

# 2015

## INTERIM REPORT

### 2015 中期報告

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**SUNAC** 融創中國

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

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

Stock Code 股份代號: 1918

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## ABOUT SUNAC 關於融創

SUNAC China Holdings Limited (the “Company”, and together with 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 have covered a diverse range of property types, such as high-rise and mid-rise residences, detached villas, townhouses, commercial 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 a leader of the PRC real estate industry, 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（簡稱為「本公司」，及連同其附屬公司統稱為「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、商業、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。

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)  
(*resigned as Chief Executive Officer on 7 September 2015*)  
Mr. Wang Mengde  
(*appointed as Chief Executive Officer on 7 September 2015*)  
Mr. Li Shaozhong  
Mr. Chi Xun  
Mr. Shang Yu  
Mr. Jing Hong

### NON-EXECUTIVE DIRECTOR

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 (*resigned on 7 September 2015*)  
Ms. Mok Ming Wai  
Mr. Gao Xi (*appointed on 7 September 2015*)

## AUTHORIZED REPRESENTATIVES

Mr. Wang Mengde  
Ms. Mok Ming Wai

## 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

36/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
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

## 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

*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

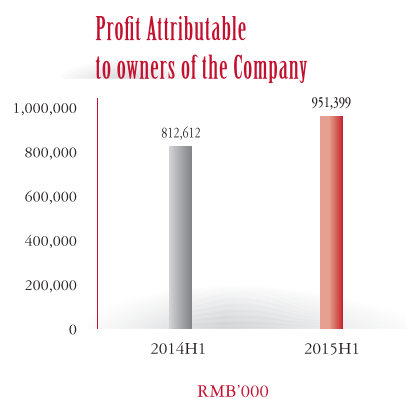
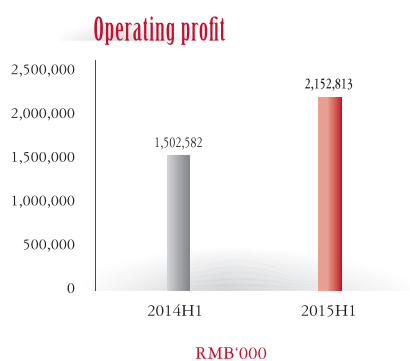
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## COMPANY'S WEBSITE

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

# FINANCIAL SUMMARY

	For the six months ended 30 June (Unaudited)		Up/(Down)
	2015 RMB'000	2014 RMB'000	
Revenue	5,442,722	9,066,998	(40%)
Gross profit	618,051	2,033,673	(70%)
Operating profit	2,152,813	1,502,582	43%
Profit	1,257,663	697,843	80%
Profit attributable to owners of the Company	951,399	812,612	17%
Earnings per share			
– Basic (RMB)	0.28	0.24	17%
– Diluted (RMB)	0.28	0.24	17%



## FINANCIAL REVIEW

### REVENUE

Revenue of the Group for the six months ended 30 June 2015 was substantially generated from sales of residential and commercial properties of the Group. Only a small portion of the Group's revenue was derived from the income from property management services and rental of investment properties located in Tianjin.

For the six months ended 30 June 2015, the Group remained focused 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.

Total revenue of the Group for the six months ended 30 June 2015 amounted to RMB5,442.7 million, representing a decrease of 40.0% comparing with the total revenue of RMB9,067.0 million for the six months ended 30 June 2014.

The following table sets forth certain details of the revenues:

	Six months ended 30 June			
	2015		2014	
	RMB' 000	%	RMB'000	%
Sales of properties	5,221,649	95.94	8,926,521	98.45
Property management service income and others	218,058	4.00	128,560	1.42
Rental income from investment properties	3,015	0.06	11,917	0.13
<b>Total</b>	<b>5,442,722</b>	<b>100.00</b>	9,066,998	100.00
Total gross floor area ("GFA") delivered (sq.m.)	<b>283,574</b>		519,921	
Average selling prices ("ASP") sold (RMB per sq.m.)	<b>18,414</b>		17,169	

Sales of properties for the six months ended 30 June 2015 amounted to RMB5,221.6 million, representing a decrease of RMB3,704.9 million (or 41.5%), as compared with the amount for the six months ended 30 June 2014, which was primarily due to a decrease by 45.5% to 283,574 sq.m. in the GFA delivered for the six months ended 30 June 2015 from 519,921 sq.m. for the six months ended 30 June 2014, which was mainly due to decrease in property deliveries from Tianjin Magnetic Capital (天津奧城), Beijing West Chateau (北京西山壹號院), Wuxi Dream of City (無錫理想城市) and Tianjin Top Mansion of the Dongting (天津洞庭路壹號) for the six months ended 30 June 2015, given that these properties were either fully delivered by the end of 2014 or had no newly completed properties for the six months ended 30 June 2015.

For the six months ended 30 June 2015, the total revenue from subsidiaries, joint ventures and associates of the Group was RMB15,725.2 million, of which RMB8,524.0 million was attributable to owners of the Company. For the six months ended 30 June 2014, the total revenue from subsidiaries, joint ventures and associates of the Group was RMB18,834.5 million, of which RMB12,218.2 million was attributable to owners of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## COST OF SALES

Cost of sales comprises 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 2015, cost of sales of the Group amounted to RMB4,824.7 million (including RMB526.1 million related to the valuation surplus of the properties acquired), representing a decrease of RMB2,208.6 million (or 31.4%) as compared with RMB7,033.3 million for the six months ended 30 June 2014, which was primarily due to the decrease in GFA delivered.

## GROSS PROFIT

For the six months ended 30 June 2015, gross profit of the Group was RMB618.1 million, representing a decrease of 69.6% as compared with RMB2,033.7 million for the six months ended 30 June 2014, mainly due to the decrease in sales of properties.

For the six months ended 30 June 2015, the total gross profit of subsidiaries, joint ventures and associates of the Group was RMB2,972.0 million, of which RMB1,445.3 million was attributable to owners of the Company. For the six months ended 30 June 2014, the total gross profit of subsidiaries, joint ventures and associates of the Group was RMB3,998.1 million, of which RMB2,920.1 million was attributable to owners of the Company.

For the six months ended 30 June 2015, gross margin of the Group was 11.4%, as compared with 22.4% for the six months ended 30 June 2014, which was due to the fact that revenue from property projects (mainly Wuxi Comphorwood Mansion (無錫香樟園) and Suzhou Majestic Mansion (蘇州禦園)) with relatively low gross margin accounted for a higher proportion of the total revenue from properties for the six months ended 30 June 2015, which resulted in a decrease in overall gross margin of the Group. Excluding the impact of fair value re-measurement and provision for impairment of the properties, the Group's gross margin was 23.6% for the six months ended 30 June 2015.

## SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

Selling and marketing costs of the Group increased slightly to RMB284.6 million for the six months ended 30 June 2015 from RMB266.8 million for the six months ended 30 June 2014.

Administrative expenses of the Group increased slightly to RMB298.8 million for the six months ended 30 June 2015 from RMB278.4 million for the six months ended 30 June 2014.

## OTHER INCOME AND GAINS

Other income and gains of the Group increased significantly by RMB2,197.5 million to RMB2,220.6 million for the six months ended 30 June 2015 from RMB23.1 million for the six months ended 30 June 2014, which was mainly attributable to the follows:

- (i) an increase in interest income from joint ventures and associates of the Group in the amount of RMB608.2 million;
- (ii) a net gain of RMB 1,452.4 million from disposal of equity interest in Shanghai Huazhe Bund Real Estate Co., Ltd., a subsidiary of the Group and equity interest and debt interest in certain associates of the Group; and
- (iii) a gain of RMB137.9 million from business combination.



## OTHER EXPENSES AND LOSSES

The Group's other expenses and losses increased by RMB93.4 million to RMB102.4 million for the six months ended 30 June 2015 from RMB9.0 million for the six months ended 30 June 2014, primarily attributable to the loss of RMB81.3 million resulting from the disposal of investment properties.

## OPERATING PROFIT

As a result of the sectors analyzed above, the Group's operating profit increased by RMB650.2 million to RMB2,152.8 million for the six months ended 30 June 2015 from RMB1,502.6 million for the six months ended 30 June 2014, which was primarily due to:

- (i) a decrease in gross profit of RMB1,415.6 million;
- (ii) an increase in other income and gains of RMB2,197.5 million and an increase in other expense and losses of RMB93.4 million; and
- (iii) an increase in operating expenses of RMB38.2 million.

## FINANCE COSTS

The Group's finance costs increased by RMB189.0 million to RMB698.6 million for the six months ended 30 June 2015 from RMB509.6 million for the six months ended 30 June 2014. The total interest cost was RMB1,362.2 million for the six months ended 30 June 2015, representing a decrease of RMB160.4 million, from RMB1,522.6 million for the six months ended 30 June 2014, mainly due to decrease in both of weighted-average effective interest rate and weighted-average outstanding balance of borrowings for the six months ended 30 June 2015. The capitalized interest decreased by RMB406.3 million to RMB668.0 million for the six months ended 30 June 2015 from RMB1,074.3 million for the six months ended 30 June 2014.

The Group realised continued decline in weighted-average effective interest rate through continued optimization of debt structure, control of refinancing costs and replacement of existing high-cost borrowings. The Group's weighted-average effective interest rate dropped to 7.7% for the six months ended 30 June 2015 from 9.0% for the six months ended 30 June 2014.

## SHARE OF POST-TAX PROFITS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

The Group recognised a share of post-tax profits from investments accounted for using equity method which increased by RMB170.7 million to RMB451.9 million for the six months ended 30 June 2015 from RMB281.2 million for the six months ended 30 June 2014. This change was mainly attributable to the increase in share of post-tax profits from joint ventures and associates of the Group which had commenced recording the revenue from the deliveries of newly completed properties.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROFIT

Benefited from the balanced development with high quality in operation scale of the Group, the Group's profit attributable to owners of the Company increased to RMB951.4 million for the six months ended 30 June 2015 from RMB812.6 million for the six months ended 30 June 2014.

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	
	2015 RMB'000	2014 RMB'000
<b>Profit/(loss) for the period</b>	<b>1,257,663</b>	697,843
Attributable to:		
Owners of the Company	951,399	812,612
Non-controlling interests	306,264	(114,769)
	<b>1,257,663</b>	697,843

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 amounted to RMB1,003.0 million for the six months ended 30 June 2015 as compared with RMB1,023.0 million for the six months ended 30 June 2014.

## 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.

The Group's cash and cash equivalents (including restricted cash) decreased by 33.0% to RMB16,784.6 million as at 30 June 2015 from RMB25,041.4 million as at 31 December 2014, of which non-restricted cash decreased to RMB12,435.0 million as at 30 June 2015 from RMB 20,657.3 million as at 31 December 2014.

The decrease in non-restricted cash as at 30 June 2015 was principally attributable to:

- (i) the net cash inflow of RMB410.9 million from operating activities;
- (ii) the net cash outflow of RMB1,760.7 million from investing activities which was mainly attributable to the new projects in Tianjin, Shanghai, Jinan and Nanjing obtained by the Group and equity interests acquired; and
- (iii) the net cash outflow of RMB6,871.4 million from financing activities which was primarily due to the net outflow of RMB3,912.6 million from borrowings and payment of interest costs, the net outflow of RMB2,992.3 million from repayment of investments from non-controlling interests, payment of dividend to non-controlling interests and payment for transaction with non-controlling interests and the net inflow of RMB43.8 million from issuance of additional shares pursuant to the exercise of options.

The Group believes that both the working capital and financial resources are sufficient to secure the business growth in foreseeable future.

## **BORROWINGS AND COLLATERAL**

The Group had total borrowings of RMB31,173.1 million as at 30 June 2015, representing a decrease by RMB3,210.7 million from RMB34,383.8 million as at 31 December 2014, which was primarily due to net decrease in loans from banks and other parties.

As at 30 June 2015, RMB31,127.1 million of the Group's total borrowings (as at 31 December 2014: RMB34,337.8 million) were secured or jointly secured by the Group's properties under development and completed properties held for sale (totaling RMB28,140.9 million (as at 31 December 2014: RMB32,182.7 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 2015, the net debt to total assets ratio of the Group was 13.7%, as compared to 8.3% as of 31 December 2014.

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 2015, the gearing ratio of the Group is 41.4%, as compared to 30.8% as at 31 December 2014.

Net gearing ratio is calculated as net debt divided by total equity. As at 30 June 2015, the net gearing ratio of the Group was 70.7% as compared with 44.5% as at 31 December 2014. The Group considers the above financial ratios remain at a sound and healthy level, and will continue to pay attention to and manage its financial structure and potential risks during its course of development.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTEREST RATE RISK

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

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.

