”) and the sellers’ receivables from Hangzhou Guorong by the sellers for a total consideration of RMB507.8 million. Up to the date of this report, the acquisition has not been completed.
- (f) On 14 August 2013, a wholly owned subsidiary of the Company, Beijing Sunac Jiantou Real Estate Co., Ltd., jointly with a third party, secured the acquisition of a land use right in Beijing, the PRC at the total price of RMB4,120 million through an open tendering process. Up to the date of this report, the land use right acquisition contract has not been signed.



SUNAC 融創中國

10  
2003-2013  
年