



2016

INTERIM REPORT
中期報告

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

About SUNAC

關於 融創

Sunac China Holdings Limited (the “Company” or “our Company”, and together with its subsidiaries collectively referred to as the “Group”), is specialised in the integrated development of residential and commercial properties, and the Company is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in first-tier cities and core second-tier cities across the PRC.

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 the leader of the real estate industry in China, the Company’s pursuit of high-quality products and services never ends. It is always committed to providing a desirable, elegant life experience to its customers through quality products and services. With its accurate judgment of market trends, keen in-sights into consumer demands and emphasis on high product quality, the Company is ready to adopt cutting-edge concepts at the right time to design and develop its projects, and has created an advanced quality control and supervisory system.

融創中國控股有限公司（簡稱：「本公司」，連同其附屬公司統稱為「本集團」）為中國的領先房地產發展商之一，專業從事住宅及商業地產綜合開發。本公司堅持區域聚焦和高端精品發展戰略，在中國的一線城市和核心二線城市擁有眾多已發展或發展中的優質地產項目，項目涵蓋高層住宅、別墅、商業、寫字樓等多種物業類型。

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，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*)
Mr. Wang Mengde (*Chief Executive Officer*)
Mr. Jing Hong
Mr. Chi Xun
Mr. Shang Yu
Mr. Li Shaozhong

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

Ms. Mok Ming Wai
Mr. Gao Xi

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

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Binshuixi Road, Nankai District
Tianjin 300381
The 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

Bank of China
Agricultural Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Ping An Bank
China CITIC Bank
China Merchants Bank
Shanghai Pudong Development Bank
China Bohai Bank
HSBC
Hang Seng Bank Limited

STOCK CODE

1918

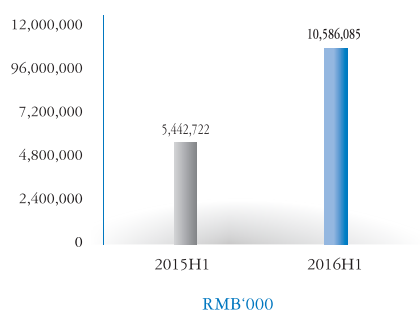
COMPANY'S WEBSITE

www.sunac.com.cn

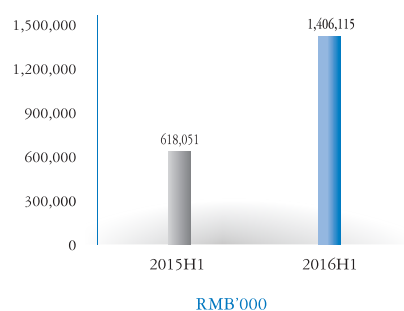
FINANCIAL SUMMARY

| | For the six months ended 30 June (Unaudited) | | Up/(Down) |
|----------------------------------------------|----------------------------------------------------|-----------------|-----------|
| | 2016 RMB'000 | 2015 RMB'000 | |
| Revenue | 10,586,085 | 5,442,722 | 95% |
| Gross profit | 1,406,115 | 618,051 | 128% |
| Operating profit | 2,162,861 | 2,152,813 | 0.5% |
| Profit for the period | 102,770 | 1,257,663 | (92%) |
| Profit attributable to owners of the Company | 72,935 | 951,399 | (92%) |
| Earnings per share | | | |
| – Basic (RMB) | 0.02 | 0.28 | (93%) |
| – Diluted (RMB) | 0.02 | 0.28 | (93%) |

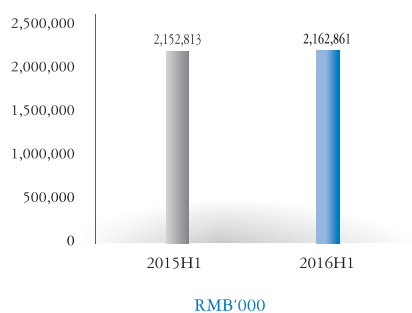
Revenue



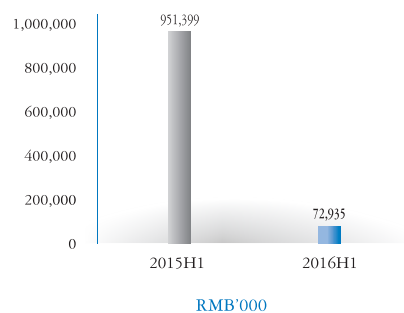
Gross profit



Operating profit



Profit attributable to owners of the Company



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

REVENUE

Revenue of the Group for the six months ended 30 June 2016 was generated substantially 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.

For the six months ended 30 June 2016, the Group mainly focused on the development of real estate properties in the core first- and second-tier cities of the PRC, including the Beijing region (covering cities such as Beijing, Jinan and Taiyuan), the Tianjin region (covering cities such as Tianjin, Xi'an and Zhengzhou), the Shanghai region (covering cities such as Shanghai, Nanjing, Suzhou, Wuxi and Changzhou), the Chengdu and Chongqing region (covering cities such as Chongqing and Chengdu), the Southeast region (covering cities such as Hangzhou, Hefei and Ningbo), the Guangzhou and Shenzhen region (covering cities such as Guangzhou, Shenzhen, Foshan and Dongguan), Wuhan and Hainan.

Total revenue of the Group for the six months ended 30 June 2016 amounted to approximately RMB10,586.1 million, representing an increase of approximately 94.5% comparing with the total revenue of approximately RMB5,442.7 million for the six months ended 30 June 2015.

For the six months ended 30 June 2016, the total revenue from subsidiaries, joint ventures and associates of the Group was approximately RMB19,963.5 million (for the six months ended 30 June 2015: approximately RMB15,725.2 million), of which approximately RMB15,224.6 million was attributable to owners of the Company, representing an increase of approximately 78.6% as compared to approximately RMB8,524.0 million for the six months ended 30 June 2015.

The following table sets forth certain details of the revenue:

| | Six months ended 30 June | | | |
|--------------------------------------------------|--------------------------|---------------|------------------|---------------|
| | 2016 | | 2015 | |
| | RMB'000 | % | RMB'000 | % |
| Revenue from sales of properties | 10,330,591 | 97.59 | 5,221,649 | 95.94 |
| Property management service income and others | 255,494 | 2.41 | 218,058 | 4.00 |
| Rental income from investment properties | — | — | 3,015 | 0.06 |
| Total | 10,586,085 | 100.00 | 5,442,722 | 100.00 |
| Total gross floor area ("GFA") delivered (sq.m.) | 629,364 | | 283,574 | |
| Average selling prices sold (RMB per sq.m.) | 16,414 | | 18,414 | |

Revenue from sales of properties for the six months ended 30 June 2016 increased by approximately RMB5,108.9 million (or approximately 97.8%) as compared with the amount for the six months ended 30 June 2015. Total area of properties delivered for the six months ended 30 June 2016 increased by approximately 345,790 square metres (or approximately 121.9%), which was the major reason for the increase in revenue from sales of properties. This was mainly attributed to the commencement of the delivery of properties in the Hangzhou and Chengdu regions by the Group to property purchasers.

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.

For the six months ended 30 June 2016, cost of sales of the Group amounted to approximately RMB9,180.0 million, representing an increase of approximately RMB4,355.3 million (or approximately 90.3%) as compared with approximately RMB4,824.7 million for the six months ended 30 June 2015. The increase in cost of sales was primarily in line with the increase in GFA delivered by the Group.

GROSS PROFIT

For the six months ended 30 June 2016, gross profit of the Group was approximately RMB1,406.1 million, representing an increase of approximately RMB788.0 million as compared with gross profit of approximately RMB618.1 million for the six months ended 30 June 2015. The increase in gross profit was primarily due to the increase in GFA delivered by the Group and the increase in sales revenue.

For the six months ended 30 June 2016, gross margin of the Group was approximately 13.3%, representing an increase of approximately 1.9 percentage points as compared with gross margin of approximately 11.4% for the six months ended 30 June 2015. Excluding the impact of fair value re-measurement and provision for impairment of the properties, the Group's gross margin was approximately 20.9% for the six months ended 30 June 2016, representing a decrease of approximately 2.7 percentage points as compared with approximately 23.6% for the six months ended 30 June 2015. This was mainly attributed to a decrease in the proportion of revenue from properties with relatively high gross margins in Beijing and Shanghai to total revenue from properties for the six months ended 30 June 2016.

In addition, for the six months ended 30 June 2016, the total gross profit of subsidiaries, joint ventures and associates of the Group was approximately RMB2,465.0 million, of which approximately RMB1,967.3 million was attributable to owners of the Company. For the six months ended 30 June 2015, the total gross profit of subsidiaries, joint ventures and associates of the Group was approximately RMB2,972.0 million, of which approximately RMB1,445.3 million was attributable to owners of the Company.

SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

Selling and marketing costs of the Group increased by approximately 11.9% to approximately RMB318.5 million for the six months ended 30 June 2016 from approximately RMB284.6 million for the six months ended 30 June 2015. This was mainly attributed to the expanded scale of sales of the Group for the period and the relevant expenses and costs newly incurred by the Group in newly developed regions.

Administrative expenses of the Group increased by approximately 41.1% to approximately RMB421.5 million for the six months ended 30 June 2016 from approximately RMB298.8 million for the six months ended 30 June 2015. Apart from the increase in administrative expenses resulting from expansion to new areas by the Group, the increase was mainly attributed to the provision for bad debts of receivables of approximately RMB30.0 million made by the Group out of prudence, and an increase in staff costs in the form of share options for the six months ended 30 June 2016.

OTHER INCOME AND GAINS

Other income and gains of the Group decreased by approximately RMB669.2 million to approximately RMB1,551.4 million for the six months ended 30 June 2016 from approximately RMB2,220.6 million for the six months ended 30 June 2015, which was mainly attributable to the following:

- (i) a decrease of approximately RMB1,418.1 million in gain from disposal of equity interest in subsidiaries and equity interest and debt interest in associates, and an increase of approximately RMB883.3 million in gain from business combination and acquisition of equity interest in joint ventures; and
- (ii) a decrease in interest income from joint ventures and associates of the Group in the amount of approximately RMB186.6 million.

OTHER EXPENSES AND LOSSES

The Group's other expenses and losses decreased by approximately RMB47.8 million to approximately RMB54.6 million for the six months ended 30 June 2016 from approximately RMB102.4 million for the six months ended 30 June 2015, primarily attributable to the loss of approximately RMB81.3 million resulting from the disposal of investment properties included in other expenses and losses for the six months ended 30 June 2015.

OPERATING PROFIT

As a result of the analysis above, the Group's operating profit increased by approximately RMB10.1 million to approximately RMB2,162.9 million for the six months ended 30 June 2016 from approximately RMB2,152.8 million for the six months ended 30 June 2015, which was primarily due to:

- (i) an increase in gross profit of approximately RMB788.0 million;
- (ii) a decrease in other income and gains of approximately RMB669.2 million and a decrease in other expenses and losses of approximately RMB47.8 million; and
- (iii) an increase in operating expenses of approximately RMB156.6 million.

FINANCE COSTS

The Group's finance costs increased by approximately RMB880.1 million to approximately RMB1,578.7 million for the six months ended 30 June 2016 from approximately RMB698.6 million for the six months ended 30 June 2015, which was mainly attributed to:

- (i) the impact of exchange rate fluctuations in the market, leading to substantial increase in the net exchange loss of the Group from approximately RMB4.4 million for the six months ended 30 June 2015 to approximately RMB376.0 million for the six months ended 30 June 2016;

MANAGEMENT DISCUSSION AND ANALYSIS

- (ii) a decrease in the capitalization ratio of finance cost, leading to an increase in expensed finance cost of approximately RMB508.6 million (including other financing costs of approximately RMB224.1 million incurred in relation to the early redemption of senior notes and expensed interest expenses of approximately RMB284.5 million) from approximately RMB694.1 million for the six months ended 30 June 2015 to approximately RMB1,202.7 million for the six months ended 30 June 2016. The decrease in the capitalization ratio of finance cost was mainly attributed to the fact that cash inflows generated from operations were used by the Group for making payments in respect of the acquisition of equity interests and the operational input to the joint ventures and associates of the Group and were not used to reduce the size of borrowings. Although the decrease in the interest capitalization ratio will increase the amount of interest expenses for the current period, it will reduce the finance cost contained in the cost of sales during future periods, thereby increasing the gross profit for future periods.

In addition, the total interest cost increased by approximately RMB283.3 million from approximately RMB1,362.2 million for the six months ended 30 June 2015 to approximately RMB1,645.5 million for the six months ended 30 June 2016, mainly due to the increase in the amount of borrowings of the Group.

The weighted-average effective interest rate of the Group decreased from approximately 7.7% for the six months ended 30 June 2015 to approximately 6.36% for the six months ended 30 June 2016. The weighted-average effective interest rate of newly increased borrowings was approximately 6.06%. The Group realised continued optimization of debt structure and continued decline in weighted-average effective interest rate through diversification of financing channels, control of refinancing costs and replacement of existing high-cost borrowings.

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

The Group recognised a share of net loss from investments accounted for using equity method of approximately RMB235.5 million for the six months ended 30 June 2016 as compared to a net post-tax profit of approximately RMB451.9 million for the six months ended 30 June 2015. The decrease was mainly attributed to a decline in the proportion of the sales revenue recorded by joint ventures and associates for properties with relatively high gross margins (mainly including Beijing Jinmao Residence and Jinmao Palace, Tianjin Horizon Capital) to the overall sales revenue from properties of joint ventures and associates for the six months ended 30 June 2016 resulting in a decrease in the overall operating profit recorded by the joint ventures and associates of the Group as compared to the six months ended 30 June 2015. In addition, for the six months ended 30 June 2016, the Group established relatively large number of new joint ventures and associates. These companies did not record any sales revenue as they had not reached the property delivery stage and suffered from losses as they only recorded operating expenses, which resulted in a decrease in share of net post-tax profits of investments accounted for using equity method of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PROFIT

Because of a substantial increase in finance costs resulting from the deterioration of exchange losses and a decreased capitalization ratio, the Group's profit attributable to owners of the Company decreased to approximately RMB72.9 million for the six months ended 30 June 2016 from approximately RMB951.4 million for the six months ended 30 June 2015.

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

| | Six months ended 30 June | |
|-----------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Profit for the period | 102,770 | 1,257,663 |
| Attributable to: | | |
| Owners of the Company | 72,935 | 951,399 |
| Holders of perpetual capital securities | 2,361 | — |
| Non-controlling interests | 27,474 | 306,264 |
| | 102,770 | 1,257,663 |

Excluding the impact of the gain from acquisition of equity interests, net exchange loss and impairment provision for properties, the Group's core profit attributable to owners of the Company amounted to a loss of approximately RMB394.9 million for the six months ended 30 June 2016 as compared with a profit of approximately RMB1,003.0 million for the six months ended 30 June 2015.

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) increased by approximately 48.4% to approximately RMB40,147.5 million as at 30 June 2016 from approximately RMB27,058.3 million as at 31 December 2015, of which non-restricted cash increased to approximately RMB28,337.6 million as at 30 June 2016 from approximately RMB22,687.3 million as at 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

The increase in non-restricted cash was principally attributable to:

- (i) the net cash outflow of approximately RMB2,785.1 million from operating activities, which was attributed to the increase in purchases of land by the Group for the expansion of the business scale;
- (ii) the net cash outflow of approximately RMB11,343.8 million from investing activities which was mainly attributable to the new projects in Beijing, Shanghai, Suzhou, Nanjing, Wuhan and Zhengzhou obtained by the Group through direct investment and the acquisition of equity interests;
- (iii) the net cash inflow of approximately RMB19,838.2 million from financing activities which was primarily due to the net inflow (inclusive of the conversion of non-restricted cash to restricted cash as a result of borrowings) of approximately RMB22,528.1 million from borrowings.

Currently, the Group has sufficient working capital which is at a healthy and safe level with adequate ability to resist risks and is sufficient to support the business growth in foreseeable future.