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

	As at 30 June 2015 RMB' million	As at 31 December 2014 RMB' million
<b>Floating rates</b>		
Less than 12 months	5,780	5,406
1 to 5 years	6,151	9,258
Sub-total	11,931	14,664
<b>Fixed rates</b>		
Less than 12 months	6,706	8,434
1 to 5 years	12,536	11,286
Sub-total	19,242	19,720
<b>Total</b>	<b>31,173</b>	<b>34,384</b>

As at 30 June 2015, 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 and foreign syndicated loans denominated in US dollars or HK dollars, the Group faces foreign exchange risk. As at 30 June 2015, profit for the period would have increased or decreased by RMB100.2 million (31 December 2014: increased or decreased by RMB74.0 million) if RMB appreciates or depreciates by 1% against other currencies with all other variables held constant. 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 2015. The Group will continue to 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 2015, the amount was RMB2,974.2 million as compared to RMB5,090.8 million as at 31 December 2014. 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 purchaser. The Group's guarantee period starts from the dates of grant of the mortgage.

# BUSINESS REVIEW AND OUTLOOK

## Business Highlights

### SUMMARY OF PRINCIPAL PROPERTIES

As at 30 June 2015, the Group has been engaging in the development of 71 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 2015.

Project Summary as of 30 June 2015

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	Completion time/Estimated completion time
Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	447,803	334,892	100%	June 2013
Yaao Jinmao Residence	Beijing	High-rise apartments, retail properties and car parks	84,684	253,074	169,941	49%	September 2014
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	154,156	125,078	49%	September 2016
Fontainebleau Chateau	Beijing	High-rise apartments, townhouses, retail properties and car parks	131,629	403,441	340,009	49.5%	December 2015
Glory Chateau	Beijing	High-rise and mid-rise apartments, townhouses, detached villas and car parks	183,531	515,335	284,700	51%	December 2017
One Sino Park	Beijing	Mid-rise apartments and car parks	25,210	100,843	58,560	51%	June 2016
Chang'an Image	Beijing	High-rise apartments, retail properties, serviced apartments and car parks	101,831	490,251	370,205	48%	December 2017
Mentougou New Town	Beijing	High-rise apartments, retail properties, serviced apartments and car parks	33,987	151,815	118,031	71%	December 2016

## Project Summary as of 30 June 2015

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	Completion time/ Estimated completion time
One Central	Beijing	High-rise apartments, offices and car parks	14,297	122,534	110,186	40%	December 2016
Fortune Center	Jinan	High-rise apartments, retail properties and car parks	138,351	533,280	503,417	30%	May 2018
Sunac Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	460,840	1,247,860	1,188,902	100%	December 2013
Sunac Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	813,704	751,224	100%	December 2012
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	307,706	307,706	100%	December 2013
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,421	768,908	702,458	100%	September 2017
Sunac PL Du Pantheon	Tianjin	High-rise apartments, townhouses, retail properties and car parks	70,600	244,354	227,050	100%	December 2014
Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	393,706	387,512	49%	October 2018
Dream of Mansion	Tianjin	Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	120,059	241,876	219,935	50%	April 2018

## BUSINESS REVIEW AND OUTLOOK

### Project Summary as of 30 June 2015

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	Completion time/ Estimated completion time
Sunac Azure Coast	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,687	196,064	80%	October 2017
Orchid Garden	Tianjin	High-rise and mid-rise apartments, retail properties, offices and car parks	15,742	86,649	84,841	47%	June 2017
R3 project	Tianjin	Retail properties, offices, serviced apartments and car parks	121,214	447,919	447,919	47%	September 2020
River and Sea	Tianjin	High-rise apartments, retail properties and car parks	59,660	286,860	282,563	47%	July 2018
Sunac Bay and Island	Tianjin	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	248,119	599,831	562,991	54%	December 2018
Sunac Top Mansion of the Dongting	Tianjin	High-rise apartments, retail properties and car parks	109,537	269,124	253,700	100%	December 2015
Tiantuo Project	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	370,698	1,332,702	1,303,167	51%	June 2018
Tiantuo North Project	Tianjin	High-rise apartments, retail properties and car parks	56,791	230,900	230,900	51%	December 2018
Majestic Mansion	Tianjin	Mid-rise apartments and car parks	60,088	97,634	83,984	51%	June 2017



## Project Summary as of 30 June 2015

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	Completion time/ Estimated completion time
The National Village	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	321,417	860,021	860,021	39.2%	December 2019
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	1,713,641	2,579,673	2,080,219	100%	December 2015
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	179,204	405,901	303,940	100%	December 2014
Sunac Guardian Manor	Chongqing	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	159,793	563,089	449,719	100%	December 2015
Jardins de Versailles	Chongqing	High-rise apartments, townhouses, detached villas, retail properties and car parks	397,844	1,366,343	1,163,336	81%	December 2017
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, serviced apartments, retail properties, offices and car parks	118,912	741,346	616,518	100%	June 2014
Sunac The European Garden for City - West	Chongqing	High-rise apartments, townhouses, serviced apartments, retail properties and car parks	469,927	1,278,258	1,053,879	100%	June 2019
Powpre Fontainebleau	Chongqing	Townhouses and retail properties	147,400	163,375	128,662	90%	December 2016

## BUSINESS REVIEW AND OUTLOOK

### Project Summary as of 30 June 2015

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	Completion time/ Estimated completion time
Hastin Avenue	Chongqing	High-rise apartments, retail properties, serviced apartments and car parks	75,258	489,844	400,316	51%	December 2018
The European Garden for City - East	Chongqing	High-rise apartments, townhouses, detached villas, retail properties, offices and car parks	813,401	2,095,972	1,733,140	51%	June 2022
Chongqing Rose Garden	Chongqing	Townhouses, detached villas, retail properties and car parks	135,179	172,202	158,451	90%	December 2016
Expo City	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, serviced apartments, offices, retail properties and car parks	583,136	1,496,832	1,267,860	51%	December 2019
Kangtian Project	Chongqing	High-rise apartments, townhouses, retail properties and car parks	138,735	470,263	406,120	36.8%	June 2018
Tegangchang Land Plot	Chongqing	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	95,974	497,354	410,616	50.1%	June 2019
Sunac Shanghai Magnolia Garden	Shanghai	High-rise and mid-rise apartments and car parks	58,163	126,092	116,738	100%	June 2013
Magnolia Garden-Glorious Garden	Shanghai	Mid-rise apartments, retail properties and car parks	72,803	162,914	146,727	49%	June 2015

## Project Summary as of 30 June 2015

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	Completion time/Estimated completion time
Magnolia Mansion	Shanghai	Mid-rise apartments, retail properties and car parks	60,206	118,731	98,138	50%	October 2015
Sunac Shanghai Rose Garden	Shanghai	Detached villas	803,353	240,040	138,413	100%	November 2014
Shanghai Francais Demeure	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	75,091	167,384	153,503	49%	October 2015
Sunac Dynasty on the Bund	Shanghai	High-rise apartments, retail properties, offices, serviced apartments and car parks	105,045	656,865	581,523	100%	December 2018
Bund 188	Shanghai	Retail properties, serviced apartments and car parks	10,239	57,866	49,889	51%	June 2016
Sunac Central Garden	Shanghai	High-rise apartments, retail properties, serviced apartments, offices and car parks	211,626	608,427	511,152	100%	April 2019
Daning North Magnolia Mansion	Shanghai	High-rise apartments, retail properties and car parks	66,170	170,403	151,492	51%	May 2017
Shanghai Rose Mansion	Shanghai	High-rise apartments, retail properties and car parks	45,710	126,100	81,980	50%	May 2017
Fuyuanbinjiang Project	Shanghai	High-rise apartments, serviced apartments, retail properties and car parks	36,988	159,107	146,894	47%	December 2018
Huafeng Project	Shanghai	High-rise and mid-rise apartments, retail properties, offices and car parks	626,200	1,115,947	1,010,100	18.9%	December 2025

## BUSINESS REVIEW AND OUTLOOK

### Project Summary as of 30 June 2015

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	Completion time/ Estimated completion time
Sunac Foshou Lake Project	Nanjing	Mid-rise apartments, townhouses, detached villas	406,970	139,007	71,681	51%	September 2018
Sunac Changzhou Magnolia Square	Changzhou	High-rise apartments, retail properties and car parks	413,253	1,031,766	940,214	97%	November 2020
Fairy Land	Suzhou	Detached villas	213,852	263,930	126,746	56.7%	December 2018
Sunac Suzhou Majestic Mansion	Suzhou	Mid-rise apartments, detached villas	155,664	215,266	121,360	100%	December 2013
Shishan Majestic Mansion	Suzhou	Mid-rise apartments and car parks	104,401	180,514	147,395	51%	December 2017
Sunac Wuxi Magnolia Garden	Wuxi	High-rise apartments, retail properties and car parks	180,826	564,911	543,538	100%	December 2015
Wuxi Magnolia Garden West	Wuxi	High-rise apartments, retail properties and car parks	171,572	533,068	511,546	85%	December 2018
Sunac Royal Garden	Yixing	High-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	465,986	403,959	100%	June 2017
Sunac Comphorwood Mansion	Wuxi	High-rise apartments, detached villas, retail properties and car parks	203,070	694,363	579,570	51%	July 2019
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	706,889	1,392,554	1,285,058	100%	December 2015

## Project Summary as of 30 June 2015

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	Completion time/ Estimated completion time
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	555,861	1,023,538	914,904	100%	November 2017
Sunac Melodious Manor	Hangzhou	Mid-rise apartments, townhouses and car parks	59,360	123,527	82,344	75%	December 2014
Above the West Lake	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	58,184	278,554	156,593	49%	October 2017
Wonderful Mansion	Hangzhou	High-rise apartments, retail properties and car parks	20,480	89,259	65,441	50%	May 2015
Sunac In Hangzhou	Hangzhou	Retail properties, offices, serviced apartments and car parks	10,418	153,400	108,374	60%	October 2016
Sunac Fuchun Chateau	Hangzhou	Mid-rise apartments, townhouses, retail properties and car parks	98,024	167,197	123,813	100%	May 2017
Riverside, City	Hangzhou	High-rise apartments, retail properties and car parks	62,760	221,976	170,070	65%	June 2016
Sunac Riverside, City	Hangzhou	High-rise apartments, retail properties and car parks	80,587	262,457	195,345	100%	June 2016
Houchao Mansion	Hangzhou	High-rise apartments, retail properties and car parks	32,200	123,665	92,335	25.5%	June 2017
<b>Total</b>			14,992,688	35,567,243	30,505,565		

## BUSINESS REVIEW AND OUTLOOK

### Completed Properties as of 30 June 2015

Project	Location	Aggregate GFA (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Unsold/held for rental aggregate GFA (sq.m.)	Saleable/rentable GFA unsold/ held for rental (sq.m.)
Sunac West Chateau	Beijing	447,803	334,892	16,834	12,589
Yao Jinmao Residence	Beijing	253,074	169,941	11,487	7,713
Wangjing Jinmao Palace	Beijing	102,438	77,563	12,604	9,543
Fontainebleau Chateau	Beijing	297,812	254,753	159,197	136,179
Sunac Magnetic Capital	Tianjin	1,247,860	1,188,902	34,230	32,613
Sunac Mind-Land International	Tianjin	813,704	751,224	24,892	22,981
Sunac Glorious Mansion	Tianjin	307,706	307,706	106,842	106,842
Sunac Central Academy	Tianjin	323,006	298,902	30,267	28,009
Sunac PL Du Pantheon	Tianjin	244,354	227,050	69,760	64,820
Horizon Capital	Tianjin	219,263	218,992	26,894	26,861
Dream of Mansion	Tianjin	117,368	106,171	42,081	38,066
River and Sea	Tianjin	94,364	94,364	9,121	9,121
Sunac Top Mansion of the Dongting	Tianjin	138,887	126,944	13,694	12,517
Sunac Olympic Garden	Chongqing	2,560,628	2,062,023	253,921	204,419
Sunac Eton Manor	Chongqing	405,901	303,940	26,499	19,843
Sunac Guardian Manor	Chongqing	240,853	195,423	22,588	18,327
Jardins de Versailles	Chongqing	366,586	314,160	93,481	80,112
Sunac Asia Pacific Enterprise Valley	Chongqing	741,346	616,518	101,309	84,250
Sunac The European Garden for City - West	Chongqing	90,740	78,408	59,348	51,282
Sunac Shanghai Magnolia Garden	Shanghai	126,092	116,738	12,922	11,963

## Completed Properties as of 30 June 2015

Project	Location	Aggregate GFA (sq.m.)	Saleable/ Rentable GFA (sq.m.)	Unsold/held for rental aggregate GFA (sq.m.)	Saleable/rentable GFA unsold/ held for rental (sq.m.)
Magnolia Garden- Glorious Garden	Shanghai	162,914	146,727	30,095	27,105
Sunac Shanghai Rose Garden	Shanghai	240,040	138,413	6,006	3,463
Sunac Dynasty on the Bund	Shanghai	203,826	188,287	94,758	87,534
Sunac Central Garden	Shanghai	353,751	307,377	33,597	29,193
Sunac Changzhou Magnolia Square	Changzhou	191,637	182,672	52,601	50,140
Sunac Suzhou Majestic Mansion	Suzhou	215,266	121,360	58,712	33,100
Sunac Wuxi Magnolia Garden	Wuxi	443,671	429,778	51,555	49,941
Wuxi Magnolia Garden West	Wuxi	31,450	31,450	6,152	6,152
Sunac Royal Garden	Yixing	367,073	316,028	60,316	51,929
Sunac Comphorwood Mansion	Wuxi	325,514	244,884	94,466	71,067
Sunac Swan Lake	Wuxi	1,280,982	1,181,134	111,060	102,404
Sunac Dream of City	Wuxi	866,808	788,147	65,846	59,871
Sunac Melodious Manor	Hangzhou	123,527	82,344	21,245	14,162
Above the West Lake	Hangzhou	126,129	88,506	7,914	5,553
Wonderful Mansion	Hangzhou	89,259	65,441	8,582	6,292
<b>Total</b>		<b>14,161,633</b>	<b>12,157,161</b>	<b>1,830,877</b>	<b>1,575,975</b>

# BUSINESS REVIEW AND OUTLOOK

## Properties under Development as of 30 June 2015

Project	Location	Estimated Aggregate GFA (sq.m.)	Estimated Saleable/ rentable GFA (sq.m.)	Estimated
				Saleable/ Rentable GFA un-presold/ held for rental (sq.m.)
Wangjing Jinmao Palace	Beijing	51,718	47,515	31,430
Fontainebleau Chateau	Beijing	105,629	85,256	9,594
Glory Chateau	Beijing	515,335	284,700	100,112
One Sino Park	Beijing	100,843	58,560	58,560
Chang'an Image	Beijing	420,303	320,068	234,438
Mentougou New Town	Beijing	151,815	118,031	118,031
One Central	Beijing	122,534	110,186	110,186
Fortune Center	Jinan	235,434	235,434	152,245
Sunac Central Academy	Tianjin	445,902	403,556	229,663
Horizon Capital	Tianjin	174,443	168,519	151,048
Dream of Mansion	Tianjin	79,132	68,505	53,555
Sunac Azure Coast	Tianjin	106,486	99,300	99,300
Orchid Garden	Tianjin	86,649	84,841	82,460
River and Sea	Tianjin	136,115	135,914	112,583
Sunac Bay and Island	Tianjin	222,467	208,208	115,175
Sunac Top Mansion of the Dongting	Tianjin	130,237	126,756	71,954
Tiantuo Project	Tianjin	462,680	453,557	243,455
Sunac Olympic Garden	Chongqing	19,045	18,196	12,846
Sunac Guardian Manor	Chongqing	322,236	254,295	138,945
Jardins de Versailles	Chongqing	714,276	607,769	458,799
Sunac The European Garden for City - West	Chongqing	298,568	264,152	171,615
Powpre Fontainebleau	Chongqing	163,375	128,662	99,584
Hastin Avenue	Chongqing	296,211	244,797	219,790
The European Garden for City - East	Chongqing	421,943	342,513	277,589
Chongqing Rose Garden	Chongqing	70,418	66,209	48,644
Expo City	Chongqing	423,849	364,435	328,911
Magnolia Mansion	Shanghai	118,731	98,138	17,280
Shanghai Francais Demeure	Shanghai	167,384	153,503	11,566
Sunac Dynasty on the Bund	Shanghai	388,284	337,513	264,266
Bund 188	Shanghai	57,866	49,889	49,889
Daning North Magnolia Mansion	Shanghai	170,403	151,492	137,090
Sunac Foshou Lake Project	Nanjing	62,477	22,781	22,781
Sunac Changzhou Magnolia Square	Changzhou	347,032	315,006	150,346
Fairy Land	Suzhou	191,897	90,568	42,502



## BUSINESS REVIEW AND OUTLOOK

### Properties under Development as of 30 June 2015

Project	Location	Estimated Aggregate GFA (sq.m.)	Estimated Saleable/ rentable GFA (sq.m.)	Estimated
				Saleable/ Rentable GFA un-presold/ held for rental (sq.m.)
Shishan Majestic Mansion	Suzhou	89,006	74,276	74,276
Sunac Wuxi Magnolia Garden	Wuxi	121,240	113,760	51,791
Wuxi Magnolia Garden West	Wuxi	328,943	318,346	152,659
Sunac Royal Garden	Yixing	56,808	50,345	7,723
Sunac Comphorwood Mansion	Wuxi	209,639	193,694	161,590
Sunac Swan Lake	Wuxi	111,572	103,924	70,665
Above the West Lake	Hangzhou	152,425	68,087	62,659
Sunac in Hangzhou	Hangzhou	153,400	108,374	87,692
Sunac Fuchun Chateau	Hangzhou	167,197	123,813	75,511
Riverside, City	Hangzhou	221,976	170,070	140,039
Sunac Riverside, City	Hangzhou	262,457	195,345	158,571
Houchao Mansion	Hangzhou	123,665	92,335	92,335
<b>Total</b>		<b>9,780,046</b>	<b>8,131,195</b>	<b>5,561,742</b>

## BUSINESS REVIEW AND OUTLOOK

### Properties to be Constructed as of 30 June 2015

Project	Location	Estimated Aggregate GFA (sq.m.)	Estimated Saleable/ rentable GFA (sq.m.)
Chang'an Image	Beijing	69,948	50,137
Fortune Center	Jinan	297,846	267,983
Dream of Mansion	Tianjin	45,377	45,260
Sunac Azure Coast	Tianjin	103,201	96,764
R3 project	Tianjin	447,919	447,919
River and Sea	Tianjin	56,381	52,285
Sunac Bay and Island	Tianjin	377,364	354,783
Tiantuo Project	Tianjin	870,022	849,610
Tiantuo North Project	Tianjin	230,900	230,900
Majestic Mansion	Tianjin	97,634	83,984
The National Village	Tianjin	860,021	860,021
Jardins de Versailles	Chongqing	285,481	241,407
Sunac The European Garden for City - West	Chongqing	888,949	711,318
Hastin Avenue	Chongqing	193,633	155,519
The European Garden for City - East	Chongqing	1,674,029	1,390,626
Chongqing Rose Garden	Chongqing	101,784	92,242
Expo City	Chongqing	1,072,983	903,425
Kangtian Project	Chongqing	470,263	406,120
Tegangchang Land Plot	Chongqing	497,354	410,616
Sunac Dynasty on the Bund	Shanghai	64,755	55,723
Sunac Central Garden	Shanghai	254,676	203,774
Shanghai Rose Mansion	Shanghai	126,100	81,980
Fuyuanbinjiang Project	Shanghai	159,107	146,894
Huafeng Project	Shanghai	1,115,947	1,010,100
Sunac Foshou Lake Project	Nanjing	76,530	48,900
Sunac Changzhou Magnolia Square	Changzhou	493,097	442,535
Fairy Land	Suzhou	72,033	36,178
Shishan Majestic Mansion	Suzhou	91,508	73,119
Wuxi Magnolia Garden West	Wuxi	172,675	161,750
Sunac Royal Garden	Yixing	42,106	37,585
Sunac Comphorwood Mansion	Wuxi	159,210	140,992
Sunac Dream of City	Wuxi	156,731	126,758
<b>Total</b>		<b>11,625,564</b>	<b>10,217,209</b>

## Review of the first half of 2015

In the first half of 2015, the PRC government launched a series of economic stabilization policies to, among others, adjust industrial structure and expand domestic demand which led to a relatively stable macroeconomic environment in the PRC while being confronted with great pressure. For real estate industry, the government promulgated a series of policies to support various policies in relation to residents' reasonable housing demand including tax preference and reduction of housing credit threshold. Meanwhile, the central bank cut deposit and lending bench rates for a consecutive three times and cut the deposit reserve ratio twice, being another strong support to the real estate industry. Even so, the real estate industry only stopped slumping further but no overall recovery could be seen. In fact, only several tier 1 cities and a few tier 2 cities had noticeable recovery during the period under review. Based on the foregoing, it is noted that policies' marginal utility has weakened as compared to the past and the supply and demand of local market have become a key factor of market trend, resulting in formation of a general industry differentiation and integration trend.

The Company has maintained a regional-focused development strategy over the years and most of its projects were developed in tier 1 and 2 core cities with a healthier supply and demand, which made it free of impact from the local market downward and therefore realized an overall stable operation results. In the first half of the year 2015, the profit attributable to owners of the Company reached RMB951 million, representing a growth of 17.0% as compared to the same period last year, and contract sales amounted to RMB27,259 million, flat as the same period last year, of which sales of interest reached RMB18,631 million, representing a growth of 16.2% as compared to the same period last year. While the operation results remained stable, the Company continued to maintain healthy financial conditions. As at 30 June 2015, the Company had a carrying value of RMB16,785 million in cash while its net gearing ratio dropped to 70.7%, remaining a low level in the industry.

In the first half of 2015, the segmentation tended to be more obvious in land market with continuous fragmentation of real estate market. Many other real estate companies reduced their investment in tier 3 and 4 cities and injected heavily into tier 1 cities and a few tier 2 core cities for premium land resources, leading to an over-heating land market in these regions. The Company has been cautious and abandoned lots of over-priced lands to minimise the risks of obtaining unsuitable lands. Meanwhile, the Company sought to capitalize on market opportunities through merger and acquisition and to acquire plenty of prime attributable land bank in tier 1 city Shanghai through merger and acquisition of equity interest in Sunac Greentown Investment Holdings Limited, a joint venture with Greentown China Holdings Limited as well as partial equity interest in land lots of Shanghai's eastern suburbs, further strengthening the Company's advantages in Shanghai. The Company also entered into Jinan and Nanjing, two new cities it has been working for many years, and was awarded one project in each of Jinan and Nanjing which have further enhanced the Company's regional layout. In the first half of the year, the Company prudentially acquired prime land bank of approximately 5.25 million sq.m. in existing cities and newly-entered Jinan and Nanjing, which would strongly support its sustainable development in the future. As at 30 June 2015, the Company's land bank and total attributable land bank were approximately 23.24 million sq.m. and 14.75 million sq.m., respectively. The breakdown of the land bank by region is as follows:

Region	Total Land Bank (Sq.m.)	Proportion	Attributable	
			Land Bank (Sq.m.)	Proportion
Beijing Region (including Jinan)	2,271,526	10%	1,051,426	7%
Tianjin	5,290,894	23%	3,059,981	21%
Shanghai Region (including Suzhou, Changzhou, Wuxi, Yixing, Nanjing)	6,084,837	26%	4,159,896	28%
Chongqing	8,471,543	36%	5,684,152	39%
Hangzhou	1,118,861	5%	796,304	5%
<b>Total</b>	<b>23,237,661</b>	<b>100%</b>	<b>14,751,759</b>	<b>100%</b>

### Outlook for the second half of 2015

In the second half of 2015, the Company expects that the PRC government will adopt additional measures to maintain basic stability of economy while promoting the adjustment of economic structure. As a result, it is expected that the macroeconomic growth, though facing great pressure, may not have a significant fluctuation and may remain a reasonable growth. In terms of real estate policies, the Company expects a loose development to continue. In addition, with the deepening of financial reforms and the gradual opening of capital market in China, the real estate industry will increase its domestic financing channels with cost of financing declining dramatically, which would be very conducive to the long term development of real estate market. In the second half of the year, the real estate industry will remain stable on the whole but will continue to differentiate. There will be more mergers, acquisitions and consolidations in the industry and the market share will increasingly flow to medium to large companies that have premium land bank, strong operational capabilities and financing strengths and affluent cash flows.

In the second half of the year, the Company also expects to launch about 8 new projects for sales, which are located in active markets including Beijing, Tianjin, Shanghai, Hangzhou and Suzhou. Such launches would render the Company's annual overall merchantable resources exceeding RMB100 billion. Having such an abundant supply of quality salable resources will ensure the fulfillment of the Company's annual sales target. In respect of land acquisition, the Company will remain prudent and cautious to, on the one hand, strengthen and enhance the Company's leadership and competitive edges in Beijing, Tianjin, Shanghai, Chongqing and Hangzhou while seeking more opportunities for development in Nanjing and Jinan, and on the other hand, seek opportunities to enter in a few other tier 1 and 2 core cities, thereby further improving the Company's regional layout, on the premise of guaranteeing the safety of cash flow. In the second half of the year, the Company will insist on cash flow and gearing ratio management to guarantee the safety and stability of the Group's financial position as a whole. At the same time, the Company will take full advantage of domestic financial reforms and lowering of financing cost to further optimize debt structure, lower financing cost and improve profitability.

## 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 2015, 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 19 May 2015 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 established an internal reporting practice in monitoring the operation and business development of the Company.