BORROWINGS AND COLLATERALS

The Group had total borrowings of approximately RMB62,798.5 million as at 30 June 2016, representing an increase of approximately RMB20,999.9 million from approximately RMB41,798.6 million as at 31 December 2015. The increase was mainly attributable to the issuance of new corporate bonds during the period leading to an increase of approximately RMB14,951.1 million in total borrowings, while other borrowings led to an increase of approximately RMB6,048.8 million in total borrowings.

As at 30 June 2016, approximately RMB41,831.0 million of the Group's total borrowings (as at 31 December 2015: approximately RMB35,785.6 million) were secured or jointly secured by the Group's properties under development and completed properties held for sale (totaling approximately RMB34,372.0 million (as at 31 December 2015: approximately RMB23,841.5 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 2016, the net debt to total assets ratio of the Group was approximately 14.7%, as compared to approximately 12.8% as of 31 December 2015.

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 2016, the gearing ratio of the Group is approximately 46.0%, as compared to approximately 43.2% as at 31 December 2015.

Net gearing ratio is calculated as net debt divided by total equity. As at 30 June 2016, the net gearing ratio of the Group was approximately 85.1% as compared with approximately 75.9% as at 31 December 2015.

The Group considers the above financial ratios remain at a healthy, safe and controllable 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 2016 RMB' million | As at 31 December 2015 RMB' million |
|-----------------------|------------------------------------------|----------------------------------------------|
| Floating rates | | |
| Less than 12 months | 9,554 | 5,751 |
| 1 to 5 years | 6,029 | 12,182 |
| Sub-total | 15,583 | 17,933 |
| Fixed rates | | |
| Less than 12 months | 15,094 | 8,833 |
| 1 to 5 years | 32,121 | 15,033 |
| Sub-total | 47,215 | 23,866 |
| Total | 62,798 | 41,799 |

As at 30 June 2016, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group monitors its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

MANAGEMENT DISCUSSION AND ANALYSIS

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, senior notes and foreign syndicated loans denominated in US dollars, Euro or HK dollars, the Group faces foreign exchange risk. Affected by the exchange rate fluctuations in the market, the Group recorded net exchange loss of approximately RMB376.0 million for the six months ended 30 June 2016 (for the six months ended 30 June 2015: approximately RMB4.4 million). However, the Group's operating cash flow and liquidity are not subject to significant effect from fluctuations in exchange rates. The Group has continued to closely track and manage its exposure to fluctuation in foreign exchange rates and has adopted certain currency hedging arrangements against exchange rate fluctuation risks during the six months ended 30 June 2016. In addition, the Group reduced the borrowing balance denominated in foreign currencies as a percentage of the total borrowing balance from 46% as at 31 December 2015 to 18% as at 30 June 2016 through the continued optimization of its debt structure during the six months ended 30 June 2016, thereby reducing the foreign exchange risk to which it is exposed.

CONTINGENT LIABILITIES

The Group provides 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 2016, the amount was approximately RMB7,649.6 million as compared to approximately RMB4,879.8 million as at 31 December 2015. Such guarantees are terminated 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 Highlights

SUMMARY OF PRINCIPAL PROPERTIES

As at 30 June 2016, the Group has been engaging in a total of 132 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 2016.

| Project Summary as of 30 June 2016 | | | | | | | |
|------------------------------------|----------|-------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
| Sunac West Chateau | Beijing | Mid-rise apartments, retail properties and car parks | 190,665 | 447,804 | 334,892 | October 2015 | 100.0% |
| Yao Jinmao Residence | Beijing | High-rise apartments, retail properties and car parks | 84,684 | 253,074 | 169,941 | September 2014 | 49.0% |
| Wangjing Jinmao Palace | Beijing | High-rise apartments, retail properties and car parks | 54,485 | 154,156 | 125,220 | July 2017 | 49.0% |
| Fontainebleau Chateau | Beijing | High-rise apartments, townhouses, retail properties and car parks | 131,629 | 403,441 | 340,987 | January 2016 | 49.5% |
| Glory Chateau | Beijing | High-rise and mid-rise apartments, townhouses, detached villas and car parks | 183,531 | 467,888 | 346,581 | December 2017 | 51.0% |
| Beijing One Sino Park | Beijing | Mid-rise apartments and car parks | 25,210 | 100,843 | 72,980 | December 2016 | 81.9% |
| Chang'an Image | Beijing | High-rise apartments, serviced apartments, retail properties and car parks | 101,831 | 490,251 | 370,479 | October 2019 | 48.0% |
| Mentougou New Town | Beijing | Serviced apartments, retail properties and car parks | 33,987 | 151,815 | 129,787 | June 2017 | 71.0% |
| One Central | Beijing | High-rise apartments, retail properties, offices and car parks | 14,297 | 118,964 | 109,675 | December 2016 | 40.0% |
| Beijing One Sino Manor | Beijing | Detached villas, retail properties and car parks | 596,029 | 415,140 | 371,198 | June 2019 | 51.0% |
| Yanqihu Project | Beijing | Detached villas | 359,309 | 259,471 | 117,870 | October 2021 | 49.0% |
| Fortune Center | Jinan | High-rise and mid-rise apartments, retail properties and car parks | 156,081 | 649,255 | 639,610 | September 2020 | 60.0% |
| Sino-Singapore | Jinan | High-rise apartments, retail properties and car parks | 258,586 | 772,247 | 770,806 | December 2019 | 60.0% |
| Fortune Peak | Jinan | High-rise apartments, retail properties, offices, serviced apartments and car parks | 106,913 | 479,717 | 479,717 | January 2021 | 60.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|-------------------------------|----------|--------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Cambridge Mansion | Jinan | High-rise apartments, retail properties and car parks | 33,421 | 148,681 | 139,941 | March 2017 | 60.0% |
| B3 Project | Jinan | Retail properties, offices, serviced apartments and car parks | 17,604 | 131,695 | 127,387 | July 2021 | 60.0% |
| Metro One | Taiyuan | High-rise apartments, retail properties, serviced apartments | 80,399 | 467,699 | 320,958 | December 2017 | 70.0% |
| Sunac Xuefu Yihao | Taiyuan | High-rise apartments, retail properties | 98,379 | 413,247 | 323,774 | December 2018 | 100.0% |
| Sunac Magnetic Capital | Tianjin | High-rise apartments, retail properties, offices, serviced apartments and car parks | 460,840 | 1,247,860 | 1,188,679 | December 2013 | 100.0% |
| Sunac Mind-Land International | Tianjin | High-rise apartments, detached villas, retail properties and car parks | 497,501 | 813,704 | 751,224 | December 2012 | 100.0% |
| Sunac Glorious Mansion | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 121,412 | 304,032 | 304,032 | December 2013 | 100.0% |
| Sunac Central Academy | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 268,421 | 761,621 | 703,812 | December 2016 | 100.0% |
| Sunac PL Du Pantheon | Tianjin | High-rise apartments, townhouses, retail properties and car parks | 70,600 | 244,491 | 226,986 | December 2014 | 100.0% |
| Horizon Capital | Tianjin | High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks | 111,446 | 391,085 | 384,916 | October 2017 | 49.0% |
| Tianjin Dream of Mansion | Tianjin | Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks | 120,059 | 241,876 | 220,371 | April 2018 | 50.0% |
| Sunac Binhai Center | Tianjin | Retail properties, offices, serviced apartments and car parks | 17,161 | 209,687 | 202,501 | December 2019 | 80.0% |
| Orchid Garden | Tianjin | High-rise and mid-rise apartments, retail properties, serviced apartments and car parks | 15,742 | 95,697 | 84,841 | September 2016 | 47.0% |
| R3 Project | Tianjin | Retail properties, serviced apartments and car parks | 121,214 | 447,919 | 447,919 | June 2021 | 47.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|-----------------------------------|----------|--------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| River and Sea | Tianjin | High-rise apartments, retail properties and car parks | 59,660 | 282,864 | 282,864 | March 2019 | 47.0% |
| Sunac Bay Island | Tianjin | High-rise and mid-rise apartments, townhouses, retail properties, offices, serviced apartments and car parks | 248,119 | 602,656 | 568,740 | September 2019 | 54.0% |
| Sunac Top Mansion of the Dongting | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 109,537 | 269,124 | 244,166 | December 2015 | 100.0% |
| Tiantuo Project | Tianjin | High-rise apartments, retail properties, offices, serviced apartments and car parks | 370,698 | 1,323,601 | 1,270,083 | December 2018 | 80.0% |
| Tiantuo North Project | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 56,791 | 294,209 | 292,367 | March 2018 | 80.0% |
| Tianjin Majestic Mansion | Tianjin | Mid-rise apartments and car parks | 60,088 | 97,634 | 95,092 | December 2016 | 40.8% |
| The National Village | Tianjin | High-rise and mid-rise apartments, retail properties, townhouses and car parks | 321,417 | 942,054 | 866,997 | December 2019 | 39.2% |
| Sunac City | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 261,350 | 668,671 | 650,993 | October 2019 | 75.0% |
| Sunac Tianjin Glorious Garden | Tianjin | High-rise and mid-rise apartments, retail properties and car parks | 164,957 | 470,420 | 423,233 | June 2019 | 60.0% |
| Master Classic | Xi'an | High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks | 20,141 | 258,240 | 241,502 | June 2018 | 54.5% |
| Xi'an Dream of Mansion | Xi'an | High-rise and mid-rise apartments, retail properties and car parks | 99,491 | 312,361 | 277,501 | October 2018 | 56.0% |
| Xi'an Orchid Garden | Xi'an | High-rise and mid-rise apartments, retail properties and car parks | 15,588 | 111,642 | 102,479 | July 2018 | 56.0% |
| Lanyuefu Kaicheng | Xi'an | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 144,502 | 284,201 | 255,433 | October 2020 | 11.2% |
| Lanyuefu Kairui | Xi'an | High-rise apartments, townhouses, retail properties and car parks | 53,067 | 173,917 | 156,029 | July 2018 | 53.2% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|--------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Lanyuefu Kaiyueshangye | Xi'an | Retail properties, serviced apartments and car parks | 33,271 | 87,640 | 82,179 | September 2021 | 16.8% |
| Gaoxin Glorious Garden | Xi'an | High-rise and mid-rise apartments, retail properties, serviced apartments and car parks | 38,371 | 207,070 | 186,163 | June 2018 | 56.0% |
| Elephant Lake King Mansion | Zhengzhou | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 258,139 | 839,266 | 676,179 | December 2019 | 70.0% |
| Sunac One Guanland | Zhengzhou | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 142,854 | 506,290 | 487,042 | November 2018 | 80.0% |
| Zhengzhou Master Classic | Zhengzhou | High-rise and mid-rise apartments, retail properties and car parks | 116,082 | 486,101 | 365,629 | March 2019 | 51.0% |
| Dahe Chenyuan | Zhengzhou | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 60,427 | 129,200 | 126,440 | September 2018 | 36.7% |
| Zhengdongxinqu Land Plot | Zhengzhou | High-rise apartments | 13,340 | 40,140 | 40,140 | May 2018 | 20.0% |
| Sunac Olympic Garden | Chongqing | High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks | 1,713,641 | 2,576,975 | 2,074,048 | December 2015 | 100.0% |
| Sunac Eton Manor | Chongqing | High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks | 179,204 | 405,901 | 303,940 | December 2014 | 100.0% |
| Sunac Guardian Manor | Chongqing | High-rise apartments, townhouses, retail properties, serviced apartments and car parks | 159,793 | 563,089 | 382,715 | December 2015 | 100.0% |
| Versails | Chongqing | High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks | 397,844 | 1,370,245 | 972,580 | June 2018 | 81.0% |
| Sunac Asia Pacific Enterprise Valley | Chongqing | High-rise apartments, serviced apartments, retail properties, offices and car parks | 118,912 | 744,236 | 576,236 | December 2013 | 100.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|-----------------------------------------|-----------|-------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Sunac The European Garden for City-West | Chongqing | High-rise and mid-rise apartments, townhouses, serviced apartments, retail properties and car parks | 499,325 | 1,292,900 | 944,553 | December 2021 | 100.0% |
| Powpre Fontainebleau | Chongqing | Townhouses, detached villas, retail properties and car parks | 147,400 | 147,946 | 126,019 | June 2019 | 90.0% |
| Hastin Avenue | Chongqing | High-rise apartments, retail properties and car parks | 75,258 | 484,125 | 328,405 | June 2019 | 51.0% |
| The European Garden for City - East | Chongqing | High-rise and mid-rise apartments, townhouses, detached villas, retail properties, serviced apartments and car parks | 834,509 | 2,119,885 | 1,527,128 | December 2024 | 51.0% |
| Chongqing Rose Garden | Chongqing | Detached villas, retail properties and car parks | 135,179 | 169,678 | 129,736 | December 2018 | 90.0% |
| EXPO City | Chongqing | High-rise and mid-rise apartments, townhouses, detached villas, serviced apartments, offices, retail properties and car parks | 583,136 | 1,514,317 | 1,044,934 | December 2019 | 51.0% |
| Camb Garden | Chongqing | High-rise apartments, townhouses, retail properties, serviced apartments and car parks | 138,735 | 483,101 | 317,890 | December 2018 | 49.0% |
| Binjiang Yihao | Chongqing | High-rise and mid-rise apartments, retail properties, serviced apartments and car parks | 95,974 | 503,193 | 340,311 | December 2019 | 50.1% |
| Sunac Sky Villa | Chengdu | High-rise apartments, retail properties and car parks | 108,166 | 454,893 | 410,003 | June 2016 | 100.0% |
| Sunac Sky Villa Condominiums | Chengdu | High-rise apartments, retail properties and car parks | 29,592 | 123,210 | 116,879 | June 2016 | 100.0% |
| Sunac Guanghua Center | Chengdu | High-rise apartments, retail properties, offices and car parks | 76,089 | 366,892 | 343,183 | April 2015 | 100.0% |
| Sunac Villa Royale | Chengdu | Townhouses, detached villas, retail properties and car parks | 205,254 | 271,819 | 270,127 | September 2018 | 100.0% |
| Sunac Nano Residence | Chengdu | High-rise apartments, retail properties, offices and car parks | 16,833 | 112,590 | 103,086 | January 2020 | 100.0% |
| Sunac Residence du Lac | Chengdu | High-rise apartments, retail properties and car parks | 99,893 | 398,797 | 374,737 | September 2018 | 100.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|------------------------------------------|----------|--------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Sunac Residence Du Paradis | Chengdu | High-rise apartments, retail properties and car parks | 99,609 | 814,951 | 753,955 | December 2018 | 100.0% |
| Sunac Fairview House | Chengdu | High-rise apartments, retail properties and car parks | 11,851 | 87,032 | 79,763 | March 2016 | 100.0% |
| Sunac Dianxin Road Project | Chengdu | High-rise apartments, retail properties and car parks | 11,858 | 91,205 | 84,100 | September 2019 | 100.0% |
| Dream Of Mansion | Chengdu | High-rise apartments, retail properties and car parks | 37,757 | 215,156 | 202,977 | December 2017 | 70.0% |
| Sunac Kaixuan Dongan | Chengdu | High-rise and mid-rise apartments, retail properties and car parks | 56,735 | 225,834 | 202,963 | March 2018 | 60.0% |
| Sunac Shanghai Magnolia Garden | Shanghai | High-rise and mid-rise apartments and car parks | 58,163 | 126,092 | 116,738 | June 2013 | 100.0% |
| Shanghai Magnolia Garden-Glorious Garden | Shanghai | High-rise and mid-rise apartments, retail properties and car parks | 72,803 | 162,914 | 146,726 | June 2015 | 49.0% |
| Shanghai Magnolia Mansion | Shanghai | High-rise and mid-rise apartments, retail properties and car parks | 60,206 | 117,715 | 98,172 | January 2016 | 50.0% |
| Sunac Shanghai Rose Garden | Shanghai | Detached villas | 803,353 | 240,040 | 138,413 | September 2014 | 100.0% |
| Shanghai Francais Demeure | Shanghai | High-rise and mid-rise apartments, retail properties and car parks | 75,091 | 182,469 | 146,413 | December 2015 | 49.0% |
| Sunac Shanghai One Sino Park | Shanghai | High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks | 105,045 | 656,865 | 580,283 | May 2019 | 100.0% |
| Sunac The Bund 188 | Shanghai | Retail properties, serviced apartments and car parks | 10,239 | 57,866 | 49,823 | November 2016 | 100.0% |
| Sunac Central Garden | Shanghai | High-rise apartments, retail properties, serviced apartments, offices and car parks | 211,626 | 608,157 | 529,357 | December 2018 | 100.0% |
| Sunac Daning North Magnolia Mansion | Shanghai | High-rise apartments and car parks | 66,170 | 178,903 | 151,491 | June 2017 | 100.0% |
| Rose Mansion | Shanghai | High-rise apartments and car parks | 45,710 | 126,100 | 81,980 | December 2018 | 50.0% |
| Fortune Riverside | Shanghai | Mid-rise apartments, offices and car parks | 36,988 | 165,530 | 106,663 | June 2019 | 47.0% |
| Huafeng Project | Shanghai | High-rise and mid-rise apartments, retail properties and car parks | 608,512 | 1,183,640 | 1,075,033 | December 2025 | 42.3% |
| Pujiangzhen Project | Shanghai | Detached villas and car parks | 131,112 | 149,467 | 95,060 | December 2018 | 40.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|--------------------------------|-----------|----------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Sunac Songjiang Sijing Project | Shanghai | Mid-rise apartments and car parks | 45,710 | 126,100 | 108,794 | September 2018 | 60.0% |
| Sunac Puxing Project | Shanghai | Serviced apartments, retail properties and car parks | 21,253 | 55,552 | 55,552 | December 2017 | 100.0% |
| Nanjing Fairy Land | Nanjing | Mid-rise apartments, townhouses, detached villas | 212,900 | 111,900 | 70,455 | October 2019 | 51.0% |
| Sunac Nanjing Glorious Garden | Nanjing | Mid-rise apartments, retail properties and car parks | 62,234 | 147,134 | 129,241 | November 2017 | 100.0% |
| Nanjing Magnolia Mansion | Nanjing | High-rise apartments, retail properties and car parks | 68,021 | 255,222 | 253,071 | June 2018 | 58.8% |
| Jiangning Taowu Villa | Nanjing | Townhouses, detached villas | 113,198 | 69,995 | 50,672 | June 2018 | 51.0% |
| Sunac Magnolia Square | Changzhou | High-rise and mid-rise apartments, townhouses, retail properties and car parks | 413,253 | 1,031,766 | 942,748 | November 2019 | 97.0% |
| Suzhou Fairy Land | Suzhou | Detached villas | 213,852 | 263,930 | 126,730 | December 2018 | 56.7% |
| Sunac Suzhou Majestic Mansion | Suzhou | Mid-rise apartments, detached villas | 155,664 | 215,266 | 122,117 | December 2013 | 100.0% |
| Sunac Shishan Majestic Mansion | Suzhou | Mid-rise apartments and car parks | 104,401 | 180,514 | 134,043 | December 2017 | 100.0% |
| Sunac Shihu Fairy Land | Suzhou | Mid-rise apartments | 74,473 | 133,111 | 79,917 | December 2017 | 95.0% |
| Sunac Taihu Town | Suzhou | High-rise apartments, retail properties | 26,905 | 110,757 | 79,767 | December 2017 | 100.0% |
| Sunac Suzhou The One Park | Suzhou | High-rise apartments, retail properties, serviced apartments | 71,842 | 407,471 | 296,381 | December 2021 | 100.0% |
| Suzhou Fontainebleau | Suzhou | High-rise apartments, mid-rise apartments | 169,971 | 425,588 | 307,197 | December 2020 | 50.0% |
| Sunac Wuxi Magnolia Garden | Wuxi | High-rise apartments, retail properties and car parks | 180,826 | 564,911 | 543,538 | December 2015 | 100.0% |
| Wuxi Magnolia Garden West | Wuxi | High-rise apartments, retail properties, offices and car parks | 171,572 | 533,068 | 511,409 | December 2018 | 39.0% |
| Sunac Royal Garden | Yixing | High-rise apartments, townhouses, detached villas, retail properties and car parks | 268,945 | 465,986 | 404,480 | May 2018 | 100.0% |
| Comphorwood Mansion | Wuxi | High-rise and mid-rise apartments, detached villas, retail properties and car parks | 203,070 | 680,580 | 569,026 | December 2019 | 51.0% |
| Sunac Swan Lake | Wuxi | High-rise and mid-rise apartments, detached villas, retail properties, serviced apartments and car parks | 706,889 | 1,392,554 | 1,283,905 | December 2016 | 100.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|-------------------------|----------|-----------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Sunac Dream of City | Wuxi | High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks | 449,808 | 889,889 | 788,145 | June 2014 | 100.0% |
| Sunac Baiqutang Project | Wuxi | High-rise apartments, retail properties and car parks | 100,539 | 293,912 | 279,397 | December 2019 | 100.0% |
| Sunac Melodious Manor | Hangzhou | Mid-rise apartments, townhouses and car parks | 59,360 | 123,527 | 82,345 | December 2014 | 100.0% |
| Above the West Lake | Hangzhou | High-rise apartments, retail properties, offices, serviced apartments and car parks | 58,184 | 280,197 | 156,589 | June 2018 | 49.0% |
| Wonderful Mansion | Hangzhou | High-rise apartments, retail properties and car parks | 20,480 | 89,184 | 65,533 | May 2015 | 50.0% |
| Sunac In Hangzhou | Hangzhou | Retail properties, offices, serviced apartments and car parks | 10,418 | 154,055 | 108,374 | June 2016 | 60.0% |
| Sunac Fuchun Chateau | Hangzhou | Mid-rise apartments, townhouses, retail properties and car parks | 98,024 | 167,198 | 122,979 | December 2017 | 100.0% |
| Riverside City I | Hangzhou | High-rise apartments, retail properties and car parks | 62,760 | 220,617 | 168,615 | June 2016 | 65.0% |
| Sunac Riverside City II | Hangzhou | High-rise apartments, retail properties and car parks | 80,587 | 256,457 | 189,487 | June 2016 | 100.0% |
| Marquis Mansion | Hangzhou | High-rise apartments, retail properties and car parks | 32,220 | 126,765 | 92,687 | June 2017 | 50.0% |
| Sunac The Times | Hangzhou | High-rise apartments, retail properties and car parks | 61,871 | 221,496 | 184,165 | December 2018 | 100.0% |
| Sunac Wealth Mansion | Hangzhou | High-rise apartments, retail properties and car parks | 18,844 | 75,891 | 52,646 | December 2019 | 80.0% |
| Sunac Jiuzhangtai | Hangzhou | High-rise and mid-rise apartments, retail properties and car parks | 53,770 | 176,664 | 132,436 | September 2019 | 100.0% |
| Sunac Xijiantang | Hangzhou | Mid-rise apartments, townhouses | 20,680 | 53,894 | 30,584 | June 2018 | 100.0% |
| Ningbo Mansion | Ningbo | High-rise and mid-rise apartments, retail properties and car parks | 104,789 | 324,152 | 238,710 | August 2018 | 50.0% |
| Sunac Hefei One Central | Hefei | High-rise and mid-rise apartments, retail properties, serviced apartments and car parks | 56,747 | 236,426 | 188,300 | May 2018 | 100.0% |