## CHANGE OF DIRECTORS’ INFORMATION

Mr. ZHU Jia, non-executive Director of the Company, resigned as a non-executive director of GOME Electrical Appliances Holding Limited, whose shares are listed on the Main Board of the SEHK (stock code: 493) with effect from 28 January 2015.

Mr. TSE Chi Wai, independent non-executive Director of the Company, has been appointed as an independent non-executive director of Greens Holdings Ltd, whose shares are listed on the Main Board of the SEHK (stock code: 1318) with effect from 14 March 2015. Mr. Tse has also been appointed as an independent non-executive director of China Environmental Technology Holdings Limited, whose shares are listed on the Main Board of the SEHK (stock code: 646) with effect from 27 May 2015.

Mr. POON Chiu Kwok, independent non-executive Director of the Company, has been appointed as an independent non-executive director of Magnum Entertainment Group Holdings Limited, whose shares are listed on the Main Board of the SEHK (stock code: 2080) with effect from 15 May 2015.

Save as disclosed above, no information relating to the Directors of the Company is required to be disclosed in accordance with Rules 13.51(2) and 13.51(B) (1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2014 (“2014 Annual Report”) by the Company.

## 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. The Post-IPO Share Option Scheme was amended on 17 March 2014. The Company also adopted the New Share Option Scheme (the "New Share Option Scheme") on 19 May 2014.

### 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 1.50% of the total issued shares of the Company as at 30 June 2015. 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:

Vesting period	Percentage of the options
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 report, options to subscribe for an aggregate of 51,080,000 shares, representing approximately 1.51% 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 of the Company have been exercised in full), had 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 is HK\$2.784, being 80% of the offer price of the Company's shares in the initial public offering.

No further options can be offered or granted under the Pre-IPO Share Option Scheme upon the completion of the global offering, and none of the 51,080,000 share options previously granted under the Pre-IPO Share Option Scheme was outstanding as at 31 December 2014 (i.e. the end date of the financial year covered in the 2014 Annual Report).

Accordingly, there were no outstanding options granted nor any shares available for issue under the Pre-IPO Share Option Scheme as at 31 December 2014 as well as the beginning and end of the six months ended 30 June 2015.

During the six months ended 30 June 2015, no share options were exercised, cancelled nor lapsed under the Pre-IPO Share Option Scheme.

### POST-IPO SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was approved and adopted by 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. All the shareholders of the Company approved and adopted the amended Post-IPO Share Option Scheme at the extraordinary general meeting held on 17 March 2014. The principal terms and conditions of the amended 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 six years since the Post-IPO Share Option Scheme Adoption Date, unless it may be early terminated subject to the resolution of the Board;

## CORPORATE GOVERNANCE AND OTHER INFORMATION

(d) the Share Options shall be granted in accordance with the following schedule:

Grant Period	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")
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;

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

Vesting Date	Percentage of the Share Options vested/to be vested on the Vesting Date
<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)



## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Post-IPO Share Options, once vested, shall be exercisable within a period of six 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.

A payment of HK\$1.00 (or its RMB equivalent) as consideration was paid by each grantee on acceptance of the Share Options under the Post-IPO Share Option Scheme to the Company within 5 business days from the relevant offer date.

Movement of the Share Options under the Post-IPO Share Option Scheme during the six months ended 30 June 2015 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 Share Options granted on 2 May 2013 (Note 3)	Number of outstanding Share Options as at 1 January 2015	Number of exercised Share Options during the six months ended 30 June 2015	Number of cancelled options during the six months ended 30 June 2015	Number of lapsed options during the six months ended 30 June 2015	Number of outstanding options as at 30 June 2015
<b>Directors</b>								
Mr. Sun Hongbin*	2,600,000	400,000	—	—	—	—	—	—
Mr. Wang Mengde	2,300,000	1,300,000	1,600,000	5,200,000	—	—	—	5,200,000
Mr. Li Shaozhong	2,300,000	1,200,000	1,300,000	4,800,000	—	—	—	4,800,000
Mr. Chi Xun	2,600,000	1,200,000	1,300,000	4,900,000	—	—	—	4,900,000
Mr. Shang Yu	2,300,000	1,200,000	1,300,000	3,650,000	—	—	—	3,650,000
Mr. Jing Hong	2,600,000	1,200,000	1,300,000	4,650,000	—	—	—	4,650,000
<b>Senior management and employees</b>								
	25,200,000	22,600,000	24,100,000	42,492,624	14,380,294	183,000 <sup>#</sup>	—	27,929,330
<b>Total</b>	<b>39,900,000</b>	<b>29,100,000</b>	<b>30,900,000</b>	<b>65,692,624</b>	<b>14,380,294</b>	<b>183,000</b>	<b>—</b>	<b>51,129,330</b>

\* Mr. Sun Hongbin is also the chief executive officer and a substantial shareholder of the Company.

<sup>#</sup> The exercise price of the cancelled Share Options is HK\$2.33 per share.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

1. Upon the amendment of the terms of the share options granted, the exercise period is from 30 September 2011 to 28 April 2017 and the share options have vested in accordance with the following vesting dates: (i) 30% of the Share Options have been vested on the date of grant (i.e. 30 September 2011); (ii) the remaining 30% of the Share Options have been vested on 29 April 2012; and (iii) the remaining 40% of the Share Options have been 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.
2. Upon the amendment of the terms of the share options granted, the exercise period is from 21 May 2012 to 28 April 2018 and the share options shall vest in accordance with the following vesting dates: (i) 30% of the Share Options have been vested on the date of grant (i.e. 21 May 2012); (ii) the remaining 30% of the Share Options have been vested on 29 April 2013; and (iii) the remaining 40% of the Share Options have been 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.
3. Upon the amendment of the terms of the share options granted, the exercise period is from 2 May 2013 to 28 April 2019 and the share options shall vest in accordance with the following vesting dates: (i) 30% of the Share Options have been vested on the date of grant (i.e. 2 May 2013); (ii) the remaining 30% of the Share Options have been vested on 29 April 2014; and (iii) the remaining 40% of the Share Options have been 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.

As at 31 December 2014 (i.e. the end date of the financial year covered in the 2014 Annual Report), the total number of shares available for issue under the Post-IPO Share Option Scheme was 65,692,624 shares, representing 1.94% of the issued shares of the Company as at 31 December 2014.

During the six months ended 30 June 2015, certain senior management and employees of the Company exercised an aggregate of 5,136,400 Share Options granted on 30 September 2011 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\$8.25 per share.

During the six months ended 30 June 2015, certain senior management and employees of the Company exercised an aggregate of 4,912,000 Share Options granted on 21 May 2012 under the Post-IPO Share Option Scheme, at an exercise price of HK\$2.33 per share. The weighted average closing price of the shares immediately before the date of exercise was HK\$8.30 per share.

During the six months ended 30 June 2015, certain senior management and employees of the Company exercised an aggregate of 4,331,894 Share Options granted on 21 May 2013 under the Post-IPO Share Option Scheme, at an exercise price of HK\$6.32 per share. The weighted average closing price of the shares immediately before the date of exercise was HK\$8.36 per share.

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

## NEW SHARE OPTION SCHEME

The New Share Option Scheme was approved and adopted by the shareholders of the Company at the annual general meeting held on 19 May 2014 (the "Adoption Date of the New Share Option Scheme"). The purpose of the scheme is to motivate the directors, the management and the employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of the shareholders of the Company, and to attract and retain the valuable employees who would be or may be beneficial to the growth and development of the Group. The principal terms and conditions of the New 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 166,374,246 shares, or 5% of the total issued shares as at the Adoption Date of the New Share Option Scheme;
- (b) The total number of shares issued or to be issued upon exercise of the options granted and to be granted to each eligible participant in any 12-month period must not exceed 1% of the total shares in issue, except subject to shareholders' approval;
- (c) the New Share Option Scheme has been effective and valid for five years since the Adoption Date of the New Share Option Scheme, unless it may be early terminated subject to the resolution of the Board;
- (d) the Share Options granted to each grantee shall vest in accordance with the following schedule:
  - 30% of such options shall be exercisable from the date specified in the Offer Letter as being the offer date ("Offer Date");
  - an additional 30% (i.e. up to 60% in total) of such options shall be exercisable from the 1st anniversary date of the Offer Date; and
  - an additional 40% (i.e. up to 100% in total) of such options shall be exercisable from the 2nd anniversary date of the Offer Date.

The New Share Options, once vested, shall be exercisable within a period of five years from the Offer Date.

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

On 5 June 2014, the Company granted an aggregate of 33,267,000 Share Options under the New Share Option Scheme, at an exercise price of HK\$4.07 per Share. The closing price of the Shares immediately before the date of grant is HK\$3.96 per Share.

A payment of HK\$1.00 (or its RMB equivalent) as consideration was paid/is payable by each grantee on acceptance of the Share Options under the New Share Option Scheme to the Company within 5 business days from the relevant offer date.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Movement of the Share Options under the New Share Option Scheme during the six months ended 30 June 2015 is as follows:

Name of Grantee	Number of Share Options granted on 5 June 2014 (Note 1)	Number of outstanding options as at 1 January 2015	Number of exercised Share Options during the six months ended 30 June 2015	Number of cancelled options during the six months ended 30 June 2015	Number of lapsed options during the six months ended 30 June 2015	Number of outstanding options as at 30 June 2015
<b>Directors</b>						
Mr. Sun Hongbin*	1,300,000	1,300,000	—	—	—	1,300,000
Mr. Wang Mengde	1,200,000	1,200,000	—	—	—	1,200,000
Mr. Li Shaozhong	1,100,000	1,100,000	—	—	—	1,100,000
Mr. Chi Xun	1,100,000	1,100,000	—	—	—	1,100,000
Mr. Shang Yu	1,100,000	1,100,000	—	—	—	1,100,000
Mr. Jing Hong	1,100,000	1,100,000	—	—	—	1,100,000
<b>Senior management and employees</b>	26,367,000	24,830,200	2,221,550	224,000 <sup>#</sup>	—	22,384,650
<b>Total</b>	33,267,000	31,730,200	2,221,550	224,000	—	29,284,650

\* Mr. Sun Hongbin is also the chief executive officer and a substantial shareholder of the Company.

<sup>#</sup> The exercise price of the cancelled Share Options is HK\$4.07 per share.

Note:

- The exercise period is from 5 June 2014 to 4 June 2019 and the Share Options have vested in accordance with the following vesting dates: (i) 30% of the Share Options have been vested on the date of grant (i.e. 5 June 2014); (ii) the remaining 30% of the Share Options have been vested on 5 June 2015; and (iii) the remaining 40% of the Share Options shall be vested on 5 June 2016. 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\$3.96 per share.

As at 31 December 2014 (i.e. the end date of the financial year covered in the 2014 Annual Report), the total number of shares available for issue under the New Share Option Scheme was 164,837,446 shares, representing 4.87% of the issued shares of the Company as at 31 December 2014.

During the six months ended 30 June 2015, certain senior management and employees of the Company exercised an aggregate of 2,221,550 Share Options granted on 5 June 2014 under the New Share Option Scheme, at an exercise price of HK\$4.07 per share. The weighted average closing price of the share immediately before the date of exercise was HK\$8.17 per share.

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

The amortization of share option of RMB11,296,000 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the six months ended 30 June 2015, the Company had not adopted any share option schemes.

Save as disclosed in this report, there are no other share options that were granted, exercised, cancelled and lapsed during the six months ended 30 June 2015.

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

As at 30 June 2015, 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	1,589,549,451(L) <sup>(1)</sup>	46.77%
	Beneficial interest	The Company	6,440,000(L) <sup>(1)</sup>	0.19%
	Beneficial interest	Sunac International Investment Holding Ltd ("Sunac International") <sup>(3)</sup>	1(L) <sup>(1)</sup>	100%
Mr. Wang Mengde	Beneficial interest	The Company	3,300,000(L)	0.10%
Mr. Jing Hong	Beneficial interest	The Company	650,000(L) <sup>(1)</sup>	0.02%

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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (ii) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY

Name of Director	Nature of Interest	Number of Underlying Shares (Note)	Approximate percentage of interest in the Company
Mr. Sun Hongbin	Beneficial interest <sup>(1)</sup>	1,300,000	0.04%
Mr. Wang Mengde	Beneficial interest <sup>(1)</sup>	6,400,000	0.19%
Mr. Li Shaozhong	Beneficial interest <sup>(1)</sup>	5,900,000	0.17%
Mr. Chi Xun	Beneficial interest <sup>(1)</sup>	6,000,000	0.18%
Mr. Shang Yu	Beneficial interest <sup>(1)</sup>	4,750,000	0.14%
Mr. Jing Hong	Beneficial interest <sup>(1)</sup>	5,750,000	0.17%

Note (1): The interests in the underlying shares are related to the Share Options granted under the Post-IPO Share Option Scheme and the New Share Option Scheme.

Save as disclosed herein, as at 30 June 2015, 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.

### 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 2015, 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:

Name of Shareholder	Nature of Interest/Capacity	Number of Shares or underlying Shares <sup>(1)</sup>	Approximate percentage of shareholding
Sunac International	Beneficial interest	1,589,549,451 (L)	46.77%
JPMorgan Chase & Co.	Beneficial interest	6,147,841 (L)	0.18%
	Beneficial interest	1,500,000 (S)	0.04%
	Custodian of investment manager/ approval for lending	100,399,000 (L)	2.95%
	Nominee	63,921,453 (L)	1.88%

Note:

(1) The letter "L" denotes the person's long position in such shares. The letter "S" denotes the person's short position in such shares.

Save as disclosed herein, as at 30 June 2015, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

### INTERIM DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2015.

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

During the six months ended 30 June 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

### 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, Sunac Greentown Investment Holdings Limited, as the borrower, a company which is a non wholly owned subsidiary of the Company, entered into the Facility Agreement with, among others, Industrial and Commercial Bank of China (Asia) Limited, Deutsche Bank AG, London Branch, China CITIC Bank International Limited, Bank of China Limited Macau Branch and ICBC International Capital Limited, as 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 shareholding in the Company. Pursuant to the terms of the Facility Agreement, a mandatory prepayment obligation will arise if, among other conditions, Mr. Sun Hongbin and his affiliated companies cease to beneficially own not less than 30% of the entire beneficial shareholding interest in the Company. It will be an Event of Default (as defined in the Facility Agreement) under the Facility Agreement if a mandatory prepayment obligation under the Facility Agreement is not fulfilled within 2 business days of the due date pursuant to the Facility Agreement.

Pursuant to Rule 13.18 of the Listing Rules, on 9 June 2014, the Company as the borrower and its subsidiaries as the guarantors entered into the facility agreement with, among others, Bank of China Limited Macau Branch, China CITIC Bank International Limited, Hang Seng Bank Limited and The Hongkong and Shanghai Banking Corporation Limited as the lenders in relation to an aggregate amount of approximately US\$260,000,000, which subject to the accession by any other bank(s) to the facility agreement pursuant to the terms thereunder, will be increased to an aggregate amount not exceeding US\$350,000,000, for a period of 3 years from the date of the facility agreement. Pursuant to the Facility Agreement, among other things, upon the occurrence of any event that Mr. Sun Hongbin ceases to, among others, (i) hold, whether directly or indirectly through any person, beneficially 30 per cent. or more of the issued ordinary share capital of the Company; (ii) be the single largest shareholder of the Company; (iii) have the management control over the Borrower; or (iv) be the chairman of the board of directors of the Company, following the instructions given by the majority lenders, the Facility Agent will declare the relevant commitment under the Facility Agreement to be cancelled and/or declare all outstanding loans under the Facility Agreement, together with accrued interest, and all other amounts accrued under the Finance Documents (as defined in the Facility Agreement) to become due and immediately payable by giving prior notice to the Company. If the prepayment for the relevant Loan is not made within the prescribed period, an event of default will occur in accordance with the Facility Agreement.

### EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2015, the Group had a total of 7,191 employees in Hong Kong and the PRC. For the six months ended 30 June 2015, the staff cost of the Group was approximately RMB215.8 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, the Post-IPO Share Option Scheme adopted on the annual general meeting held on 29 April 2011 and the New Share Option Scheme adopted on the annual general meeting held on 19 May 2014, details of which are disclosed from page 28 to page 34 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 2015.

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. Upon specific enquiries being made with 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 2015 in relation to their securities dealings, if any.



### AUDIT COMMITTEE

The Company has established the audit committee (the "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 2015.

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

Hong Kong, 24 August 2015



羅兵咸永道

**Report on Review of Interim Financial Information**  
**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 41 to 72, 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 2015 and the related interim condensed consolidated statements of 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.

## 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, 24 August 2015

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# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	75,106	61,815
Investment properties	8	—	239,000
Intangible assets	7	215,296	148,905
Investments accounted for using the equity method	9	13,103,434	12,048,789
Prepayments for investments	13(b)	3,925,479	944,991
Deferred income tax assets		1,582,995	1,451,953
<b>Total non-current assets</b>		<b>18,902,310</b>	<b>14,895,453</b>
<b>CURRENT ASSETS</b>			
Properties under development	10	34,003,186	35,700,545
Completed properties held for sale	11	12,415,059	13,682,451
Trade and other receivables	12	5,733,709	2,474,809
Amounts due from related companies	30	14,486,914	17,999,418
Prepayments	13(a)	3,013,576	2,568,194
Restricted cash	14	4,349,694	4,384,145
Cash and cash equivalents		12,434,953	20,657,285
<b>Total current assets</b>		<b>86,437,091</b>	<b>97,466,847</b>
<b>Total assets</b>		<b>105,339,401</b>	<b>112,362,300</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	291,273	289,963
Reserves			
– Proposed final dividend	31	—	644,414
– Others	16	16,713,139	15,418,561
		<b>17,004,412</b>	<b>16,352,938</b>
Non-controlling interests		3,333,906	4,629,695
<b>Total equity</b>		<b>20,338,318</b>	<b>20,982,633</b>

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Note	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	18	18,687,168	20,544,113
Deferred income tax liabilities		4,194,462	5,886,751
<b>Total non-current liabilities</b>		<b>22,881,630</b>	<b>26,430,864</b>
<b>Current liabilities</b>			
Trade and other payables	17	11,795,336	11,615,723
Advanced proceeds from customers		14,108,707	12,270,841
Amounts due to related companies	30	16,938,365	20,713,919
Current income tax liabilities		6,791,065	6,508,638
Borrowings	18	12,485,980	13,839,682
<b>Total current liabilities</b>		<b>62,119,453</b>	<b>64,948,803</b>
<b>Total liabilities</b>		<b>85,001,083</b>	<b>91,379,667</b>
<b>Total equity and liabilities</b>		<b>105,339,401</b>	<b>112,362,300</b>
<b>Net current assets</b>		<b>24,317,638</b>	<b>32,518,044</b>
<b>Total assets less current liabilities</b>		<b>43,219,948</b>	<b>47,413,497</b>

The notes on pages 46 to 72 form an integral part of this condensed consolidated interim financial information.

The condensed consolidated interim financial information on pages 41 to 72 were approved by the Board of Directors on 24 August 2015 and were signed on its behalf.

\_\_\_\_\_  
**Sun Hongbin**  
*Director*

\_\_\_\_\_  
**Wang Mengde**  
*Director*

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Note	Six months ended 30 June	
		2015 (Unaudited) RMB'000	2014 (Unaudited) RMB'000
Revenue	6	5,442,722	9,066,998
Cost of sales		(4,824,671)	(7,033,325)
<b>Gross profit</b>		<b>618,051</b>	2,033,673
Other income and gains	20	2,220,585	23,117
Selling and marketing costs		(284,602)	(266,819)
Administrative expenses		(298,842)	(278,407)
Other expenses and losses	21	(102,379)	(8,982)
<b>Operating profit</b>		<b>2,152,813</b>	1,502,582
Finance income	22	83,095	213,211
Finance costs	22	(698,577)	(509,586)
Share of post-tax profits of investments accounted for using equity method, net	9	451,871	281,238
<b>Profit before income tax</b>		<b>1,989,202</b>	1,487,445
Income tax expense	23	(731,539)	(789,602)
<b>Profit for the period</b>		<b>1,257,663</b>	697,843
<b>Other comprehensive income for the period</b>		—	—
<b>Total comprehensive income for the period</b>		<b>1,257,663</b>	697,843
<i>Attributable to:</i>			
– Owners of the Company		951,399	812,612
– Non-controlling interests		306,264	(114,769)
		<b>1,257,663</b>	697,843
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share):</b>	24		
– Basic earnings per share		<b>0.28</b>	0.24
– Diluted earnings per share		<b>0.28</b>	0.24

The notes on pages 46 to 72 form an integral part of this condensed consolidated interim financial information.

Dividends	31	—	—
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# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

		Unaudited				
		Attributable to owners of the Company			Non- controlling interests RMB'000	Total equity RMB'000
Note	Share capital RMB'000 (Note 15)	Reserves RMB'000 (Note 16)	Total RMB'000			
<b>Balance at 1 January 2015</b>		289,963	16,062,975	16,352,938	4,629,695	20,982,633
Total comprehensive income for the period ended 30 June 2015		—	951,399	951,399	306,264	1,257,663
<b>Transactions with owners, recognised directly in equity</b>						
Dividends to non-controlling interests		—	—	—	(1,699,837)	(1,699,837)
	Transactions with non-controlling interests	—	(354,985)	(354,985)	530,043	175,058
	Disposal of a subsidiary	—	—	—	(432,259)	(432,259)
Employees share option schemes:						
	– Value of employee services	—	11,296	11,296	—	11,296
	– Proceeds from shares issued	1,310	42,454	43,764	—	43,764
		1,310	(301,235)	(299,925)	(1,602,053)	(1,901,978)
<b>Balance at 30 June 2015</b>		291,273	16,713,139	17,004,412	3,333,906	20,338,318
<b>Balance at 1 January 2014</b>		285,055	13,320,248	13,605,303	4,606,015	18,211,318
Total comprehensive income for the period ended 30 June 2014		—	812,612	812,612	(114,769)	697,843
<b>Transactions with owners, recognised directly in equity</b>						
Employees share option schemes:						
	– Value of employee services	—	12,317	12,317	—	12,317
	– Proceeds from shares issued	636	13,733	14,369	—	14,369
	Disposal of a subsidiary	—	—	—	13,122	13,122
		636	26,050	26,686	13,122	39,808
<b>Balance at 30 June 2014</b>		285,691	14,158,910	14,444,601	4,504,368	18,948,969

The notes on pages 46 to 72 form an integral part of this condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Note	Unaudited Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Cash flows from operating activities</b>			
Income tax paid		1,395,598 (984,736)	9,390,601 (1,839,551)
<b>Net cash generated from operating activities</b>		<b>410,862</b>	7,551,050
<b>Cash flows from investing activities</b>			
Investments in joint ventures and associates		(1,546,326)	(2,161,496)
Prepayment for investments	1(a), 13(b)	(4,701,321)	(1,042,500)
Collection of prepayment for equity transactions	1(a)	1,939,479	—
Loans to joint ventures and associates		(659,039)	(2,468,401)
Collection of loans from joint ventures and associates		2,150,288	454,590
Interest income from the prepayment of equity transaction	1(a)	35,124	—
Proceeds from disposal of investment properties	8	175,000	—
Net cash impact of business combination	28	80,264	—
Net cash impact of disposal of a subsidiary	29(c)	292,730	(582,419)
Interest received from joint ventures and associates		72,231	—
Cash due to joint venture partner	17	350,000	—
Purchase of financial assets		—	(226,000)
Others		50,825	(78,923)
<b>Net cash used in investing activities</b>		<b>(1,760,745)</b>	(6,105,149)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	18(b)	11,354,825	9,869,972
Repayments of borrowings	18(b)	(13,898,156)	(2,492,154)
Proceeds from issuance of ordinary share		43,764	14,369
Dividend paid to non-controlling interests		(956,092)	—
Repayment of loans from non-controlling interests		(1,153,361)	—
Loans to non-controlling interests		(80,000)	—
Loans from non-controlling interests		252,582	—
Prepayment for transaction with non-controlling interests	13(b)	(1,055,396)	—
Interest paid		(1,369,313)	(1,464,517)
Restricted cash guaranteed for bank borrowings		(10,258)	(138,010)
<b>Net cash generated from financing activities</b>		<b>(6,871,405)</b>	5,789,660
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,221,288)</b>	7,235,561
Cash and cash equivalents at beginning of period		20,657,285	13,414,017
Effect of exchange difference		(1,044)	16,819
<b>Cash and cash equivalents at end of period</b>		<b>12,434,953</b>	20,666,397

The notes on pages 46 to 72 form an integral part of this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 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 in the People’s Republic of China (the “PRC”).

The Company is a limited company incorporated in the Cayman Islands. The address of its registered office is Landmark Square, 3rd Floor, 64 Earth Close, P.O. Box 30592, Grand Cayman KY1-1203, Cayman Islands.

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 24 August 2015.

### KEY EVENTS

#### (A) Terminations of proposed transactions relating to Kaisa Group

On 30 January 2015, the Group signed an acquisition agreement, pursuant to which the Group proposed to acquire the equity interests and debts in four project companies from a third party, Kaisa Group Holdings Ltd. (“Kaisa Group”). The acquisition was terminated on 16 June 2015. The Group’s prepaid consideration of RMB1,012.43 million, together with an aggregate interest charge totalling RMB35.12 million was received on 16 June 2015.