BUSINESS REVIEW AND OUTLOOK

Project Summary as of 30 June 2016

| Project | Location | Type of property product | Total site area (sq.m.) | Estimated aggregate GFA (sq.m.) | Estimated saleable/rentable GFA (sq.m.) | Completion time/estimated completion time | Interest attributable to the Group |
|-------------------------------|-----------|-----------------------------------------------------------------------------------------|-------------------------|---------------------------------|-----------------------------------------|-------------------------------------------|------------------------------------|
| Zhengwu District No.1 Project | Hefei | High-rise and mid-rise apartments, retail properties, serviced apartments and car parks | 70,543 | 318,518 | 240,666 | June 2018 | 50.0% |
| One Park | Wuhan | High-rise apartments, retail properties, serviced apartments, offices and car parks | 251,765 | 1,176,581 | 1,157,112 | June 2020 | 69.0% |
| Sunac Wuhan Dream Of Mansion | Wuhan | High-rise apartments, retail properties and car parks | 83,300 | 339,763 | 327,977 | November 2018 | 90.0% |
| Wuhan Sunac Center | Wuhan | High-rise apartments, retail properties, serviced apartments, offices and car parks | 202,542 | 1,388,469 | 1,388,469 | December 2024 | 34.0% |
| Riyuewan Project | Hainan | High-rise apartments, townhouses, retail properties, serviced apartments and car parks | 424,952 | 625,468 | 538,845 | June 2021 | 50.0% |
| Zengcheng Zhucun Project | Guangzhou | High-rise apartments, townhouses, retail properties and car parks | 266,540 | 782,382 | 752,382 | May 2020 | 50.0% |
| Sunac Lake Mansion | Foshan | High-rise and mid-rise apartments, retail properties and car parks | 74,014 | 274,389 | 273,129 | May 2019 | 95.0% |
| Sunac Majestic Mansion | Foshan | High-rise apartments, retail properties and car parks | 62,097 | 266,973 | 265,864 | December 2018 | 51.0% |
| Chancheng Dafu Project | Foshan | High-rise apartments, retail properties and car parks | 89,182 | 345,046 | 343,821 | December 2020 | 50.0% |
| Dashacun Project | Dongguan | High-rise apartments, retail properties and car parks | 34,839 | 88,845 | 83,810 | December 2018 | 60.0% |
| Sunac Qingxi Manor | Dongguan | High-rise apartments, retail properties, offices and car parks | 32,571 | 92,536 | 89,032 | May 2018 | 100.0% |
| Total | | | 21,263,295 | 55,525,089 | 47,235,896 | | |

BUSINESS REVIEW AND OUTLOOK

Completed Properties as of 30 June 2016

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental aggregate GFA (sq.m.) | Unsold/held for rental saleable/ rentable GFA (sq.m.) |
|--------------------------------------|-----------|--------------------------|--------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------|
| Sunac West Chateau | Beijing | 447,804 | 334,892 | 3,436 | 2,569 |
| Yaao Jinmao Residence | Beijing | 253,074 | 169,941 | 13,026 | 8,747 |
| Wangjing Jinmao Palace | Beijing | 141,256 | 115,420 | 25,781 | 21,066 |
| Fontainebleau Chateau | Beijing | 403,441 | 340,987 | 191,955 | 162,239 |
| Glory Chateau | Beijing | 422,998 | 341,546 | 381,664 | 308,172 |
| Beijing One Sino Park | Beijing | 28,397 | 28,397 | 21,800 | 21,800 |
| Chang'an Image | Beijing | 23,821 | 23,477 | 2,597 | 2,559 |
| Beijing One Sino Manor | Beijing | 303,550 | 272,484 | 76,846 | 68,981 |
| Sunac Magnetic Capital | Tianjin | 1,247,860 | 1,188,679 | 34,669 | 33,025 |
| Sunac Mind-Land International | Tianjin | 813,704 | 751,224 | 20,461 | 18,890 |
| Sunac Glorious Mansion | Tianjin | 304,032 | 304,032 | 56,539 | 56,539 |
| Sunac Central Academy | Tianjin | 624,694 | 577,053 | 93,217 | 86,108 |
| Sunac PL Du Pantheon | Tianjin | 244,491 | 226,986 | 38,512 | 35,754 |
| Horizon Capital | Tianjin | 230,677 | 230,271 | 20,676 | 20,640 |
| Tianjin Dream of Mansion | Tianjin | 169,682 | 152,223 | 44,755 | 40,150 |
| River and Sea | Tianjin | 94,364 | 94,364 | 8,402 | 8,402 |
| Sunac Bay Island | Tianjin | 129,314 | 127,075 | 33,992 | 33,404 |
| Sunac Top Mansion of the Dongting | Tianjin | 269,124 | 244,166 | 16,886 | 15,320 |
| Tiantuo Project | Tianjin | 315,295 | 308,454 | 79,879 | 78,146 |
| Master Classic | Xi'an | 93,826 | 91,711 | 26,473 | 25,876 |
| Sunac Olympic Garden | Chongqing | 2,576,975 | 2,074,048 | 152,012 | 120,992 |
| Sunac Eton Manor | Chongqing | 405,901 | 303,940 | 27,261 | 20,413 |

BUSINESS REVIEW AND OUTLOOK

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental aggregate GFA (sq.m.) | Unsold/held for rental saleable/ rentable GFA (sq.m.) |
|----------------------------------------------|-----------|--------------------------|--------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------|
| Sunac Guardian Manor | Chongqing | 563,089 | 382,715 | 74,457 | 50,606 |
| Versails | Chongqing | 681,290 | 495,249 | 129,519 | 94,151 |
| Sunac Asia Pacific Enterprise Valley | Chongqing | 744,236 | 576,236 | 36,335 | 28,133 |
| Sunac The European Garden for City - West | Chongqing | 386,125 | 288,503 | 110,506 | 82,567 |
| Powpre Fontainebleau | Chongqing | 81,207 | 67,645 | 81,207 | 67,645 |
| The European Garden for City - East | Chongqing | 422,696 | 292,139 | 119,138 | 82,340 |
| Chongqing Rose Garden | Chongqing | 70,408 | 53,401 | 44,226 | 33,543 |
| Sunac Sky Villa | Chengdu | 454,893 | 410,003 | 75,152 | 67,736 |
| Sunac Sky Villa Condominiums | Chengdu | 123,210 | 116,879 | 20,536 | 19,480 |
| Sunac Guanghua Center | Chengdu | 366,892 | 343,183 | 98,565 | 92,195 |
| Sunac Villa Royale | Chengdu | 214,125 | 213,162 | 76,636 | 76,291 |
| Sunac Residence du Lac | Chengdu | 209,728 | 194,572 | 50,392 | 46,750 |
| Sunac Residence Du Paradis | Chengdu | 239,225 | 220,273 | 62,196 | 57,269 |
| Sunac Fairview House | Chengdu | 87,032 | 79,763 | 22,211 | 20,356 |
| Sunac Shanghai Magnolia Garden | Shanghai | 126,092 | 116,738 | 5,488 | 5,081 |
| Shanghai Magnolia Garden-Glorious Garden | Shanghai | 162,914 | 146,726 | 16,713 | 15,052 |
| Shanghai Magnolia Mansion | Shanghai | 117,715 | 98,172 | 12,853 | 10,719 |
| Sunac Shanghai Rose Garden | Shanghai | 240,040 | 138,413 | 1,851 | 1,067 |
| Shanghai Francais Demeure | Shanghai | 182,469 | 146,413 | 33,265 | 26,692 |
| Sunac Shanghai One Sino Park | Shanghai | 311,004 | 279,871 | 140,280 | 126,237 |
| Sunac Central Garden | Shanghai | 353,751 | 307,377 | 20,531 | 17,840 |
| Nanjing Fairy Land | Nanjing | 12,876 | 7,564 | 2,371 | 1,393 |
| Sunac Magnolia Square | Changzhou | 443,072 | 407,201 | 136,997 | 125,905 |
| Suzhou Fairy Land | Suzhou | 86,084 | 40,635 | 12,153 | 5,737 |
| Sunac Suzhou Majestic Mansion | Suzhou | 215,266 | 122,117 | 13,625 | 7,729 |
| Sunac Wuxi Magnolia Garden | Wuxi | 564,911 | 543,538 | 70,258 | 67,600 |
| Wuxi Magnolia Garden West | Wuxi | 360,393 | 349,510 | 91,196 | 88,442 |
| Sunac Royal Garden | Yixing | 423,881 | 366,054 | 53,945 | 46,586 |
| Comphorwood Mansion | Wuxi | 397,151 | 321,202 | 91,296 | 73,837 |
| Sunac Swan Lake | Wuxi | 1,371,906 | 1,270,905 | 177,265 | 164,215 |
| Sunac Dream of City | Wuxi | 889,889 | 788,145 | 63,045 | 55,837 |

BUSINESS REVIEW AND OUTLOOK

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental aggregate GFA (sq.m.) | Unsold/held for rental saleable/ rentable GFA (sq.m.) |
|-------------------------|----------|--------------------------|--------------------------------------|-------------------------------------------------------|-------------------------------------------------------------------|
| Sunac Melodious Manor | Hangzhou | 123,527 | 82,345 | 2,509 | 1,672 |
| Above the West Lake | Hangzhou | 126,156 | 88,506 | 834 | 585 |
| Wonderful Mansion | Hangzhou | 89,184 | 65,533 | 204 | 150 |
| Sunac In Hangzhou | Hangzhou | 154,055 | 108,374 | 90,971 | 63,996 |
| Sunac Fuchun Chateau | Hangzhou | 83,603 | 60,050 | 18,328 | 13,165 |
| Riverside City I | Hangzhou | 220,617 | 168,615 | 220,617 | 168,615 |
| Sunac Riverside City II | Hangzhou | 256,457 | 189,487 | 83,755 | 61,883 |
| One Park | Wuhan | 69,669 | 68,854 | 69,669 | 68,854 |
| Total | | 21,571,120 | 18,317,437 | 3,801,935 | 3,227,747 |

BUSINESS REVIEW AND OUTLOOK

Properties under Development as of 30 June 2016

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held |
|----------------------------|-----------|--------------------------|--------------------------------------|----------------------------------------------------|
| | | | | for rental saleable/ rentable GFA (sq.m.) |
| Wangjing Jinmao Palace | Beijing | 12,900 | 9,800 | 9,800 |
| Glory Chateau | Beijing | 44,890 | 5,035 | 5,035 |
| Beijing One Sino Park | Beijing | 72,446 | 44,583 | 43,286 |
| Chang'an Image | Beijing | 277,326 | 177,917 | 74,648 |
| Mentougou New Town | Beijing | 151,815 | 129,787 | 121,023 |
| One Central | Beijing | 118,964 | 109,675 | 81,340 |
| Beijing One Sino Manor | Beijing | 66,983 | 58,242 | 58,242 |
| Yanqihu Project | Beijing | 154,335 | 43,031 | 43,031 |
| Fortune Center | Jinan | 516,280 | 506,635 | 195,204 |
| Sino-Singapore | Jinan | 335,711 | 334,270 | 334,270 |
| Fortune Peak | Jinan | 339,385 | 339,385 | 213,290 |
| Cambridge Mansion | Jinan | 148,681 | 139,941 | 77,022 |
| B3 Project | Jinan | 131,695 | 127,387 | 127,387 |
| Sunac Central Academy | Tianjin | 136,926 | 126,759 | 30,139 |
| Horizon Capital | Tianjin | 160,408 | 154,645 | 91,789 |
| Tianjin Dream of Mansion | Tianjin | 72,195 | 68,148 | 49,446 |
| Sunac Binhai Center | Tianjin | 106,486 | 99,300 | 96,077 |
| Orchid Garden | Tianjin | 95,697 | 84,841 | 20,151 |
| River and Sea | Tianjin | 136,215 | 136,215 | 39,397 |
| Sunac Bay Island | Tianjin | 254,726 | 252,410 | 59,372 |
| Tiantuo Project | Tianjin | 851,006 | 808,949 | 549,092 |
| Tiantuo North Project | Tianjin | 294,209 | 292,367 | 292,367 |
| Tianjin Majestic Mansion | Tianjin | 97,634 | 95,092 | 54,921 |
| The National Village | Tianjin | 942,054 | 866,997 | 484,209 |
| Sunac City | Tianjin | 264,751 | 253,176 | 253,176 |
| Master Classic | Xi'an | 109,446 | 107,782 | 50,933 |
| Xi'an Dream of Mansion | Xi'an | 140,323 | 132,076 | 33,354 |
| Elephant Lake King Mansion | Zhengzhou | 312,974 | 289,116 | 140,710 |

BUSINESS REVIEW AND OUTLOOK

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental saleable/ rentable GFA (sq.m.) |
|----------------------------------------------|-----------|--------------------------|--------------------------------------|-------------------------------------------------------------------|
| Versails | Chongqing | 688,955 | 477,330 | 358,254 |
| Sunac The European Garden for City - West | Chongqing | 198,163 | 155,887 | 102,097 |
| Powpre Fontainebleau Hastin Avenue | Chongqing | 24,459 | 20,633 | 13,583 |
| The European Garden for City - East | Chongqing | 295,818 | 214,122 | 124,078 |
| Chongqing Rose Garden | Chongqing | 23,160 | 23,160 | 23,160 |
| EXPO City | Chongqing | 99,269 | 76,335 | 60,251 |
| Camb Garden | Chongqing | 760,809 | 533,420 | 378,805 |
| Sunac Villa Royale | Chongqing | 369,195 | 243,390 | 144,943 |
| Sunac Residence du Lac | Chengdu | 57,694 | 56,966 | 56,966 |
| Sunac Residence Du Paradis | Chengdu | 189,068 | 180,164 | 61,110 |
| Dream Of Mansion | Chengdu | 575,726 | 533,683 | 363,072 |
| Sunac Kaixuan Dongan | Chengdu | 215,156 | 202,977 | 202,977 |
| Sunac Shanghai One Sino Park | Shanghai | 225,834 | 202,963 | 181,359 |
| Sunac The Bund 188 | Shanghai | 301,853 | 264,345 | 242,698 |
| Sunac Central Garden | Shanghai | 57,866 | 49,823 | 14,387 |
| Sunac Daning North Magnolia Mansion | Shanghai | 224,643 | 194,182 | 167,742 |
| Fortune Riverside | Shanghai | 178,903 | 151,491 | 26,791 |
| Sunac Puxing Project | Shanghai | 84,239 | 54,573 | 54,573 |
| Nanjing Fairy Land | Shanghai | 55,552 | 55,552 | 55,552 |
| Sunac Nanjing Glorious Garden | Nanjing | 22,494 | 14,341 | 3,130 |
| Jiangning Taowu Villa | Nanjing | 147,134 | 129,241 | 129,241 |
| Sunac Magnolia Square | Nanjing | 10,705 | 8,072 | 8,072 |
| Suzhou Fairy Land | Changzhou | 263,056 | 242,480 | 127,630 |
| Sunac Shishan Majestic Mansion | Suzhou | 177,846 | 86,095 | 28,969 |
| Sunac Shihu Fairy Land | Suzhou | 180,514 | 134,043 | 20,224 |
| Sunac Taihu Town | Suzhou | 133,111 | 79,917 | 79,917 |
| Sunac Wuxi Magnolia Garden | Suzhou | 110,757 | 79,767 | 79,767 |
| Sunac Royal Garden | Wuxi | 172,675 | 161,900 | 99,581 |
| Comphorwood Mansion | Wuxi | 12,274 | 8,595 | 1,195 |
| Sunac Swan Lake | Wuxi | 283,429 | 247,825 | 165,377 |
| | | 20,648 | 13,000 | 13,000 |

BUSINESS REVIEW AND OUTLOOK

| Project | Location | Aggregate GFA (sq.m.) | Saleable/ rentable GFA (sq.m.) | Unsold/held for rental saleable/ rentable GFA (sq.m.) |
|----------------------|----------|--------------------------|--------------------------------------|-------------------------------------------------------------------|
| Above the West Lake | Hangzhou | 154,041 | 68,083 | 55,530 |
| Sunac Fuchun Chateau | Hangzhou | 83,594 | 62,929 | 36,993 |
| Marquis Mansion | Hangzhou | 126,765 | 92,687 | 34,561 |
| Sunac Jiuzhangtai | Hangzhou | 176,664 | 132,436 | 132,436 |
| One Park | Wuhan | 113,233 | 110,902 | 24,112 |
| Total | | 13,161,762 | 11,156,869 | 7,300,842 |

BUSINESS REVIEW AND OUTLOOK

Properties to be Constructed as of 30 June 2016

| Project | Location | Aggregate GFA (sq.m.) | Aggregate saleable GFA (sq.m.) |
|-------------------------------------------|-----------|--------------------------|--------------------------------------|
| Chang'an Image | Beijing | 189,104 | 169,084 |
| Beijing One Sino Manor | Beijing | 44,607 | 40,472 |
| Yanqihu Project | Beijing | 105,136 | 74,838 |
| Fortune Center | Jinan | 132,975 | 132,975 |
| Sino-Singapore | Jinan | 436,536 | 436,536 |
| Fortune Peak | Jinan | 140,332 | 140,332 |
| Metro One | Taiyuan | 467,699 | 320,958 |
| Sunac Xuefu Yihao | Taiyuan | 413,247 | 323,774 |
| Sunac Binhai Center | Tianjin | 103,201 | 103,201 |
| R3 Project | Tianjin | 447,919 | 447,919 |
| River and Sea | Tianjin | 52,285 | 52,285 |
| Sunac Bay Island | Tianjin | 218,616 | 189,255 |
| Tiantuo Project | Tianjin | 157,300 | 152,680 |
| Sunac City | Tianjin | 403,920 | 397,817 |
| Sunac Tianjin Glorious Garden | Tianjin | 470,420 | 423,233 |
| Master Classic | Xi'an | 54,968 | 42,010 |
| Xi'an Dream of Mansion | Xi'an | 172,038 | 145,425 |
| Xi'an Orchid Garden | Xi'an | 111,642 | 102,479 |
| Lanyuefu Kaicheng | Xi'an | 284,201 | 255,433 |
| Lanyuefu Kairui | Xi'an | 173,917 | 156,029 |
| Lanyuefu Kaichengshangye | Xi'an | 87,640 | 82,179 |
| Gaoxin Glorious Garden | Xi'an | 207,070 | 186,163 |
| Elephant Lake King Mansion | Zhengzhou | 526,292 | 387,063 |
| Sunac One Guanland | Zhengzhou | 506,290 | 487,042 |
| Zhengzhou Master Classic | Zhengzhou | 486,101 | 365,629 |
| Dahe Chenyuan | Zhengzhou | 129,200 | 126,440 |
| Zhengdongxingqu Land Plot | Zhengzhou | 40,140 | 40,140 |
| Sunac The European Garden for City - West | Chongqing | 708,612 | 500,163 |
| Powpre Fontainebleau | Chongqing | 42,280 | 37,740 |
| Hastin Avenue | Chongqing | 188,308 | 114,284 |
| The European Garden for City - East | Chongqing | 1,674,029 | 1,211,829 |
| EXPO City | Chongqing | 753,508 | 511,514 |
| Camb Garden | Chongqing | 113,906 | 74,500 |
| Binjiang Yihao | Chongqing | 503,193 | 340,311 |

BUSINESS REVIEW AND OUTLOOK

| Project | Location | Aggregate GFA (sq.m.) | Aggregate saleable GFA (sq.m.) |
|--------------------------------|-----------|--------------------------|--------------------------------------|
| Sunac Nano Residence | Chengdu | 112,590 | 103,086 |
| Sunac Dianxin Road Project | Chengdu | 91,205 | 84,100 |
| Sunac Shanghai One Sino Park | Shanghai | 44,009 | 36,066 |
| Sunac Central Garden | Shanghai | 29,763 | 27,798 |
| Rose Mansion | Shanghai | 126,100 | 81,980 |
| Fortune Riverside | Shanghai | 81,291 | 52,090 |
| Huafeng Project | Shanghai | 1,183,640 | 1,075,033 |
| Pujiangzhen Project | Shanghai | 149,467 | 95,060 |
| Sunac Songjiang Sijing Project | Shanghai | 126,100 | 108,794 |
| Nanjing Fairy Land | Nanjing | 76,530 | 48,550 |
| Nanjing Magnolia Mansion | Nanjing | 255,222 | 253,071 |
| Jiangning Taowu Villa | Nanjing | 59,290 | 42,600 |
| Sunac Magnolia Square | Changzhou | 325,638 | 293,067 |
| Sunac Suzhou The One Park | Suzhou | 407,471 | 296,381 |
| Suzhou Fontainebleau | Suzhou | 425,588 | 307,197 |
| Sunac Royal Garden | Yixing | 29,832 | 29,832 |
| Sunac Baiqutang Project | Wuxi | 293,912 | 279,397 |
| Sunac The Times | Hangzhou | 221,496 | 184,165 |
| Sunac Wealth Mansion | Hangzhou | 75,891 | 52,646 |
| Sunac Xijiantang | Hangzhou | 53,894 | 30,584 |
| Ningbo Mansion | Ningbo | 324,152 | 238,710 |
| Sunac Hefei One Central | Hefei | 236,426 | 188,300 |
| Zhengwu District No.1 Project | Hefei | 318,518 | 240,666 |
| One Park | Wuhan | 993,679 | 977,356 |
| Sunac Wuhan Dream Of Mansion | Wuhan | 339,763 | 327,977 |
| Wuhan Sunac Center | Wuhan | 1,388,469 | 1,388,469 |
| Riyuewan Project | Hainan | 625,468 | 538,845 |
| Zengcheng Zhucun Project | Guangzhou | 782,382 | 752,382 |
| Sunac Lake Mansion | Foshan | 274,389 | 273,129 |
| Sunac Majestic Mansion | Foshan | 266,973 | 265,864 |
| Chancheng Dafu Project | Foshan | 345,046 | 343,821 |
| Dashacun Project | Dongguan | 88,845 | 83,810 |
| Sunac Qingxi Manor | Dongguan | 92,536 | 89,032 |
| Total | | 20,792,207 | 17,761,590 |

BUSINESS REVIEW AND OUTLOOK

Review of the first half of 2016

In the first half of 2016, China's macroeconomic growth and economic structural adjustment were still confronted with great pressures. Given the continued easing monetary environment and industrial policies, the real estate industry revived gradually, particularly in the core first- and second-tier cities with a balanced supply and demand, both the trading volume and price increased remarkably.

The overall operating results of the Company remained stable in the first half of 2016. Although profit attributable to owners of the Company declined in short term due to periodic reasons, revenue of the Company reached approximately RMB10,586.1 million, a year-on-year increase of approximately 94.5%; gross profit reached approximately RMB1,406.1 million, a year-on-year increase of approximately 127.5%; gross margin began to rebound, reflecting a positive turnaround of the Company's business operations. In the first half of the year, contracted sales reached approximately RMB56,050 million, a year-on-year increase of approximately 105.6%; interest-based sales reached approximately RMB36,298 million, a year-on-year increase of approximately 149%. The financial position of the Company continued to remain sound with sufficient liquidity. As of 30 June 2016, carrying amount of cash of the Company reached approximately RMB40,147.5 million. In addition, the Company continued to capture opportunities arising from the domestic corporate bond market and replaced its historical financing at higher cost with corporate bonds at lower cost, effectively lowering the overall debt cost and enhancing the debt structure of the Company. As of 30 June 2016, the percentage of long-term financing due between two and five years reached approximately 45%, and the weighted average effective interest rate decreased from approximately 7.7% in 2015 to approximately 6.36%, particularly weighted average effective interest rate for new borrowings decreased to approximately 6.06% in the first half of the year. Meanwhile, the Company proactively managed its exposure to foreign exchange rates. On one hand, with the advanced repayment of borrowings denominated in foreign currencies and the control of the size of foreign currency refinancing to reduce the balance of such financing, foreign currency financing as a percentage of the total financing of the Company decreased from approximately 46% at the end of 2015 to approximately 18% as at 30 June 2016; on the other hand, the Company conducted certain hedging arrangements against its exposure to fluctuation in foreign exchange rates through financial instruments in respect of foreign exchange.