On 30 January 2015, the Group also signed a share purchase agreement with three shareholders of Kaisa Group, each of whom being an independent third party. Pursuant to the agreement, the Group proposed to acquire issued shares of Kaisa Group owned by the sellers, which represents approximately 49.25% of the entire share capital of Kaisa Group. According to the agreement, the Group made a total prepayment of HK\$2,325 million (equivalent to RMB1,843.8 million). On 26 May 2015, this proposed transaction was terminated with a termination agreement signed by the Group and the sellers. According to the termination agreement, 50% of the prepayment was refunded to the Group on 29 May 2015. It was agreed that the remaining 50% of the prepayment is to be repaid to the Group no later than 28 December 2015 and was guaranteed using 700 million issued shares of Kaisa Group owned by the sellers. As of 30 June 2015, the Group has received the initial refund of HK\$1,163 million (equivalent to RMB927.05 million). The outstanding amount of RMB916.76 million was recorded as a receivable in current assets as at 30 June 2015 and was agreed to be repaid no later than 28 December 2015 (Note 12).

#### (B) Transfer of equity interests of project entities among subsidiaries of the Company

On 30 June 2015, Tianjin Sunac Ao Cheng Investment Co., Ltd. (“Tianjin Ao Cheng”), a wholly owned subsidiary of the Company, completed an acquisition with Shanghai Sunac Greentown Investment Holdings Ltd. (“Shanghai Sunac Greentown”), a 50% owned subsidiary of the Company, pursuant to which Tianjin Ao Cheng acquired the equity interests of a bunch of Shanghai Sunac Greentown’s subsidiaries, joint ventures and associates, all of which are engaged in real estate property development business, and certain debts owing by these subsidiaries to Shanghai Sunac Greentown at the total consideration of RMB6,846.66 million.

On the same day, Lead Sunny Investment Ltd. (“Lead Sunny”), another wholly owned subsidiary of the Company, completed an acquisition from Sunac Greentown Investment Holdings Ltd. (“Sunac Greentown”), a 50% owned subsidiary of the Company, of the entire equity interest of its wholly owned subsidiary, Elegant Trend Limited (“Elegant Trend”), and certain debts owing by Elegant Trend to Sunac Greentown at the total consideration of RMB6,433.05 million.

These transactions were made between subsidiaries of the Company and effectively resulted in changes in non-controlling interests in equity. Further details are given in Note 27.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 1 General information *(continued)*

### KEY EVENTS *(continued)*

#### (C) Equity transactions with Greentown Group

On 15 May 2015, the Company entered into a framework agreement with Greentown China Holdings Limited ("Greentown China"), an independent third party, to acquire from or dispose to Greentown China or certain of its subsidiaries (together with Greentown China, the "Greentown Group") of certain equity interests and shareholder's loans in certain entities which are jointly invested by the Group and Greentown Group, the framework agreement also provides for a future joint development of a new property project in Tianjin between the Group and Greentown Group. In summary, the following transactions are included in the framework agreement:

- (i) the Group's acquisition from Greentown Group of the 50% equity interest of Shanghai Forest Golf Villa Development Co., Ltd. ("Shanghai Forest Golf"), an associate of the Company, at the consideration of RMB104.54 million, together with the completion of a series of assets transfers and debt assignments among Shanghai Forest Golf, the Group and Greentown Group;
- (ii) the Group's disposal to Greentown Group of the return on investment of 51% equity interest of Shanghai Huazhe Bund Real Estate Co., Ltd. ("Shanghai Huazhe Bund"), a subsidiary of the Company, at the total consideration of RMB1,970.28 million;
- (iii) the Group's disposal to Greentown Group of the 45% equity interest of Beijing Xingye Wanfa Real Estate Development Co., Ltd. ("Beijing Xingye Wanfa"), an associate of the Company, and a shareholder's loan of RMB870.77 million owing by Beijing Xingye Wanfa at the total consideration of RMB1,062.14 million;
- (iv) the Group's acquisition from Greentown Group of the 50% equity interest of Shanghai Sunac Greentown, a 50% subsidiary of the Company, at RMB1,000 million and the 50% equity interest of Sunac Greentown, a 50% owned subsidiary of the Company, at RMB1,638.49 million;
- (v) the Group's acquisition from Greentown Group of the 25% equity interest of Hangzhou Sunac Greentown Real Estate Development Co., Ltd. ("Hangzhou Sunac Greentown"), a subsidiary of the Company, at the total consideration of US\$28.73 million (equivalent to RMB175.6 million); and
- (vi) the Group and Greentown Group's future joint development of a Tianjin National Game Village Project with capital contributions of RMB39.2 million and RMB40.8 million by the Group and Greentown Group respectively.

Further details of the transactions have been given in the circular published by the Company on 28 June 2015. The shareholders of the Company have approved these transactions on 15 July 2015.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 1 General information *(continued)*

### KEY EVENTS *(continued)*

#### (C) Equity transactions with Greentown Group *(continued)*

On 30 June 2015, the Company and Greentown China entered into a Transitional Period Management Agreement (the "Transitional Period Agreement") regarding the above mentioned transaction (i), (ii) and (iii), pursuant to which, during the transitional period from 30 June 2015 to the date of legally transferring the equity interests with respective approvals of the shareholders of the Company and Greentown China, for any resolution to be made by the directors or shareholders of the related entities, the vendor companies will vote following the purchase companies' decision. The directors of the Company are of the view that the above mentioned transactions (i), (ii) and (iii), have been effectively completed as at 30 June 2015. Further details about the financial impacts are given in Note 28, Note 29 and Note 20 respectively.

The remaining transactions have yet to be completed up to the date of this report.

## 2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standards ("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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

### 2.1 GOING-CONCERN BASIS

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's 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 has 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 18.

## 3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2015 did not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

There are no other amended standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 4 Estimates

The preparation of the 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 this 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 2014.

## 5 Financial risk management and financial instruments

### 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 condensed consolidated interim 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 2014.

There have been no significant changes in the risk or in any risk management policies since 31 December 2014.

## 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 before income tax by segment is as follows:

	Six months ended 30 June 2015		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	5,224,665	237,541	5,462,206
Inter-segment revenue	—	(19,484)	(19,484)
<b>Revenue from external customers</b>	<b>5,224,665</b>	<b>218,057</b>	<b>5,442,722</b>
<b>Profit/(loss) before income tax</b>	<b>2,031,267</b>	<b>(42,065)</b>	<b>1,989,202</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 6 Segment information (continued)

	As at 30 June 2015		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	103,589,597	166,809	103,756,406
Total segment liabilities	73,686,002	329,554	74,015,556

	Six months ended 30 June 2014		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	8,938,438	136,713	9,075,151
Inter-segment revenue	—	(8,153)	(8,153)
<b>Revenue from external customers</b>	8,938,438	128,560	9,066,998
<b>Profit/(loss) before income tax</b>	1,533,095	(45,650)	1,487,445

	As at 31 December 2014		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	110,725,396	184,951	110,910,347
Total segment liabilities	78,651,367	332,911	78,984,278

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 7 Property, plant and equipment and intangible assets

	Property, plant and equipment RMB'000	Intangible assets		Total RMB'000
		Goodwill RMB'000	Other intangible assets RMB'000	
<b>Six months ended 30 June 2015</b>				
Net book value				
Opening amount as at 1 January 2015	61,815	147,985	920	148,905
Additions	8,047	—	—	—
Acquisition of subsidiaries	19,230	66,266	312	66,578
Disposal of a subsidiary	(1,623)	—	—	—
Disposals	(1,404)	—	—	—
Depreciation and amortization	(10,959)	—	(187)	(187)
Closing amount as at 30 June 2015	75,106	214,251	1,045	215,296
<b>Six months ended 30 June 2014</b>				
Net book value				
Opening amount as at 1 January 2014	65,381	233,694	540	234,234
Additions	9,374	—	648	648
Disposal of subsidiaries	(1,718)	—	—	—
Disposals	(1,063)	—	—	—
Depreciation and amortization	(11,766)	—	(243)	(243)
Closing amount as at 30 June 2014	60,208	233,694	945	234,639

## 8 Investment properties

Commercial properties and car parks at fair value:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Opening balance at 1 January	239,000	252,000
Disposals (Note (a))	(239,000)	—
Closing balance at 30 June	—	252,000

Note (a):

The investment properties of the Group were all located in one project developed by the Group in Tianjin, the PRC. In February 2015, the Group disposed all investment properties to an independent third party at the price of RMB175 million, which resulted in a net loss of RMB81.3 million (Note 21).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 9 Investments accounted for using the equity method

The investment amounts recognised in the balance sheet were as follows:

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Joint ventures	9,132,231	7,927,863
Associates	3,971,203	4,120,926
	<b>13,103,434</b>	12,048,789

The amounts of the shares of the results of the investees recognised in the profit or loss using equity method were as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Joint ventures	464,081	(75,696)
Associates	(12,210)	356,934
	<b>451,871</b>	281,238

### 9.1 INVESTMENTS IN JOINT VENTURES

The following table analyses, on an aggregate basis, the movement of the carrying amount of the Group's investments in the joint ventures, and the shares of results of these joint ventures.

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
At beginning of period	7,927,863	4,925,337
A subsidiary becoming a joint venture	325,474	104,708
Investments in new joint ventures (Note (a))	1,284,371	978,751
Increased investment in existing joint ventures	236,000	—
Share of results of joint ventures, net	464,081	(75,696)
A joint venture becoming a subsidiary	(229,873)	—
Dividend from a joint venture	(875,685)	—
At end of period	<b>9,132,231</b>	5,933,100

Note (a):

The investments in new joint ventures primarily included the investment in Shanghai Fengdan Lishe Real Estate Development Co., Ltd. ("Shanghai Fengdan"). On 13 February 2015, Shanghai Sunac Ruifeng Investment Co., Ltd, a wholly owned subsidiary of the Company, acquired a totalling 37.855% equity interests of Shanghai Fengdan from four third party vendors at a total consideration of RMB1,254 million.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 9 Investments accounted for using the equity method *(continued)*

### 9.1 INVESTMENTS IN JOINT VENTURES *(continued)*

Due to the valuation of the identifiable assets and liabilities have not been completed up to the date of this report, following the HKFRS, the Group reported in the interim condensed financial information a provisional amounts of the fair value of the identifiable assets and liabilities, during an allowed measurement period no longer than 1 year. The Group will retrospectively adjust the provisional amounts recognised in the current period to reflect new information obtained about facts and circumstances that existed at the date of obtaining jointly control, which would have affected the measurement of the amounts recognised as of the date.

### 9.2 INVESTMENTS IN ASSOCIATES

The following table analyses, on an aggregate basis, the movement of the carrying amount of the Group's investments in the associates, and the shares of results of these associates.

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
At beginning of period	4,120,926	2,983,527
Investments in a new associate (Note (a))	977,375	—
Share of results of associates, net	(12,210)	356,934
An associate becoming a subsidiary (Note 28(a))	(86,975)	—
Disposal of an associate	(18,406)	—
Dividend from an associate	(1,009,507)	—
At end of period	3,971,203	3,340,461

Note (a):

In February 2015, Shanghai Ronglv Ruijiang Real Estate Co., Ltd. ("Shanghai Ronglv Ruijiang"), a 75.5% owned subsidiary of the Company, acquired 47% equity interest and certain debts of Shanghai Fuyuan Binjiang Development Co., Ltd. ("Shanghai Fuyuan Binjiang") from an independent third party through an opening tendering process at a total consideration of RMB1,575 million, in which RMB977 million was the consideration for the equity interest and RMB598 million was the consideration for the debts. RMB342 million of the consideration for the equity interest has yet paid up to 30 June 2015.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 10 Properties under development (“PUD”)

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Land use rights	20,701,667	24,735,044
Construction costs and capitalized expenditures	8,893,553	7,433,155
Capitalized finance costs	4,608,953	3,637,130
Less: Provision for loss on realisable value	(200,987)	(104,784)
	<b>34,003,186</b>	35,700,545
To be completed within 12 months	12,153,714	12,157,060
To be completed after 12 months	21,849,472	23,543,485
	<b>34,003,186</b>	35,700,545

The PUD are all located in the PRC.

As at 30 June 2015, certain PUD amounted to RMB23,579 million (31 December 2014: RMB23,879 million) were pledged as collateral for the Group's borrowings (Note 18).

## 11 Completed properties held for sale

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Completed properties held for sale, gross	13,186,253	14,406,993
Less: Provision for loss on realisable value	(771,194)	(724,542)
	<b>12,415,059</b>	13,682,451

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

As at 30 June 2015, certain completed properties held for sale amounted to RMB4,562 million (31 December 2014: RMB8,303 million) were pledged as collateral for the Group's borrowings (Note 18).