BUSINESS REVIEW AND OUTLOOK

Regarding the land market, the Company has been focusing on a few core first- and second-tier cities for many years. From the second half of 2015 to the first half of 2016, the Company captured opportunities arising from recovery of the market, and quickly completed its deployment in the major first- and second-tier cities in China through rapid judgments and careful decisions. The Company also supplemented its land bank with a large quantity of high-quality lands at reasonable prices, which will provide strong support for the sustainable and steady development of the Company in the future. As of 30 June 2016, the Company had projects in 21 core first- and second-tier cities with land bank of approximately 37.76 million sq.m. and attributable land bank of approximately 24.72 million sq.m. The breakdown of land bank by city is as follows:

| Region | As at 30 June 2016 | | | |
|------------------------------------------------------------------------|-------------------------|-------------|--------------------------------|-------------|
| | Total Land Bank (sq.m.) | Proportion | Attributable Land Bank (sq.m.) | Proportion |
| Beijing Region (including Beijing, Jinan, Taiyuan) | 5,018,148 | 13.3% | 3,071,833 | 12.4% |
| Tianjin Region (including Tianjin, Xi'an, Zhengzhou) | 9,082,672 | 24.1% | 5,525,335 | 22.3% |
| Shanghai Region (including Shanghai, Suzhou, Nanjing, Wuxi, Changzhou) | 6,994,686 | 18.5% | 5,131,645 | 20.8% |
| Chongqing and Chengdu Region (including Chongqing, Chengdu) | 9,091,286 | 24.1% | 6,385,039 | 25.8% |
| Southeast Region (including Hangzhou, Hefei, Ningbo) | 2,188,660 | 5.7% | 1,596,072 | 6.5% |
| Guangzhou and Shenzhen Region (including Guangzhou, Foshan, Dongguan) | 1,850,171 | 4.9% | 1,106,383 | 4.5% |
| Wuhan | 2,904,813 | 7.7% | 1,589,707 | 6.4% |
| Hainan | 625,468 | 1.7% | 312,734 | 1.3% |
| Total | 37,755,904 | 100% | 24,718,748 | 100% |

BUSINESS REVIEW AND OUTLOOK

Outlook for the second half of 2016

In the second half of 2016, the Company expects that the Chinese economy will still be faced with relatively great pressures. The government will continue to adopt positive fiscal policies and monetary policies to stabilize economic growth. So far as the real estate industry is concerned, under the macro context of continued ample liquidity, real estate markets with a healthy demand and supply relationship in first- and second-tier cities will still maintain a relatively high degree of prosperity. Specifically, the markets of some cities with soaring land prices and housing prices may gradually stabilize due to the release of purchasing power and local control policies. While the possibility of market fluctuation in individual cities cannot be excluded, policy control and short term market adjustments are beneficial to the long term healthy development of the real estate market.

In the second half of 2016, the Company expects to launch approximately 28 new real estate projects for sale. It is expected that the total value will exceed RMB40 billion. Together with the re-launch of old real estate projects, resources available for sale in the second half of the year exceeds RMB112 billion and these resources are evenly distributed over 21 first- and second-tier core cities with sound markets. The Company will endeavor to grasp the opportunity of the market performing well in the second half of the year to accelerate the launch of projects for sale and increase the sell-through rate, achieve a greater growth in the sales amount and cash collection, support the healthy development of the Company and deal with the risk of possible market fluctuation.

In the second half of 2016, the Company will continue to consolidate the national layout of first- and second-tier core cities which has been formed. In particular, the Company will utilize its competitive edges to gradually attain an advantageous position in cities where it has newly established business presence; the Company will continue to actively analyse the market based on the experience and capacity on land acquisitions it has accumulated in the past, make decisions prudently and obtain high quality land reserves at reasonable price which support turnover even under a fluctuating market on the premise of ensuring the absolute safety of cash flow.

In the second half of 2016, the Company will also continue to adhere to the high-end product strategy. On one hand, the Company will further enhance the park ancillary system through consolidating the existing product creation and quality management and control systems. On the other hand, the Company will also expedite the implementation of the full product cycle, full life cycle “Living a Perfect Lifestyle” high-end life value system, strive to establish product and service advantages in an all-round and systematic manner and constantly enhance product premium capability and brand value.

In the second half of 2016, the Company will insist on cash flow and gearing ratio management by adhering to the high turnover operating model and achieve its steady development on the premise of ensuring the absolute safety of cash flow. In addition, the Company will further adjust the appraisal and incentive system for the management team to enable it to focus more on improving profitability and customer satisfaction so as to support the long-term healthy development of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (The “Stock Exchange”) as its own code on corporate governance and had, throughout the six months ended 30 June 2016, complied with all applicable Code Provisions under the Corporate Governance Code, save and except for the deviation from Code Provision E.1.2.

Code Provision E.1.2 provides that the chairman of the Board and, where appropriate, the chairman or member of the relevant Board committees, should attend the general meetings of the Company and be available to answer questions at such meetings. Mr. Sun Hongbin (chairman of the Board and chairman of the nomination committee of the Company) was unable to attend the Company’s annual general meeting held on 19 May 2016 and the extraordinary general meeting held on 26 May 2016 as he had to attend other business matters in the PRC on the same day. Instead, Mr. Wang Mengde (executive director and chief executive officer of the Company) attended and chaired both meetings. Accordingly, the Company did not 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 the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice within the Group in order to monitor the operation and business development of the Group.

CHANGES IN INFORMATION OF DIRECTORS

The following sets out the changes in information of the Directors that are required to be disclosed in this report pursuant to Rule 13.51B(1) of the Listing Rules.

Mr. MA Lishan, independent non-executive Director, was appointed as an independent non-executive director of SRE Group Limited (stock code: 1207) on 31 March 2016, China Minsheng Drawin Technology Group Limited (stock code: 726) on 28 June 2016 and Huarong International Financial Holdings Limited (stock code: 993) on 19 August 2016, the shares of the above companies are listed on the Main Board of the Stock Exchange.

Mr. TSE Chi Wai, independent non-executive Director, was appointed as an independent non-executive director of Chun Sing Engineering Holdings Limited (stock code: 2277) on 19 April 2016, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Poon Chin Kwok, independent non-executive Director, was appointed as an independent non-executive director of Greentown Service Group Co. Ltd. (stock code: 2869) on 13 June 2016, the shares of which are listed on the Main Board of the Stock Exchange.

SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) on 9 September 2010. No share option can be offered or granted under the Pre-IPO Share Option Scheme upon the completion of the global offering of the Company, and no share option remained outstanding and exercisable under the Pre-IPO Share Option Scheme as at 30 June 2016.

The Company adopted the Post-IPO Share Option Scheme (the “Post-IPO Share Option Scheme”) on 29 April 2011, which was subsequently amended, with such amendments being approved and adopted on 17 March 2014. Moreover, the Company has also adopted a new Share Option Scheme (“New Share Option Scheme”) on 19 May 2014.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 the Post-IPO Share Option Scheme is to provide an incentive for the employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of all its shareholders and to attract and retain high caliber working partners whose contribution are or may be beneficial to the growth and development of the Group. At the extraordinary general meeting of the Company held on 17 March 2014, amendments to the Post-IPO Share Option Scheme were approved and adopted by the shareholders of the Company. Details of the amendments are set forth in the Company's circular dated 28 February 2014.

The amended principal terms and conditions of the Post-IPO Share Option Scheme are set out as follows:

- (a) the maximum number of shares in respect of the share options that may be granted (the "Post-IPO 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 Post-IPO 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 with shareholders' approval;
- (c) the Post-IPO Share Option Scheme shall be effective and valid for three years since the Post-IPO Share Option Scheme Adoption Date, unless it is early terminated by any resolution that the Board may make;
- (d) the Post-IPO 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 Approval Date (e.g. 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 Stock Exchange on the date of offer of the Post-IPO Share Options ("Post-IPO Share Options Offer Date"); (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the Post-IPO Share Options Offer Date; and (iii) the nominal value of the Shares;

CORPORATE GOVERNANCE AND OTHER INFORMATION

(f) the Post-IPO 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 |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| (1) The Share Options granted during the 1st Grant Period | |
| 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) |
| (2) The Share Options granted during the 2nd Grant Period | |
| 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) |
| (3) The Share Options granted during the 3rd Grant Period | |
| Grant Date | 30% |
| Upon the first anniversary date of the commencement date of the 3rd Grant Period | An additional 30% (i.e. up to 60% in total) |
| Upon the second anniversary date of the commencement date of the 3rd Grant Period | An additional 40% (i.e. up to 100% in total) |

The Post-IPO Share Options, once vested, shall be exercisable within a period commencing on the relevant Post-IPO Share Options Offer Date and ending six years from the commencement date of the relevant Grand Period during which the Post-IPO Share Options were granted.

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 any Post-IPO Share Option to any third party, or create any encumbrance or interest in favour of any third party over or in relation to any Post-IPO Share Option (except that the grantee may nominate a nominee, of which the grantee is the sole beneficial owner, in whose name the Shares to be issued pursuant to such Post-IPO Share Options will be registered). Any breach of the foregoing by the grantee shall entitle the Company to cancel any outstanding Post-IPO Share Options of such grantee or any part thereof to the extent not already exercised.

On 30 September 2011, the Company granted in aggregate 39,900,000 Post-IPO 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 in aggregate 29,100,000 Post-IPO 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 in aggregate 30,900,000 Post-IPO Share Options under the Post-IPO Share Option Scheme at an exercise price of HK\$6.32 per Share. The closing price of the Shares immediately before the date of grant was HK\$6.26 per share.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Within five business days from the relevant Post-IPO Share Options Offer Date, each grantee paid to the Company HK\$1.00 (or its equivalent in RMB) as consideration upon acceptance of the Post-IPO Share Options pursuant to the Post-IPO Share Option Scheme.

During the six months ended 30 June 2016, changes in Post-IPO Share Options granted under the Post-IPO Share Option Scheme were as follows:

| Name of grantee | Number of | Number of | Number of | Number of | Number of | Number of | Number of | Number of |
|----------------------------------------|-----------------------------------------------------|-----------------------------------------------|----------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|
| | Post-IPO Share Options granted on 30 September 2011 | Post-IPO Share Options granted on 21 May 2012 | Post-IPO Share Options granted on 2 May 2013 | Post-IPO Share Options outstanding as at 1 January 2016 | Post-IPO Share Options exercised during six months ended 30 June 2016 | Post-IPO Share Options cancelled during six months ended 30 June 2016 | Post-IPO Share Options lapsed during six months ended 30 June 2016 | Post-IPO Share Options outstanding as at 30 June 2016 |
| Directors | | | | | | | | |
| 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. Jing Hong | 2,600,000 | 1,200,000 | 1,300,000 | 4,650,000 | — | — | — | 4,650,000 |
| 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. Li Shaozhong | 2,300,000 | 1,200,000 | 1,300,000 | 4,800,000 | — | — | — | 4,800,000 |
| Senior management and employees | 25,200,000 | 22,600,000 | 24,100,000 | 26,781,330 | — | — | 80,000 | 26,701,330 |
| Total | 39,900,000 | 29,100,000 | 30,900,000 | 49,981,330 | — | — | 80,000 | 49,901,330 |

* Mr. Sun Hongbin is also a substantial shareholder of the Company.

Notes:

- The exercise period of these Post-IPO Share Options is from 30 September 2011 to 28 April 2017. These Post-IPO Share Options were vested in accordance with the following vesting dates: (i) 30% of the Post-IPO Share Options were vested on the date of grant (i.e. 30 September 2011); (ii) another 30% of the Post-IPO Share Options were vested on 29 April 2012; and (iii) the remaining 40% of the Post-IPO Share Options were vested on 29 April 2013. The closing price of the Shares immediately before the date of grant of these Post-IPO Share Options was HK\$1.44 per Share.
- The exercise period of these Post-IPO Share Options is from 21 May 2012 to 28 April 2018. These Post-IPO Share Options were vested in accordance with the following vesting dates: (i) 30% of the Post-IPO Share Options were vested on the date of grant (i.e. 21 May 2012); (ii) another 30% of the Post-IPO Share Options were vested on 29 April 2013; and (iii) the remaining 40% of the Post-IPO Share Options were vested on 29 April 2014. The closing price of the Shares immediately before the date of grant of these Post-IPO Share Options was HK\$2.22 per Share.
- The exercise period of these Post-IPO Share Options is from 2 May 2013 to 28 April 2019. These Post-IPO Share Options were vested in accordance with the following vesting dates: (i) 30% of the Post-IPO Share Options were vested on the date of grant (i.e. 2 May 2013); (ii) another 30% of the Post-IPO Share Options were vested on 29 April 2014; and (iii) the remaining 40% of the Post-IPO Share Options were vested on 29 April 2015. The closing price of the Shares immediately before the date of grant of these Post-IPO Share Options was HK\$6.26 per share.

As at 30 June 2016, the total number of Shares issuable upon exercise of the outstanding Post-IPO Share Options was 49,901,330 Shares, representing approximately 1.47% of the total number of issued Shares as at that date.

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 “New Share Option Scheme Adoption Date”).

The purpose of the New Share Option Scheme was to enable the Company to provide an incentive for the Directors, 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 high caliber working partners whose contribution are 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 “New Share Options”) shall not exceed 166,374,246 Shares, or 5% of the total issued Shares as at the New Share Option Scheme Adoption Date;
- (b) The total number of Shares issued or to be issued upon exercise of the New 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 with shareholders’ approval;
- (c) the New Share Option Scheme shall be effective and valid for a period of five years from the New Share Option Scheme Adoption Date, unless it is early terminated by any resolution of the Board or the shareholders in general meeting;
- (d) the subscription prices may be determined by the Board at its absolute discretion but shall not be less than the highest of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of offer of any New Share Options (the “New Share Options Offer Date”); (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the New Share Options Offer Date; and (iii) the nominal value of the Shares;
- (e) the New Share Options that are or may be granted to grantees shall be vested and exercisable in accordance with the following schedule:
 - 30% of the New Share Options may be exercisable from the New Share Options Offer Date;
 - an additional 30% of the New Share Options (i.e. up to 60% in total) may be exercisable from the first anniversary date of the New Share Options Offer Date; and
 - an additional 40% of the New Share Options (i.e. up to 100% in total) may be exercisable from the second anniversary date of the New Share Options Offer Date;

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

On 5 June 2014, the Company has granted a total of 33,267,000 New 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 was HK\$3.96 per Share.

On 9 July 2015, the Company granted a total 33,267,000 New Share Options under the New Share Option Scheme, at an exercise price of HK\$7.27 per Share. The closing price of the Shares immediately before the date of grant was HK\$6.34 per Share.

On 20 June 2016, the Company granted a total 39,920,000 New Share Options under the New Share Option Scheme, at an exercise price of HK\$4.62 per share. The closing price of the Shares immediately before the date of grant was HK\$4.56 per share.

During the six months ended 30 June 2016, changes in the New Share Options granted under the New Share Option Scheme were set out as follows:

| Name of grantee | Number of New Share Options granted on 5 June 2014 (Note 1) | Number of New Share Options granted on 9 July 2015 (Note 2) | Number of outstanding New Share Options as at 1 January 2016 | Number of New Share Options granted on 20 June 2016 (Note 3) | Number of New Share Options exercised for the six months ended 30 June 2016 | Number of New Share Options cancelled for the six months ended 30 June 2016 | Number of New Share Options lapsed for the six months ended 30 June 2016 | Number of outstanding New Share Options as at 30 June 2016 |
|----------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------|------------------------------------------------------------|
| Directors | | | | | | | | |
| Mr. Sun Hongbin* | 1,300,000 | — | 1,300,000 | — | — | — | — | 1,300,000 |
| Mr. Wang Mengde | 1,200,000 | 1,300,000 | 2,500,000 | 2,000,000 | — | — | — | 4,500,000 |
| Mr. Jing Hong | 1,100,000 | 1,200,000 | 2,300,000 | 2,000,000 | — | — | — | 4,300,000 |
| Mr. Chi Xun | 1,100,000 | 1,200,000 | 2,300,000 | 2,000,000 | — | — | — | 4,300,000 |
| Mr. Shang Yu | 1,100,000 | 1,200,000 | 2,300,000 | 1,500,000 | — | — | — | 3,800,000 |
| Mr. Li Shaozhong | 1,100,000 | 1,100,000 | 2,200,000 | 1,000,000 | — | — | — | 3,200,000 |
| Senior management and employees | 26,367,000 | 27,267,000 | 47,988,650 | 31,420,000 | 477,600 | 238,280# | 63,720 | 78,629,050 |
| Total | 33,267,000 | 33,267,000 | 60,888,650 | 39,920,000 | 477,600 | 238,280 | 63,720 | 100,029,050 |

* Mr. Sun Hongbin is also a substantial shareholders of the Company.

Among these 238,280 cancelled New Share Options, the exercise price of 89,600 New Share Options is HK\$4.07 per share and the exercise price of 148,680 New Share Options is HK\$7.27 per share.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. The exercise period is from 5 June 2014 to 4 June 2019. These New Share Options were vested in accordance with the following vesting dates: (i) 30% of the New Share Options were vested on the date of grant (i.e. 5 June 2014); (ii) an additional 30% (i.e. up to 60% in total) of the New Share Options were vested on 5 June 2015; and (iii) the remaining 40% of the New Share Options were vested on 5 June 2016. The closing price of the Shares immediately before the date on which the New Share Options were granted was HK\$3.96 per share.
2. The exercise period is from 9 July 2015 to 8 July 2020. These New Share Options were or shall be vested in accordance with the following vesting dates: (i) 30% of the New Share Options were vested and exercisable on the date of grant (i.e. 9 July 2015); (ii) an additional 30% (i.e. up to 60% in total) of the New Share Options shall be vested and exercisable from the 1st anniversary date of the date of grant (i.e. 9 July 2016); and (iii) the remaining 40% of the New Share Options (i.e. up to 100% in total) shall be vested and exercisable from the 2nd anniversary date of the date of grant (i.e. 9 July 2017).
3. The exercise period is from 20 June 2016 to 19 June 2021. These New Share Options were or shall be vested in accordance with the following vesting dates: (i) 30% of the New Share Options were vested on and exercisable from the date of grant (i.e. 20 June 2016); (ii) an additional 30% (i.e. up to 60% in total) of the New Share Options shall be vested and exercisable from the first anniversary date of the Date of Grant (i.e. 20 June 2017); and (iii) the remaining 40% (i.e. up to 100% in total) of the New Share Options shall be vested and exercisable from the second anniversary date of the Date of Grant (i.e. 20 June 2018).

As at 30 June 2016, the total number of Shares issuable upon exercise of all the outstanding New Share Options was 100,029,050 Shares, representing 2.9% of the total number of issued Shares as at that date.

During the six months ended 30 June 2016, senior management and employees of the Group exercised a total of 477,600 Share Options granted on 5 June 2014 pursuant to the New Share Option Scheme at the exercise price of HK\$4.07 per Share. The weighted average closing price of the Shares immediately before the exercise date was HK\$5.23 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 amortisation of Share Options of RMB36,546,164 was recognised as staff costs in the consolidated income statements.

Save as disclosed herein, during the six months ended 30 June 2016, (a) the Company had not adopted any other share option schemes; and (b) no other share options were granted, exercised, cancelled or lapsed pursuant to any of the share option schemes of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2016, 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 Stock Exchange 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) INTERESTS IN SHARES OF THE COMPANY AND/OR ASSOCIATED CORPORATIONS

| Name of Director | Nature of Interest | Relevant company (including associated corporations) | Number of shares of the relevant company ⁽¹⁾ | Approximate percentage of interest in the relevant company |
|------------------|-----------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------|------------------------------------------------------------|
| Mr. Sun Hongbin | Interest in a controlled corporation ⁽²⁾ | The Company | 1,589,549,451(L) | 46.75% ⁽⁴⁾ |
| | Beneficial interest | The Company | 10,090,000 (L) | 0.30% ⁽⁴⁾ |
| | Beneficial interest | Sunac International Investment Holdings Ltd ⁽³⁾ | 1 (L) | 100% |
| Mr. Wang Mengde | Beneficial interest | The Company | 3,300,000 (L) | 0.10% ⁽⁴⁾ |
| Mr. Jing Hong | Beneficial interest | The Company | 650,000 (L) | 0.02% ⁽⁴⁾ |

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 Investment Holdings Ltd ("Sunac International") and is deemed to be interested in the Shares held by Sunac International.
- (3) Sunac International is deemed as our holding company and therefore an "associated corporation" of the Company within the meaning of Part XV of the SFO.
- (4) Calculated on the basis of 3,399,926,216 Shares in issue as at 30 June 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(II) INTEREST IN THE UNDERLYING SHARES OF THE COMPANY

| Name of Director | Nature of Interest | Number of underlying Shares ⁽¹⁾ | Approximate percentage of interest in the Company ⁽²⁾ |
|------------------|---------------------|--------------------------------------------|------------------------------------------------------------------|
| Mr. Sun Hongbin | Beneficial interest | 1,300,000 | 0.04% |
| Mr. Wang Mengde | Beneficial interest | 9,700,000 | 0.29% |
| Mr. Jing Hong | Beneficial interest | 8,950,000 | 0.26% |
| Mr. Chi Xun | Beneficial interest | 9,200,000 | 0.27% |
| Mr. Shang Yu | Beneficial interest | 7,450,000 | 0.22% |
| Mr. Li Shaozhong | Beneficial interest | 8,000,000 | 0.24% |

Notes:

- (1) The interests in the underlying Shares are in relation to the share options granted under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the New Share Option Scheme (as appropriate).
- (2) Calculated on the basis of 3,399,926,216 Shares in issue as at 30 June 2016.

Save as disclosed herein, as at 30 June 2016, 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 Stock Exchange 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 2016, 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 ⁽¹⁾ | Approximate percentage of shareholding ⁽²⁾ |
|---------------------|-----------------------------|------------------------------------------------------|-------------------------------------------------------|
| Sunac International | Beneficial interest | 1,589,549,451 (L) | 46.75% |

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) Calculated on the basis of 3,399,926,216 Shares in issue as at 30 June 2016.

Save as disclosed herein, as at 30 June 2016, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CONDITION OF SPECIFIC OBLIGATIONS TO BE PERFORMED BY THE CONTROLLING SHAREHOLDER UNDER FACILITY AGREEMENTS

The following sets out the disclosure required to be included in this report under Rule 13.21 of the Listing Rules in respect of the specific performance obligations of the controlling shareholders of the Company under the facility agreements entered into by the Group which continued to subsist as at the date of this report.

(I) SPECIFIC PERFORMANCE OBLIGATIONS UNDER THE FACILITY AGREEMENT DATED 9 JUNE 2014 (THE "2014 FACILITY AGREEMENT")

As disclosed in the Company's announcement dated 9 June 2014, on 9 June 2014, the Company (as borrower) and its subsidiaries (as guarantors) entered into the 2014 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 lenders) in relation to term loan facilities in an aggregate amount of approximately US\$260 million, which subject to the accession by any banks to the 2014 Facility Agreement pursuant to the terms thereunder will be increased to an aggregate amount of not exceeding US\$350 million, for a period of three years after the date of the 2014 Facility Agreement. Pursuant to the 2014 Facility Agreement, among other things, upon the occurrence of any event that results in Mr. Sun Hongbin ceasing to, among others, (i) hold, whether directly or indirectly through any person, 30% 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 Company; or (iv) be the chairman of the Board, following the instructions given by the majority lenders, the facility agent may declare the relevant commitment under the 2014 Facility Agreement to be cancelled and/or declare all outstanding loans under the 2014 Facility Agreement, together with accrued interest, and all other amounts accrued under the finance documents (as defined in the 2014 Facility Agreement) to become due and immediately payable by giving prior notice to the Company. If the accelerated repayment of the relevant loan is not made within the prescribed period, an event of default will be deemed to have occurred under the 2014 Facility Agreement.

(II) SPECIFIC PERFORMANCE OBLIGATIONS UNDER THE FACILITY AGREEMENT DATED 2 DECEMBER 2015 (THE “2015 FACILITY AGREEMENT”)

As disclosed in the Company’s announcement dated 2 December 2015, on 2 December 2015, the Company as the borrower and its subsidiaries as the guarantors entered into the 2015 Facility Agreement with, among others, The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Ping An Bank Company Limited, China CITIC Bank International Limited, China Construction Bank (Asia) Corporation Limited, China Guangfa Bank Co., Ltd. Macau Branch, Luso International Banking Limited as the original lenders (collectively, the “Original Lenders”), and Hang Seng Bank Limited as the facility agent (the “Facility Agent”). Subsequently on 11 December 2015 and 7 March 2016, the Company entered into a supplemental facility agreement with each of Shanghai Bank (Hong Kong) Limited and Industrial Bank Co., Ltd. Hong Kong Branch. Pursuant to these agreements, the Company was granted the term loan facility with a total amount of approximately USD\$367 million (“Facility”), which subject to the accession by any other banks to the 2015 Facility Agreement pursuant to the terms thereunder will be increased to an aggregate amount of not exceeding US\$460 million, have been granted to the Company for a period of 36 months from the date of the 2015 Facility Agreement. Pursuant to the 2015 Facility Agreement, among other things, upon the occurrence of any event that results in Mr. Sun Hongbin ceasing to (i) hold, whether directly or indirectly through any person, beneficially 30% or more of the issued share capital of the Company or hold beneficially issued share capital having the right to cast at least 30% of the votes capable of being cast at general meetings of the Company; (ii) be the single largest shareholder of the Company; (iii) have the management control over the Company; or (iv) be the chairman of the Board, following the instructions given by the majority lenders, the Facility Agent will declare the relevant commitment under the 2015 Facility Agreement to be cancelled and/or declare all outstanding loans under the 2015 Facility Agreement, together with accrued interest, and all other amounts accrued under the Finance Documents (as defined in the 2015 Facility Agreement) to become due and immediately payable by giving prior notice to the Company. If the accelerated repayment of the relevant loan is not made within the prescribed period, an event of default will be deemed to have occurred under the 2015 Facility Agreement.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2016, the Group had a total of 8,348 employees in Hong Kong and the PRC. For the six months ended 30 June 2016, the staff cost of the Group was approximately RMB305.2 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 applied 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.

In order to attract and retain excellent talents, the Company adopted the Pre-IPO Share Option Scheme on 9 September 2010, the Post-IPO Share Option Scheme on 29 April 2011 and the New Share Option Scheme on 19 May 2014 for granting share options to eligible persons (including employees of the Group) entitling them the right to subscribe for shares of the Company, details of which are disclosed on pages 33 to 39 and 64 of this report. Furthermore, 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 2016.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The emoluments of the Directors are firstly reviewed by the remuneration committee of the Company and then approved by the Board, having regard to the Directors' skill, knowledge, involvement in the Group'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 of all Directors, each of them confirmed that they had complied with the required standards set out in the Model Code during the six months ended 30 June 2016 in relation to their securities dealings, if any.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an 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 currently 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 possesses 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, internal control and risk management systems of the Company and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters related to auditing, internal control and risk management systems and financial reporting matters, including the review of the unaudited interim results of the Group for the six months ended 30 June 2016.

The unaudited interim financial information for the six months ended 30 June 2016 has been reviewed by the independent auditor of the Company 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.

For and on behalf of the Board
Sunac China Holdings Limited
Sun Hongbin
Chairman

Hong Kong, 29 August 2016

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SUNAC CHINA HOLDINGS LIMITED
(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 46 to 84, 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 2016 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, 29 August 2016

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INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

| | Note | 30 June 2016 (Unaudited) RMB'000 | 31 December 2015 (Audited) RMB'000 |
|-----------------------------------------------------|------|-------------------------------------------|---------------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 63,158 | 68,959 |
| Intangible assets | 7 | 238,089 | 230,269 |
| Investments accounted for using the equity method | 8 | 17,728,984 | 15,260,581 |
| Prepayments for investments | 12 | 3,230,375 | 4,722,036 |
| Deferred income tax assets | | 1,663,467 | 1,502,429 |
| Total non-current assets | | 22,924,073 | 21,784,274 |
| CURRENT ASSETS | | | |
| Properties under development | 9 | 48,923,225 | 34,142,659 |
| Completed properties held for sale | 10 | 15,148,069 | 15,727,129 |
| Trade and other receivables | 11 | 2,080,084 | 970,481 |
| Amounts due from related companies | 32 | 20,138,851 | 11,660,049 |
| Prepayments | 12 | 5,209,953 | 4,166,080 |
| Restricted cash | 13 | 11,809,911 | 4,371,010 |
| Cash and cash equivalents | | 28,337,573 | 22,687,280 |
| Total current assets | | 131,647,666 | 93,724,688 |
| Total assets | | 154,571,739 | 115,508,962 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 14 | 291,369 | 291,329 |
| Other reserves | 15 | 4,154,527 | 4,104,442 |
| Retained earnings | | 14,682,553 | 14,609,618 |
| | | 19,128,449 | 19,005,389 |
| Perpetual capital securities | 16 | 6,825,361 | — |
| Non-controlling interests | | 661,345 | 414,781 |
| Total equity | | 26,615,155 | 19,420,170 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

| | Note | 30 June 2016 (Unaudited) RMB'000 | 31 December 2015 (Audited) RMB'000 |
|--------------------------------------|------|-------------------------------------------|---------------------------------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | 38,150,191 | 27,214,240 |
| Derivative financial instruments | 19 | 10,209 | — |
| Deferred income tax liabilities | | 5,317,308 | 4,379,412 |
| Total non-current liabilities | | 43,477,708 | 31,593,652 |
| Current liabilities | | | |
| Trade and other payables | 17 | 10,919,393 | 10,943,950 |
| Advanced proceeds from customers | | 20,118,326 | 13,420,386 |
| Amounts due to related companies | 32 | 22,176,869 | 18,212,922 |
| Current income tax liabilities | | 6,615,962 | 7,333,489 |
| Borrowings | 18 | 24,648,326 | 14,584,393 |
| Total current liabilities | | 84,478,876 | 64,495,140 |
| Total liabilities | | 127,956,584 | 96,088,792 |
| Total equity and liabilities | | 154,571,739 | 115,508,962 |

The notes on pages 51 to 84 form an integral part of this interim condensed consolidated financial information.