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 12 Trade and other receivables

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Receivables from equity transaction (Note 1(c))	2,515,083	—
Amount due from non-controlling interests	297,493	1,392,778
Trade receivables (Note (a))	462,471	368,868
Notes receivables	5,511	4,110
Receivables from a disposal of PUD	—	335,000
Other receivables		
– Prepayments to be refunded in respect of the termination of an equity acquisition transaction (Note 1(a))	916,759	—
– Payments on behalf of clients	134,907	140,171
– Deposits	178,397	166,587
– Interests receivable	216,825	—
– Dividend receivable from a joint venture and an associate	945,000	—
– Others	88,941	94,973
Less: Bad debt provision of other receivables	(27,678)	(27,678)
	<b>5,733,709</b>	<b>2,474,809</b>

As at 30 June 2015 and 31 December 2014, the carrying amounts of the Group's trade and other receivables were all denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

Notes:

- (a) In the six months ended 30 June 2015, the Group provided a credit period of 90-365 days to certain customers having good credit standing.

Taking into account of the property sales contract terms, the ageing analysis of trade receivables primarily arising from sales of properties is as follows:

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	373,783	243,987
90-180 days	30,657	52,477
181-365 days	46,133	72,404
Over 365 days	11,898	—
	<b>462,471</b>	<b>368,868</b>

As the Group normally holds collateral of the properties before collection of the outstanding balances and passing the titles to the property purchasers, the Directors are of the view that the Group has no material bad debt risk on the trade receivables and no provision was made as at 30 June 2015 (31 December 2014: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 13 Prepayments

### (A) CURRENT PORTION OF PREPAYMENTS

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Prepaid taxes		
– Land appreciation tax	1,104,537	985,483
– Corporate income tax	906,113	499,671
– Business tax and surcharge	794,009	699,397
Prepayments for land use rights acquisition	165,969	342,109
Prepayments for project development costs	42,948	41,534
	<b>3,013,576</b>	<b>2,568,194</b>

### (B) PREPAYMENTS FOR INVESTMENTS

- (i) As at 30 June 2015, Beijing Sunac Construction Investment Real Estate Co., Ltd, a wholly owned subsidiary of the Company, had a prepayment amounted to RMB1,263.8 million to a third party for the purpose of land use rights acquisitions according to a future development plan of joint development of new projects in Jinan, the PRC.
- (ii) As disclosed in Note 1(c)(vi), Tianjin Sunac Zhidi Co., Ltd (“Sunac Zhidi”) and Tianjin Ao Cheng, wholly owned subsidiaries of the Company, prepaid RMB1,206.29 million for the development of Tianjin National Game Village Project as the business partners.
- (iii) As disclosed in Note 1(c)(iv), the Group has made the deposit amounted to RMB1,055.4 million to Greentown Group, representing 40% of the agreed total consideration of RMB2,638.49 million.
- (iv) In May 2015, Shanghai Sunac Real Estate Development Co., Ltd. (“Shanghai Sunac”) entered into an equity transfer agreement with an independent third party, pursuant to which, Shanghai Sunac agreed to acquire 51% equity interest of Nanjing Foshouhu Architectural Art Development Co., Ltd. (“Nanjing Foshouhu”) at a total cash consideration of RMB506 million. As of 30 June 2015, the transaction has yet to be completed and the related prepayment amounted to RMB400 million was recorded as a prepayment for investments in non-current assets.

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 14 Restricted cash

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Guarantee deposits for bank loans	2,814,327	3,038,476
Restricted cash from presales of properties (Note (a))	1,040,806	1,276,274
Others	494,561	69,395
	<b>4,349,694</b>	<b>4,384,145</b>

Note (a):

In certain subsidiaries of the Company, a portion of the proceeds from pre-sale of properties is saved as guarantee bank deposits in accordance with the municipal regulations and is released in line with certain development progress milestones.

## 15 Share capital

	Number of shares (thousands)	Share capital	
		HK\$'000	Equivalent to RMB'000
<b>Authorised:</b>			
Ordinary shares of HK\$0.1 each			
As at 31 December 2014 and 30 June 2015	10,000,000	1,000,000	
<b>Issued:</b>			
Ordinary shares of HK\$0.1 each			
As at 31 December 2014	3,382,196	338,220	289,963
Shares issued upon exercise of employees' share options (Note (a))	16,602	1,660	1,310
As at 30 June 2015	3,398,798	339,880	291,273

Note (a): The Company adopted a Post-IPO Share Option Scheme on 29 April 2011 and a New Share Option Scheme on 19 May 2014 respectively.

For the six months ended 30 June 2015, 14,380,294 shares in the Post-IPO Share Option Scheme and 2,221,550 shares in the New Share Options Scheme were exercised by the employees, which resulted in an increase of RMB1.31 million in the share capital and RMB42.45 million in share premium (Note 16).

As at 30 June 2015, 51,129,330 shares in the Post-IPO Share Option Scheme and 15,977,850 shares in the New Share Option Scheme were exercisable (31 December 2014: 55,004,228 shares in the Post-IPO Share Option Scheme and 8,782,100 shares in the New Share Option Scheme).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 16 Reserves

	Note	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Six months ended 30 June 2015</b>					
At 1 January 2015		2,555,259	647,742	12,859,974	16,062,975
Total comprehensive income for the period		—	—	951,399	951,399
Transaction with non-controlling interests	27	—	(354,985)	—	(354,985)
Employees share option schemes:					
– Value of employee services		—	11,296	—	11,296
– Exercise of employees' share options	15	42,454	—	—	42,454
At 30 June 2015		2,597,713	304,053	13,811,373	16,713,139
<b>Six months ended 30 June 2014</b>					
At 1 January 2014		3,070,058	43,859	10,206,331	13,320,248
Total comprehensive income for the period		—	—	812,612	812,612
Employees share option schemes:					
– Value of employee services		—	12,317	—	12,317
– Exercise of employees' share options		13,733	—	—	13,733
Statutory reserve		—	339,143	(339,143)	—
At 30 June 2014		3,083,791	395,319	10,679,800	14,158,910

## 17 Trade and other payables

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Trade payables	5,499,027	6,258,615
Notes payables	126,199	765,284
Payables for the equity transaction with Greentown Group (Note 1(c))	2,786,505	—
Amount due to non-controlling interests	1,187,000	3,217,086
Payables for equity transaction consideration	452,806	48,026
Amount due to a joint venture partner (Note a)	350,000	—
Other taxes payable	347,469	312,936
Interests payable	288,635	307,188
Deposits	257,151	34,754
Deed tax advanced from customers	126,478	284,214
Payroll and welfare payables	67,944	186,778
Others	306,122	200,842
	11,795,336	11,615,723

Note (a): It represented the advance from a joint venture partner for the purpose of jointly developing a proposed property project. The proposal was terminated before 30 June 2015 and the corresponding advance was repaid subsequently.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 17 Trade and other payables (continued)

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

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 90 days	1,822,893	3,382,318
90-180 days	240,114	285,542
181-365 days	877,358	744,725
Over 365 days	2,558,662	1,846,030
	<b>5,499,027</b>	<b>6,258,615</b>

## 18 Borrowings

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
<b>Non-current</b>		
Secured,		
– Banks borrowings	13,980,849	16,608,622
– Other borrowings	6,745,580	5,150,000
Senior notes (Note (a))	7,878,987	7,869,165
	<b>28,605,416</b>	<b>29,627,787</b>
Less: Current portion of long-term borrowings (Note (b))	(9,918,248)	(9,083,674)
	<b>18,687,168</b>	<b>20,544,113</b>
<b>Current</b>		
Secured,		
– Banks borrowings	1,572,732	1,514,708
– Other borrowings	949,000	3,195,300
Unsecured,		
– Other borrowings	46,000	46,000
Current portion of long-term borrowings (Note(b))	9,918,248	9,083,674
	<b>12,485,980</b>	<b>13,839,682</b>
<b>Total borrowings</b>	<b>31,173,148</b>	<b>34,383,795</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 18 Borrowings (continued)

### (A) SENIOR NOTES

The Company issued senior notes ("Senior Notes") on the Singapore Exchange Securities Trading Limited, payable semi-annually in arrears. The issued dates, principals and interest rates are shown as below:

Issued dates	Principal USD million	Interest rate
19 October 2012	400	12.5%
5 April 2013	500	9.375%
5 December 2014	400	8.75%
	1,300	

According to the terms of the Senior Notes, at any time and from time to time on or after 16 October 2015, 5 April 2016 and 5 December 2017 respectively, the Company may redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interests, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 16 October, 5 April and 5 December of each of the years indicated below respectively.

The redemption prices are shown as below:

Redemption time	Redemption prices
USD400 million:	
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:	
Prior to 5 April 2016	
– 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%
USD400 million:	
Prior to 5 December 2017	
– Redemption up to 35%	108.75%
– Redemption in whole but not in part (Note (ii))	100%+ customary make-whole premium
5 December 2017 to 31 December 2017	104.4%
2018 and thereafter	102.2%

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 18 Borrowings (continued)

### (A) SENIOR NOTES (continued)

Notes:

- (i) The applicable premium is the greater of (1) 1% of the principal amount and (2) the excess of the present value of the sum of 104.7% of the principal and the scheduled interest cost amount for the period from the redemption date to 5 April 2016 on the redemption date over the principal amount at the redemption date and the fair value of the above early redemption option is not material on initial recognition and as at 30 June 2015.
- (ii) The customary make-whole premium is the greater of (1) 1% of the principal amount and (2) the excess of the present value of the sum of 104.4% of the principal and the accrued and unpaid interest amount for the period from the redemption date to 5 December 2017 on the redemption date over the principal amount at the redemption date and the fair value of the above early redemption option is not material on initial recognition and as at 30 June 2015.

These early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors are of the view that the fair value of the above early redemption option is not material on initial recognition and as at 30 June 2015.

- (B) As at 30 June 2015, RMB4,006 million (31 December 2014: RMB 7,081 million) of borrowings for property development projects will be due for full repayment upon an aggregated 70%~80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB756 million (31 December 2014: RMB1,756 million) of borrowings will be due for repayment during the twelve months ending 30 June 2016 and therefore were included in current liabilities as at 30 June 2015.

- (C) Movements in borrowings are analysed as follows:

	RMB'000
<b>Six months ended 30 June 2015</b>	
Opening amount as at 1 January 2015	34,383,795
Additions in borrowings	11,354,825
Disposal of a subsidiary (Note 29(b))	(1,616,095)
Acquisition of subsidiaries	900,000
Repayments of borrowings	(13,898,156)
Amortization of financial cost	45,389
Exchange loss	3,390
<b>Closing amount as at 30 June 2015</b>	<b>31,173,148</b>
<b>Six months ended 30 June 2014</b>	
Opening amount as at 1 January 2014	28,706,290
Additions in borrowings	9,869,972
Disposal of a subsidiary	(556,000)
Repayments of borrowings	(2,492,154)
Amortization of financial costs	23,705
Exchange loss	75,107
<b>Closing amount as at 30 June 2014</b>	<b>35,626,920</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 18 Borrowings (continued)

(D) As at 30 June 2015, the Group's borrowings totalling RMB31,127 million (31 December 2014: RMB34,338 million) were secured or jointly secured using the Group's properties under development and completed properties held for sale totalling RMB28,141 million (31 December 2014: RMB32,182 million), and the Group's equity interests of certain subsidiaries and restricted cash.

## 19 Expenses by nature

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Costs of completed properties delivered	4,319,723	6,366,667
Business tax and other levies	294,961	521,960
Provision for decline in value of properties	142,855	271,701
Staff costs	215,753	246,517
Advertisement and promotion costs	159,281	120,589
Depreciation and amortisation	11,146	10,585

## 20 Other income and gains

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Gain on disposal of a subsidiary (Note 29)	1,129,390	—
Gain on disposal of an associate (Note (a))	172,967	—
Gain on the debts assignment (Note 1(c)(i))	150,000	—
Gain from business combination (Note 28(a)(2))	137,882	—
Interest income from loans	608,249	—
Government grants	530	18,870
Others	21,567	4,247
	<b>2,220,585</b>	<b>23,117</b>

Note:

(a) As disclosed in Note 1(c)(iii), the Group disposed 45% equity interest of Beijing Xingye Wanfa at the consideration of RMB191.37 million as at 30 June 2015, which resulted in a net gain of RMB172.97 million.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 21 Other expenses and losses

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Loss on disposal of investment properties (Note 8)	81,284	—
Others	21,095	8,982
	<b>102,379</b>	<b>8,982</b>

## 22 Finance income and finance costs

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Finance income</b>		
– Interest income	(83,095)	(213,211)
<b>Finance costs</b>		
Interest costs on		
– borrowings from banks	717,553	622,161
– borrowings from non-bank financial institutions	211,395	589,791
– senior notes	433,225	310,660
	<b>1,362,173</b>	<b>1,522,612</b>
Exchange loss	4,434	61,313
	<b>1,366,607</b>	<b>1,583,925</b>
Less: capitalised interests	(668,030)	(1,074,339)
	<b>698,577</b>	<b>509,586</b>

## 23 Income tax expenses

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Corporate income tax (“CIT”) charge		
– Current income tax	899,165	471,054
– Deferred income tax	(197,116)	(161,743)
	<b>702,049</b>	<b>309,311</b>
Land appreciation tax (“LAT”)	29,490	480,291
	<b>731,539</b>	<b>789,602</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 23 Income tax expenses (continued)

Income tax expense is recognised based on management's estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2015 was 25% (2014: 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the group operates.