The interim condensed consolidated financial information on pages 46 to 84 were approved by the Board of Directors on 29 August 2016 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 2016

| | Note | Six months ended 30 June | |
|-----------------------------------------------------------------------------------------------|------|--------------------------------|--------------------------------|
| | | 2016 (Unaudited) RMB'000 | 2015 (Unaudited) RMB'000 |
| Revenue | 6 | 10,586,085 | 5,442,722 |
| Cost of sales | | (9,179,970) | (4,824,671) |
| Gross profit | | 1,406,115 | 618,051 |
| Other income and gains | 22 | 1,551,361 | 2,220,585 |
| Selling and marketing costs | | (318,512) | (284,602) |
| Administrative expenses | | (421,530) | (298,842) |
| Other expenses and losses | 23 | (54,573) | (102,379) |
| Operating profit | | 2,162,861 | 2,152,813 |
| Finance income | 24 | 98,507 | 83,095 |
| Finance costs | 24 | (1,578,739) | (698,577) |
| Share of post-taxes (losses)/profits of investments accounted for using equity method, net | 8 | (235,504) | 451,871 |
| Profit before income tax | | 447,125 | 1,989,202 |
| Income tax expense | 25 | (344,355) | (731,539) |
| Profit for the period | | 102,770 | 1,257,663 |
| Other comprehensive income for the period | | — | — |
| Total comprehensive income for the period | | 102,770 | 1,257,663 |
| <i>Attributable to:</i> | | | |
| – Owners of the Company | | 72,935 | 951,399 |
| – Holders of perpetual capital securities | 16 | 2,361 | — |
| – Non-controlling interests | | 27,474 | 306,264 |
| | | 102,770 | 1,257,663 |
| Earnings per share attributable to owners of the Company (expressed in RMB per share): | 26 | | |
| – Basic earnings per share | | 0.02 | 0.28 |
| – Diluted earnings per share | | 0.02 | 0.28 |

The notes on pages 51 to 84 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

| | | Unaudited | | | | | | | |
|------|----------------------------------------------------------------|---------------------------------------|-------------------|------------|--------------------|-----------------------|-------------|-------------|-------------|
| | | Attributable to owners of the Company | | | | Perpetual | Non- | Total | |
| Note | Share capital | Other reserves | Retained earnings | Total | capital securities | controlling interests | equity | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | | |
| | (Note 14) | (Note 15) | | | (Note 16) | | | | |
| | Balance at 1 January 2016 | 291,329 | 4,104,442 | 14,609,618 | 19,005,389 | — | 414,781 | 19,420,170 | |
| | Total comprehensive income for the period ended 30 June 2016 | — | — | 72,935 | 72,935 | 2,361 | 27,474 | 102,770 | |
| | Transactions with owners, recognised directly in equity | | | | | | | | |
| | Non-controlling interests arising on business combination | 30 | — | — | — | — | 84,398 | 84,398 | |
| | Capital contributions from non-controlling interests | | — | — | — | — | 122,900 | 122,900 | |
| | Transactions with non-controlling interests | 29 | — | 11,953 | — | 11,953 | — | 23,745 | |
| | Issue of perpetual capital securities | 16 | — | — | — | 6,823,000 | — | 6,823,000 | |
| | Employees share option schemes: | | | | | | | | |
| | – Value of employee services | 15 | — | 36,546 | — | 36,546 | — | 36,546 | |
| | – Proceeds from shares issued | 14, 15 | 40 | 1,586 | — | 1,626 | — | 1,626 | |
| | | | 40 | 50,085 | — | 50,125 | 6,823,000 | 219,090 | 7,092,215 |
| | Balance at 30 June 2016 | 291,369 | 4,154,527 | 14,682,553 | 19,128,449 | 6,825,361 | 661,345 | 26,615,155 | |
| | Balance at 1 January 2015 | 289,963 | 3,203,001 | 12,859,974 | 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 | |
| | Transactions with owners, recognised directly in equity | | | | | | | | |
| | Transactions with non-controlling interests | | — | (354,985) | — | (354,985) | — | 530,043 | 175,058 |
| | Dividends to non-controlling interests | | — | — | — | — | (1,699,837) | (1,699,837) | |
| | Disposal of a subsidiary | | — | — | — | — | (432,259) | (432,259) | |
| | Employees share option schemes: | | | | | | | | |
| | – Value of employee services | 15 | — | 11,296 | — | 11,296 | — | 11,296 | |
| | – Proceeds from shares issued | 14, 15 | 1,310 | 42,454 | — | 43,764 | — | 43,764 | |
| | | | 1,310 | (301,235) | — | (299,925) | — | (1,602,053) | (1,901,978) |
| | Balance at 30 June 2015 | 291,273 | 2,901,766 | 13,811,373 | 17,004,412 | — | 3,333,906 | 20,338,318 | |

The notes on pages 51 to 84 form an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

| | Note | Unaudited Six months ended 30 June | |
|---------------------------------------------------------------|-------|---------------------------------------|--------------------|
| | | 2016 RMB'000 | 2015 RMB'000 |
| Cash flows from operating activities | | | |
| Income tax paid | | (1,016,199) | 1,395,598 |
| | | (1,768,938) | (984,736) |
| Net cash (used in)/generated from operating activities | | (2,785,137) | 410,862 |
| Cash flows from investing activities | | | |
| Cash paid for business combinations, net | 30 | (2,808,357) | 80,264 |
| Disposal of subsidiaries, net | 31 | (264,891) | 292,730 |
| Prepayments for current year equity investments | | (3,086,922) | (4,701,321) |
| Payments for previous year equity investments | | (317,601) | — |
| Withdrawal of prepayment for equity transactions | | — | 1,939,479 |
| Interest received on prepayment of equity acquisitions | | 44,910 | 35,124 |
| Equity investments in joint ventures and associates | | (2,463,990) | (1,546,326) |
| Dividend received from joint ventures | | 261,403 | — |
| Proceeds from disposal of investment in a joint venture | | 60,000 | — |
| Loan to a joint ventures and associates | | (5,861,957) | (659,039) |
| Collection of loans from joint ventures and associates | | 3,420,184 | 2,150,288 |
| Interest received from joint ventures and associates | | 15,906 | 72,231 |
| Cash advanced from joint venture partner | | — | 350,000 |
| Proceeds from disposal of investment properties | | — | 175,000 |
| Loan to a business partner relating to a joint arrangement | 11(b) | (332,637) | — |
| Others | | (9,845) | 50,825 |
| Net cash used in investing activities | | (11,343,797) | (1,760,745) |
| Cash flows from financing activities | | | |
| Proceeds from issue of ordinary shares | | 1,626 | 43,764 |
| Proceed from issue of private domestic bonds | 18(e) | 14,947,300 | — |
| Proceeds from issuance of perpetual capital securities | 16 | 6,873,000 | — |
| Proceeds from borrowings | 18(e) | 22,442,033 | 11,354,825 |
| Repayments of borrowings | 18(e) | (15,445,788) | (13,898,156) |
| Payment for other financial costs | 24 | (224,073) | — |
| Dividend paid to non-controlling interests | | — | (956,092) |
| Repayment of loans from non-controlling interests | | (158,074) | (1,153,361) |
| Loans from non-controlling interests | | — | 252,582 |
| Loans to non-controlling interests | | (139,976) | (80,000) |
| Acquisitions of additional interests in subsidiaries | | (11,619) | (1,055,396) |
| Interest paid | | (1,182,659) | (1,369,313) |
| Restricted cash guaranteed for bank borrowings | | (6,288,430) | (10,258) |
| Restricted cash guaranteed for joint ventures' borrowings | | (1,000,000) | — |
| Contribution from non-controlling interests | | 44,900 | — |
| Others | | (20,011) | — |
| Net cash generated from/(used in) financing activities | | 19,838,229 | (6,871,405) |
| Net increase/(decrease) in cash and cash equivalents | | 5,709,295 | (8,221,288) |
| Cash and cash equivalents at beginning of period | | 22,687,280 | 20,657,285 |
| Effect of exchange difference | | (59,002) | (1,044) |
| Cash and cash equivalents at end of period | | 28,337,573 | 12,434,953 |

The notes on pages 51 to 84 form an integral part of this interim condensed consolidated financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

1 General information

Sunac China Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in property development and property management services 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.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information had been approved for issue by the board of directors of the Company (the “Board”) on 29 August 2016.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 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 2015, 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 and other financing 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 and other 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2016.

(A) AMENDMENTS TO HKFRS EFFECTIVE FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016 DO 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.

(B) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE ENTITY

(i) HKFRS 9 Financial instruments

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption.

(ii) HKFRS 15 Revenue from contracts with customers

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and is not able to estimate the effect of the new rules at this stage. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

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 2015.

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 interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no significant changes in the risk or in any risk management policies since 31 December 2015.

5.2 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial liabilities that are measured at fair value at 30 June 2016 (2015: Nil).

| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | Total RMB'000 |
|----------------------------------|--------------------|--------------------|--------------------|------------------|
| Liabilities | | | | |
| Derivative financial instruments | — | 10,209 | — | 10,209 |

During the six months ended 30 June 2016, there were no reclassifications of financial liabilities and no transfers between different levels.

The financial instruments classified as level 2 include currency derivative contracts entered into with certain commercial banks. The contracts do not qualify for hedge accounting, so that they are classified as derivative financial instrument on the balance sheet and with fair value changes recognised in the profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

5 Financial risk management and financial instruments *(continued)*

5.3 VALUATION TECHNIQUES USED TO DERIVE LEVEL 2 FAIR VALUES

The currency derivative contracts have been fair valued using the option pricing model.

5.4 FAIR VALUE OF FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

The carrying amounts of bank borrowings, borrowings from other financial institutions are approximate their fair values. The fair values of senior notes as at 30 June 2016 amounted to RMB4,998 million (31 December 2015: RMB8,941 million), which were calculated based on the market price of the traded senior notes at the balance sheet date. The fair values of corporate bonds, private domestic corporate bonds and asset-backed securities as at 30 June 2016 amounted to RMB6,140 million, RMB15,393 million, RMB1,119 million respectively (31 December 2015: RMB6,222 million for corporate bonds), which were calculated based on the active market price at the balance sheet date. The fair values of senior notes, private domestic corporate bonds and assets-backed securities are within level 2 of the fair value hierarchy and the fair values of corporate bonds are within level 1 of the fair value hierarchy.

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Cash and cash equivalents, restricted cash
- Trade and other receivables
- Amounts due from related companies
- Trade and other payables
- Amounts due to related companies

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

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 2016 | | |
|----------------------------------------|------------------------------------------------|-------------------------------------------|-------------------|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| Total segment revenue | 10,330,591 | 277,518 | 10,608,109 |
| Inter-segment revenue | — | (22,024) | (22,024) |
| Revenue from external customers | 10,330,591 | 255,494 | 10,586,085 |
| Profit/(loss) before income tax | 462,596 | (15,471) | 447,125 |

| | As at 30 June 2016 | | |
|---------------------------|------------------------------------------------|-------------------------------------------|------------------|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| Total segment assets | 152,577,978 | 330,294 | 152,908,272 |
| Total segment liabilities | 115,574,749 | 448,565 | 116,023,314 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

6 Segment information (continued)

| | 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) |
| Revenue from external customers | 5,224,665 | 218,057 | 5,442,722 |
| Profit/(loss) before income tax | 2,031,267 | (42,065) | 1,989,202 |

| | As at 31 December 2015 | | |
|---------------------------|------------------------------------------------|-------------------------------------------|------------------|
| | Property development and investment RMB'000 | Property management and others RMB'000 | Total RMB'000 |
| Total segment assets | 113,644,985 | 361,548 | 114,006,533 |
| Total segment liabilities | 83,840,268 | 535,623 | 84,375,891 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

7 Property, plant and equipment and intangible assets

| | Property, plant and equipment RMB'000 | Intangible assets | | Total RMB'000 |
|---------------------------------------|------------------------------------------|---------------------|------------------------------|------------------|
| | | Goodwill RMB'000 | Computer software RMB'000 | |
| Six months ended 30 June 2016 | | | | |
| Net book value or valuation | | | | |
| As at 1 January 2016 | 68,959 | 228,699 | 1,570 | 230,269 |
| Additions | 13,723 | — | — | — |
| Disposals | (3,878) | — | — | — |
| Depreciation and amortization | (16,102) | — | (111) | (111) |
| Acquisition of subsidiaries (Note 30) | 484 | 7,903 | 28 | 7,931 |
| Disposal of a subsidiary (Note 31) | (28) | — | — | — |
| As at 30 June 2016 | 63,158 | 236,602 | 1,487 | 238,089 |

| | Property, plant and equipment RMB'000 | Intangible assets | | Total RMB'000 |
|--------------------------------------|------------------------------------------|---------------------|------------------------------|------------------|
| | | Goodwill RMB'000 | Computer software RMB'000 | |
| Six months ended 30 June 2015 | | | | |
| Net book value or valuation | | | | |
| As at 1 January 2015 | 61,815 | 147,985 | 920 | 148,905 |
| Additions | 8,047 | — | — | — |
| Disposals | (1,404) | — | — | — |
| Depreciation and amortization | (10,959) | — | (187) | (187) |
| Acquisition of subsidiaries | 19,230 | 66,266 | 312 | 66,578 |
| Disposal of subsidiaries | (1,623) | — | — | — |
| As at 30 June 2015 | 75,106 | 214,251 | 1,045 | 215,296 |

8 Investments accounted for using the equity method

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

| | As at | |
|----------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Joint ventures | 13,090,324 | 10,691,975 |
| Associates | 4,638,660 | 4,568,606 |
| | 17,728,984 | 15,260,581 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

8 Investments accounted for using the equity method *(continued)*

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

| | Six months ended 30 June | |
|----------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Joint ventures | (305,558) | 464,081 |
| Associates | 70,054 | (12,210) |
| | (235,504) | 451,871 |

8.1 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 | |
|--------------------------------------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| At beginning of period | 10,691,975 | 7,927,863 |
| Additions: | | |
| - Capital contributions to joint ventures established by the Group | 682,500 | 202,500 |
| - Acquisition of joint ventures (Note (a)) | 1,693,430 | 1,284,371 |
| - Further investments in existing joint ventures (Note (b)) | 589,008 | 33,500 |
| - Subsidiaries becoming joint ventures | 40,901 | 325,474 |
| - Interest in joint ventures owned by a newly acquired subsidiary | 37,758 | — |
| Disposals: | | |
| - Disposal of investments in joint ventures | (49,870) | — |
| - Joint ventures becoming subsidiaries | (28,417) | (229,873) |
| Share of (losses)/profits of joint ventures, net | (305,558) | 464,081 |
| Dividends from joint ventures | (261,403) | (875,685) |
| At end of period | 13,090,324 | 9,132,231 |

Notes:

- (a) During the six months ended 30 June 2016, the Company acquired equity interests in 8 joint ventures, which resulted in total gain of RMB415.1 million from the difference between the consideration and the fair value of equity interests acquired.
- (b) During the six months ended 30 June 2016, the Group increased its investments in two existing joint ventures through equity acquisitions at total consideration of RMB543.35 million and resulted in a net gain of RMB45.66 million.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

8 Investments accounted for using the equity method *(continued)*

8.2 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 its share of results of these associates.

| | Six months ended 30 June | |
|----------------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| At beginning of period | 4,568,606 | 4,120,926 |
| Share of profits/(losses) of associates, net | 70,054 | (12,210) |
| Investments in a new associate | — | 977,375 |
| An associate becoming a subsidiary | — | (86,975) |
| Disposal of an associate | — | (18,406) |
| Dividends from associates | — | (1,009,507) |
| At end of period | 4,638,660 | 3,971,203 |

9 Properties under development ("PUD")

| | As at | |
|-------------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Land use rights | 37,931,207 | 23,865,555 |
| Construction costs and capitalized expenditures | 6,297,070 | 5,936,959 |
| Capitalized finance costs | 4,740,656 | 4,390,220 |
| Less: Provision for loss on realisable value | (45,708) | (50,075) |
| | 48,923,225 | 34,142,659 |
| To be completed within 12 months | 18,820,047 | 10,910,407 |
| To be completed after 12 months | 30,103,178 | 23,232,252 |
| | 48,923,225 | 34,142,659 |

The PUD are all located in the PRC.

As at 30 June 2016, certain PUD amounted to RMB30,208 million were pledged as collateral for the Group's borrowings (31 December 2015: RMB17,550 million) (Note 18).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

10 Completed properties held for sale

| | As at | |
|----------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Completed properties held for sale, gross | 15,910,637 | 16,413,728 |
| Less: Provision for loss on realisable value | (762,568) | (686,599) |
| | 15,148,069 | 15,727,129 |

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

As at 30 June 2016 certain completed properties held for sale amounting to RMB4,164 million (31 December 2015: RMB6,291 million) were pledged as collateral for the Group's borrowings (Note 18).