No Hong Kong profits tax has been provided as the Group has no profit derived in Hong Kong.

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.

### (A) CIT

Pursuant to the applicable rules and regulations of Cayman Islands and 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 2015 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.

## 24 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	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	951,399	812,612
Weighted-average number of ordinary shares in issue (thousand)	3,389,687	3,327,321

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 24 Earnings per share (continued)

### (B) DILUTED

Diluted earnings per share are 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	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	951,399	812,612
Weighted-average number of ordinary shares in issue (thousand)	3,389,687	3,327,321
Adjusted for share options (thousand)	46,074	43,477
	3,435,761	3,370,798

## 25 Commitments

### (A) PROPERTY DEVELOPMENT EXPENDITURES FOR EXISTING PROPERTY PROJECTS

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
– Contracted but not provided for	5,055,379	4,673,875
– Authorised but not contracted for	22,659,320	30,217,687
	27,714,699	34,891,562

### (B) COMMITMENTS ON EQUITY INVESTMENTS

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
– Contracted but not provided for	1,913,582	1,547,994
– Authorised but not contracted	—	—
	1,913,582	1,547,994

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 26 Contingent liabilities (continued)

### (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 2015 RMB'000	31 December 2014 RMB'000
No later than 1 year	8,124	6,310
Later than 1 year and no later than 10 years	25,261	20,399
	<b>33,385</b>	<b>26,709</b>

## 26 Contingent liabilities

### (A) GUARANTEE ON MORTGAGE FACILITIES

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

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	2,974,174	5,090,815

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.

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

- (B) The Company used its equity investment in one of its subsidiaries to provide the guarantee in respect of bank borrowings of USD153 million and HKD1,615 million of the subsidiary (2014: USD170 million and HKD1,794 million). The directors consider the subsidiaries to be sufficiently financially resourced to settle their obligations.

In addition, the Group had provided guarantees for approximately RMB12.51 billion (31 December 2014: RMB9.57 billion) in its portion of equity interests in certain associates and joint ventures for their borrowings.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 27 Transactions with non-controlling interests

As disclosed in Note 1(b), on 30 June 2015, Tianjin Ao Cheng, a wholly owned subsidiary of the Company, completed an acquisition from Shanghai Sunac Greentown, a 50% owned subsidiary of the Company, of the equity interests of a bunch of Shanghai Sunac Greentown's subsidiaries, joint ventures and associates. Lead Sunny, another wholly owned subsidiary of the Company, completed an acquisition from Sunac Greentown, a 50% owned subsidiary of the Company, of the entire equity interest of its wholly owned subsidiary, Elegant Trend. Accordingly, these transactions resulted in an increase in non-controlling interest of RMB530 million and a decrease in net assets attributable to the owners of the Company of RMB355 million.

## 28 Business combination

As disclosed in Note 1(c), Shanghai Forest Golf became a wholly owned subsidiary of the Company upon the effective completion of the Group's acquisition of an additional 50% equity interest in it from Greentown Group at the consideration of RMB104.54 million.

Prior to the transaction, Shanghai Forest Golf held 39.82% equity interest in Shanghai Haochuan Property Co., Ltd. ("Shanghai Haochuan"), the remaining 60.18% equity interest was held by the Group and Shanghai Haochuan was previously a joint venture of the Company. Upon the completion of the acquisition of Shanghai Forest Golf, Shanghai Haochuan became a wholly owned subsidiary of the Company. The directors of the Company is of the view that the consideration for the acquisition of Shanghai Forest Golf has also covered the value of take-over of the control in Shanghai Haochuan, therefore, the assessment of the financial impact from the business combination was made for Shanghai Forest Golf and Shanghai Haochuan on a combination basis, and is summarized as follows:

### (A) GOODWILL

	RMB'000
Cash consideration of the current acquisition	104,540
Re-measurement of the previously held investment in Shanghai Forest Golf	174,808
Re-measurement of the previously held investment in Shanghai Haochuan	279,922
	<hr/> 559,270
Less:	
Fair value of the 100% equity interest of Shanghai Forest Golf	97,648
Fair value of the 100% equity interest of Shanghai Haochuan	(590,652)
	<hr/> (493,004)
<b>Goodwill</b>	<hr/> <b>66,266</b> <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 28 Business combination (continued)

### (B) GAINS ON RE-MEASUREMENTS OF PREVIOUSLY HELD EQUITY INTERESTS OF SHANGHAI FOREST GOLF AND SHANGHAI HAOCHUAN

	RMB'000
Re-measurement of the previously held investments:	
– Shanghai Forest Golf	174,808
– Shanghai Haochuan	279,922
	454,730
Carrying value of the previously held investments:	
– Shanghai Forest Golf	86,975
– Shanghai Haochuan	229,873
	316,848
Gain on re-measurement	137,882

The fair value of the identifiable assets and liabilities acquired are briefly summarized as follows:

	Shanghai Forest Golf RMB'000	Shanghai Haochuan RMB'000	Total RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	17,450	1,780	19,230
Intangible assets	312	—	312
Deferred income tax assets	87,981	2,343	90,324
<b>Current assets</b>			
Completed properties held for sale	572,977	1,082,797	1,655,774
Properties under development	—	3,495,000	3,495,000
Trade and other receivables	305,985	344,080	650,065
Amounts due from related companies	2,446,595	—	2,446,595
Restricted cash	—	86	86
Cash and cash equivalents	7,775	114,305	122,080
<b>Non-current liabilities</b>			
Borrowings	—	(2,400,000)	(2,400,000)
Deferred income tax liabilities	(234,074)	(659,110)	(893,184)
<b>Current liabilities</b>			
Trade and other payables	(1,560,629)	(692,268)	(2,252,897)
Advanced proceeds from customers	(160,406)	(135,636)	(296,042)
Amounts due to related companies	(1,381,829)	(578,469)	(1,960,298)
Current income tax liabilities	(199,785)	15,744	(184,041)
<b>Net assets/(liabilities)</b>	(97,648)	590,652	493,004
Less: Non-controlling interests	—	—	—
<b>Fair value of the net assets/(liabilities) acquired</b>	(97,648)	590,652	493,004

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 28 Business combination (continued)

### (C) EFFECT ON CASH FLOW

	RMB'000
Cash consideration paid	(41,816)
Cash received	122,080
	<hr/> 80,264 <hr/>

## 29 Disposal of a subsidiary

As disclosed in Note 1(c)(ii), the disposal of the interest in Shanghai Huazhe Bund has been effectively completed on 30 June 2015, the financial impact is summarized as follows:

### (A) GAIN ON THE DISPOSAL

	RMB'000
Consideration satisfied by cash	1,970,285
Carrying value of the equity owned by the Group	(840,895)
	<hr/> 1,129,390 <hr/>

### (B) CARRYING VALUE OF THE EQUITY OWNED BY THE GROUP

	RMB'000
<b>Non-current assets</b>	
Property, plant and equipment	1,623
Deferred income tax assets	85,793
<b>Current assets</b>	
Properties under development	7,101,570
Completed properties held for sale	103,123
Trade and other receivables	338,877
Amounts due from related companies	57,912
Restricted cash	234,492
Cash and cash equivalents	495,384
<b>Non-current liabilities</b>	
Borrowings	(1,616,095)
Deferred income tax liabilities	(2,399,302)
<b>Current liabilities</b>	
Trade and other payables	(669,761)
Advanced proceeds from customers	(2,299,738)
Current income tax liabilities	(160,724)
	<hr/>
<b>Net assets</b>	1,273,154
Less: Non-controlling interests	(432,259)
	<hr/>
<b>Carrying value of the equity owned by the Group</b>	<hr/> 840,895 <hr/>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 29 Disposal of a subsidiary (continued)

### (C) EFFECT ON CASH FLOW

Cash consideration received	788,114
Cash disposed	(495,384)
	292,730

## 30 Related party transactions

### (A) NAME AND RELATIONSHIP WITH RELATED PARTIES

Name	Relationship
Sunac International	Largest shareholder of the Company
Mr. Sun Hongbin	The controlling shareholder of Sunac International and the chairman of the Board of Directors of the Company

### (B) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial information, the Group had the following significant transactions entered into the ordinary course of business between the Group and the related parties:

#### (i) Funds advance

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
– Cash paid to joint ventures and associates	(9,629,189)	(10,738,327)
– Cash received from joint ventures and associates	9,702,255	15,064,180
	73,066	4,325,853

#### (ii) Interest income

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Interest income from joint ventures	402,873	154,029
Interest income from associates	5,474	3,450
	408,347	157,479



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 30 Related party transactions (continued)

### (C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Salaries and other short-term benefits	5,065	5,405
Share-based payments	2,836	4,640
	<b>7,901</b>	<b>10,045</b>

### (D) RELATED PARTIES BALANCES

	As at	
	30 June 2015 RMB'000	31 December 2014 RMB'000
Amounts due from joint ventures		
– Interest free	8,661,845	8,420,552
– Bearing interest	4,169,133	7,337,671
– Interest receivable	1,077,579	746,931
	<b>13,908,557</b>	<b>16,505,154</b>
Amounts due from associates		
– Interest free	463,903	1,420,043
– Bearing interest	34,765	—
– Interest receivable	79,689	74,221
	<b>578,357</b>	<b>1,494,264</b>
	<b>14,486,914</b>	<b>17,999,418</b>
Amounts due to joint ventures	13,159,593	14,070,108
Amounts due to associates	3,778,772	6,643,811
	<b>16,938,365</b>	<b>20,713,919</b>

The amounts due from joint ventures and associates have no fixed repayment date, bearing interest rate at 6.35% to 12% per annum for the six months ended 30 June 2015.

The amounts due to joint ventures and associates are unsecured, interest-free and repayable on demand.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2015

## 31 Dividend

A final dividend of RMB644.4 million relating to the year ended 31 December 2014 was paid in August 2015 (RMB635.7 million relating to 2013 final dividend paid in 2014).

No interim dividend for the six months ended 30 June 2015 was proposed by the Board (six months ended 30 June 2014: Nil).

## 32 Events after the balance sheet date

- (A) On 9 July 2015, the Board granted an aggregate of 33,267,000 share options (the "Share Options") to certain Directors and employees of the Group (collectively, the "Grantees"), subject to acceptance of the Grantees, under its share option scheme adopted on 19 May 2014. The Share Options will enable the Grantees to subscribe for an aggregate of 33,267,000 new Shares of HK\$0.1 each, representing approximately 1% of the issued share capital of the Company as at the date of this report. Details of the Share Options are set out in the announcement of the Company dated 9 July 2015.
- (B) On 24 July 2015, a wholly-owned subsidiary of the Company, Ease Success Holdings Limited, as purchaser, entered into an acquisition agreement with, among others, an independent third party Marvel Leader Investments Limited ("Marvel Leader"), as vendor to acquire the entire issued shares in Joyview Group Limited ("Joyview"), which is developing a property project in Chengdu, the PRC, through its 80% owned subsidiary Chengdu Guojia Zhide Real Estate Co., Ltd., ("Chengdu Guojia"), at the consideration of approximately RMB1,795 million and the outstanding shareholder's loan in the aggregate amount of HK\$1,215.88 million (equivalent to approximately RMB960.54 million) owing by Joyview to Marvel Leader (the "First Acquisition"). The total consideration for the First Acquisition is RMB2,755.55 million. On the same date, another wholly owned subsidiary of the Company, Chongqing Sunac Jiye Real Estate Development Co. Ltd., entered into an acquisition agreement with Sichuan Guojia Real Estate Co. Ltd. ("Sichuan Guojia") to acquire the remaining 20% equity interest of Chengdu Guojia at the consideration of RMB425.2 million and the outstanding shareholder's loan and interest accrued thereon in the aggregate amount of RMB24.8 million owing by Chengdu Guojia to Sichuan Guojia (the "Second Acquisition"). The total consideration for the Second Acquisition is RMB450 million. Accordingly, the total aggregate consideration for the First Acquisition and Second Acquisition amounts to RMB3,205.55 million. Chengdu Guojia will become a wholly owned subsidiary of the Company upon the completion of the First Acquisition and Second Acquisition, details of which are set out in the announcement of the Company dated 26 July 2015. As at the date of this report, the acquisitions have yet to be completed.
- (C) On 14 August 2015, pursuant to the approval issued by the China Securities Regulatory Commission on 4 August 2015, Sunac Zhidi issued non-guaranteed domestic corporate bond in the principal amount of RMB5 billion with a term of 5 years. The fixed coupon rate of the bond is from 4.5% to 5.7% per annum.

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