11 Trade and other receivables

| | As at | |
|--------------------------------------------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Amounts due from non-controlling interests and their related parties | 663,491 | 334,024 |
| Trade receivables (Note (a)) | 126,848 | 92,011 |
| Amounts due from a business partner relating to a joint arrangement (Note (b)) | 332,637 | — |
| Notes receivables | — | 200 |
| Other receivables | | |
| – Payments on behalf of customers | 229,806 | 132,291 |
| – Deposits | 535,176 | 212,349 |
| – Interests receivable | 59,612 | 22,810 |
| – Others | 181,578 | 204,474 |
| | 2,129,148 | 998,159 |
| Less: Bad debt provision for other receivables | (49,064) | (27,678) |
| | 2,080,084 | 970,481 |

As at 30 June 2016 and 31 December 2015, 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 TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

11 Trade and other receivables (continued)

Notes:

- (a) In the six months ended 30 June 2016, the Group provided a credit period of 90-365 days to certain customers having good credit standing.
- (b) According to a cooperation agreement entered into in March 2016 the Group and two independent third parties target to obtain and share a land use right in Tianjin, the PRC. As of 30 June 2016, the Group has made a total payment of RMB1,319.21 million for the land use right tendering, in which, RMB332.64million was paid on behalf of one business partner and therefore was recorded as a receivable. In connection with this cooperation, the business partner has already made a guarantee deposit amounted to RMB500 million to the Group.

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

| | As at | |
|----------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Within 90 days | 101,960 | 55,160 |
| 90 - 180 days | 1,166 | — |
| 181 - 365 days | 16,416 | 34,521 |
| Over 365 days | 7,306 | 2,330 |
| | 126,848 | 92,011 |

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 2016 (31 December 2015: Nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

12 Prepayments

| | As at | |
|--------------------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Non-current - Prepayments for investments (Note(a)) | 3,230,375 | 4,722,036 |
| Current - Prepaid taxes | | |
| – Land appreciation tax | 1,412,850 | 1,214,360 |
| – Corporate income tax | 756,629 | 725,876 |
| – Business tax and surcharge | 976,482 | 697,978 |
| Prepayments for land use rights acquisition | 1,968,134 | 1,465,969 |
| Prepayments for project development costs | 95,858 | 61,897 |
| | 5,209,953 | 4,166,080 |

(a) As at 30 June 2016, the prepayments for investments included primarily the following two items:

- (i) In May 2016, the Company proposed to acquire from Top Spring International Holdings Limited, an independent third party, the equity interests of seven project entities and certain receivables from the target entities to the seller at a total consideration equivalent to RMB4,225 million. As at 30 June 2016, the Group has made a prepayment of RMB2,000 million for the proposed acquisition and the transaction has been approved by the shareholders on 16 August 2016.
- (ii) As at 30 June 2016, the Group had prepayments totalling RMB1,048 million for future cooperation in target real estate projects located in Xi'an, the PRC.

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 2016

13 Restricted cash

| | As at | |
|--------------------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Guarantee deposits for bank loans | 9,358,935 | 3,070,505 |
| Restricted cash from presales of properties (Note (a)) | 1,426,377 | 1,287,734 |
| Others (Note(b)) | 1,024,599 | 12,771 |
| | 11,809,911 | 4,371,010 |

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.

Note (b): The Group paid deposits as guarantee for the Group's certain joint ventures' bank borrowings.

14 Share capital

| | Number of shares (thousands) | Share capital | |
|--------------------------------------------------------------------|---------------------------------|---------------|--------------------------|
| | | HK\$'000 | Equivalent to RMB'000 |
| Ordinary shares of HK\$0.1 each, issued and fully paid | 10,000,000 | 1,000,000 | — |
| As at 31 December 2015 | 3,399,449 | 339,945 | 291,329 |
| Shares issued upon exercise of employees' share options (Note (a)) | 477 | 48 | 40 |
| As at 30 June 2016 | 3,399,926 | 339,993 | 291,369 |

Note (a): As disclosed in details in the Company's annual financial statements for the year ended 31 December 2015, the Company adopted a Post-IPO Share Option Scheme on 29 April 2011 and a 2014 Share Option Scheme on 19 May 2014 respectively. On 20 June 2016, the Company granted 39,920,000 share options within the 2014 Share Option Scheme.

The total expense recognised in the profit or loss for share options granted to directors and employees for the six months ended 30 June 2016 was RMB36.55 million (2015: RMB11.29 million).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

14 Share capital (continued)

The weighted-average fair value of options granted during the period determined using the Binomial valuation model was HK\$1.65 per option (2015: HK\$2.23). The significant inputs into the model were weighted-average share price of HK\$4.56 at the grant date (2015: HK\$7.27), exercise price of HK\$4.62 (2015: HK\$7.27), volatility of 53.12% (2015: 44.91%), dividend yield of 2.6% (2015: 2.1%), an expected option life of five years, and an annual risk-free interest rate of 0.827% (2015: 1.129%). The expected volatility is determined by calculating the historical volatility of the price of listed companies with similar business to the Group. The expected dividend yield is determined by the Directors based on the expected future performance and dividend policy of the Group.

For the six months ended 30 June 2016, 477,600 shares in connection with the 2014 Share Option Scheme were exercised by the employees, which resulted in an increase of RMB0.04 million in the share capital and RMB1.586 million in share premium (Note 15).

As at 30 June 2016, 49,901 thousand shares of the Post-IPO Share Option Scheme and 49,241 thousand shares of the 2014 Share Option Scheme were exercisable (31 December 2015: 52,640 thousand shares in the Post-IPO Share Option Scheme and 26,214 thousand shares in the 2014 Share Option Scheme).

15 Reserves

| | Note | Share premium RMB'000 | Other reserves RMB'000 | Total RMB'000 |
|---------------------------------------------|------|--------------------------|---------------------------|------------------|
| Six months ended 30 June 2016 | | | | |
| At 1 January 2016 | | 1,954,974 | 2,149,468 | 4,104,442 |
| Transactions with non-controlling interests | 29 | — | 11,953 | 11,953 |
| Employees share option schemes: | | | | |
| – Value of employee services | | — | 36,546 | 36,546 |
| – Exercise of employees' share options | 14 | 1,586 | — | 1,586 |
| At 30 June 2016 | | 1,956,560 | 2,197,967 | 4,154,527 |
| Six months ended 30 June 2015 | | | | |
| At 1 January 2015 | | 2,555,259 | 647,742 | 3,203,001 |
| Transactions with non-controlling interests | | — | (354,985) | (354,985) |
| Employees share option schemes: | | | | |
| – Value of employee services | | — | 11,296 | 11,296 |
| – Exercise of employees' share options | | 42,454 | — | 42,454 |
| At 30 June 2015 | | 2,597,713 | 304,053 | 2,901,766 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

16 Perpetual capital securities

During six months ended 30 June 2016, certain wholly owned subsidiaries of the Company (the “Instrument issuers”) issued three perpetual bonds, among which, one of these perpetual bonds contracts were guaranteed by Sunac Real Estate Group Co., Ltd. (the “Sunac Real Estate”), an indirect wholly owned subsidiary of the Company, and secured using the equity interests of the Instrument issuers. Another perpetual bonds contract was guaranteed by Sunac Real Estate and secured by the equity investments owned by the joint ventures of the Instrument issuers. The perpetual bonds have no maturity date. The Instrument issuers may elect to defer interest payment, and are not subject to any limit as to the number of times interest payment can be deferred. The perpetual bonds are callable by the Instrument issuers.

The compensation for default under the uncontrollable condition was limited to RMB50 million according to the contracts and was classified as financial liabilities. The aggregate net proceeds of the perpetual bonds, deducting the compensation, amounted to RMB6,823 million. As the perpetual bonds only impose contractual obligations on the Group to repay principal or to pay any distribution under certain circumstances, which are at Group’s discretion, they have in substance offered the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligation. Therefore, the net proceeds of the perpetual bonds are classified as capital instruments presented in the equity of the Group. The accrual of respective nominal interests according to the bond terms are treated as distribution to the holders of these perpetual capital instruments.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

17 Trade and other payables

| | As at | |
|-------------------------------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Trade payables | 6,934,092 | 7,303,339 |
| Deposits received | 1,370,243 | 386,874 |
| Notes payables | 235,592 | 193,495 |
| Payables for acquisition consideration | 582,279 | 1,031,517 |
| Amount due to non-controlling interests and their related parties | 267,886 | 206,777 |
| Other taxes payable | 242,906 | 462,031 |
| Interests payable | 847,901 | 416,012 |
| Advanced deed tax from customers | 193,503 | 243,707 |
| Payroll and welfare payables | 62,110 | 210,160 |
| Others | 182,881 | 490,038 |
| | 10,919,393 | 10,943,950 |

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

| | As at | |
|----------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Within 90 days | 2,310,618 | 4,628,637 |
| 90-180 days | 580,678 | 581,236 |
| 180-365 days | 1,952,204 | 354,035 |
| Over 365 days | 2,090,592 | 1,739,431 |
| | 6,934,092 | 7,303,339 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

18 Borrowings

| | As at | |
|----------------------------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Non-current | | |
| Secured, | | |
| – Banks borrowings | 18,126,690 | 23,094,089 |
| – Other borrowings | 8,138,780 | 1,520,000 |
| – Senior notes (Note (A)) | 4,614,288 | 8,389,829 |
| – Asset-backed securities (Note (D)) | 905,456 | — |
| | 31,785,214 | 33,003,918 |
| Unsecured, | | |
| – Corporate bonds (Note (B)) | 5,970,600 | 5,967,000 |
| – Private domestic corporate bonds (Note (C)) | 14,951,050 | — |
| | 20,921,650 | 5,967,000 |
| | 52,706,864 | 38,970,918 |
| Less: Current portion of long-term borrowings (Note (E)) | (14,556,673) | (11,756,678) |
| | 38,150,191 | 27,214,240 |
| Current | | |
| Secured, | | |
| – Banks borrowings | 7,936,353 | 1,481,715 |
| – Other borrowings | 1,922,100 | 1,300,000 |
| – Asset-backed securities (Note (D)) | 187,200 | — |
| | 10,045,653 | 2,781,715 |
| Unsecured, | | |
| – Other borrowings | 46,000 | 46,000 |
| | 10,091,653 | 2,827,715 |
| Current portion of long-term borrowings (Note (E)) | 14,556,673 | 11,756,678 |
| | 24,648,326 | 14,584,393 |
| Total borrowings | 62,798,517 | 41,798,633 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

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. As at 30 June 2016, the issue dates, principals and interest rates of the outstanding Senior Notes were shown as below:

| | Issue dates | Principal USD million | Interest rate |
|---------------|-----------------|--------------------------|---------------|
| Senior Note 1 | 5 April 2013 | 500 | 9.375% |
| Senior Note 2 | 5 December 2014 | 400 | 8.75% |
| | | 900 | |

According to the terms of the Senior Notes, at any time and from time to time on or after 5 April 2016 and 5 December 2017 respectively, the Company may redeem the Senior 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 5 April and 5 December of each of the years indicated below respectively.

The redemption prices are shown as below:

| Redemption time | Redemption prices |
|---------------------------------------------------|------------------------------------|
| Senior Note 1: | |
| 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% |
| Senior Note 2: | |
| 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 2016

18 Borrowings (continued)

(A) SENIOR NOTES (continued)

Notes:

- (i) The Company announced on 8 June 2016 that it had redeemed an aggregate principal amount of US\$200 million of outstanding 9.375% Senior Notes.

The Company announced on 6 July 2016 that it had informed the trustee, DB Trustees (Hong Kong) Limited, that all the remaining outstanding 9.375% Senior Notes of an aggregate principal amount of US\$300 million would be redeemed in full on 5 August 2016 (the "Redemption Date") at a redemption price equal to 104.69% of the principal amount thereof, plus accrued and unpaid interest, if any, to (but not including) the Redemption Date. On 5 August 2016 the Company announced that it had completed this redemption. The Company had reclassified this part to current liabilities in the consolidated balance sheet.

- (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 104.4% of the principal plus the accrued and unpaid interest amount for the period from the redemption date to 5 December 2017 over the principal amount at the redemption date.

These early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors are of the view that the fair value of the above early redemption option is not material as at 31 December 2015 and 30 June 2016.

(B) CORPORATE BONDS

The Company issued corporate bonds (the "Corporate Bonds") on the Shanghai Stock Exchange and payable annually in arrears. The issue dates, principals and interest rates are shown as below:

| Issue dates | Principal RMB'000 | Interest rate |
|----------------------------------|----------------------|---------------|
| 15 August 2015 ("Type 1 Bond") | 2,500,000 | 4.50% |
| 15 August 2015 ("Type 2 Bond") | 2,500,000 | 5.70% |
| 1 September 2015 ("Type 3 Bond") | 1,000,000 | 4.48% |
| | 6,000,000 | |

According to the terms of the Corporate Bonds, Type 1 Bond has a term of five years and after the end of the third year the issuer has the option to raise the coupon rate and the investors are entitled to sell back the bonds, and its coupon rate was fixed at 4.5% with an issue size of RMB2.5 billion. Type 2 Bond has a term of five years and its coupon rate was fixed at 5.7% with an issue size of RMB2.5 billion. Type 3 Bond has a term of five years with the issuer's option to raise the coupon rate after the end of the third year and the investors' entitlement to sell back the bonds, and its coupon rate was fixed at 4.48%. The underwriting fee of the Corporate Bond was charged at 0.6% of the issue size.

The options embedded in the Type 1 Bond and Type 3 Bond host contracts are not closely related to the host contracts, and the directors are of the view that the fair value of the above early redemption option is not material as at 31 December 2015 and 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

18 Borrowings (continued)

(C) PRIVATE DOMESTIC CORPORATE BONDS

During the six months ended 30 June 2016, the Company issued private domestic corporate bonds on Shanghai Stock Exchange and Shenzhen Stock Exchange. The details are shown as below:

| Issue date | Principal amount RMB'000 | Interest rate | Maturity |
|-----------------|-----------------------------|---------------|----------|
| 21 January 2016 | 1,500,000 | 5.20% | 4 years |
| 22 January 2016 | 5,000,000 | 6.39% | 7 years |
| 7 March 2016 | 3,500,000 | 5.40% | 5 years |
| 3 May 2016 | 2,700,000 | 5.85% | 6 years |
| 13 June 2016 | 2,300,000 | 5.45% | 6 years |
| | <hr/> 15,000,000 | | |

The net proceeds after deducting the direct issuance costs, amounted to RMB14,947.3 million. All the private domestic corporate bonds are with the issuer's option to raise the coupon rate and the investors' option to sell back the bonds at the end of the second, third or fifth years.

The options embedded are not closely related to the host contracts. The directors are of the view that the fair value of the embedded options is not material as at the time of initial recognition and 30 June 2016.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

18 Borrowings (continued)

(D) ASSET-BACKED SECURITIES

Sunac Property Management Service Group Co., Ltd, a wholly owned subsidiary of the Company engaged in property management services in the PRC, entered into asset-backed special agreement with a third-party financing institution in the form of asset securitisation. Asset-backed securities are backed by the right of receipt of the property management service fee with a principal amount of RMB1,158 million and have respective fixed repayment dates, bearing interest rate ranging from 4.5% to 5.7% per annum. The securities were guaranteed by Sunac Real Estate.

(E) LONG-TERM BORROWINGS

As at 30 June 2016, RMB7,057 million (31 December 2015: RMB2,766 million) of borrowings for property development projects will be due for full repayment upon an aggregated 20%~80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB3,804 million (31 December 2015: RMB491 million) of borrowings will be due for repayment during the twelve months ending 30 June 2017 and therefore were included in current liabilities as at 30 June 2016.

Movements in borrowings are analysed as follows:

| | RMB'000 |
|-------------------------------------------------------------|-------------------|
| Six months ended 30 June 2016 | |
| Opening amount as at 1 January 2016 | 41,798,633 |
| Additions in borrowings | 37,389,333 |
| Disposal of a subsidiary (Note 31) | (1,988,000) |
| Acquisition of subsidiaries (Note 30) | 656,800 |
| Repayments of borrowings | (15,445,788) |
| Adjustment of financial costs using effective interest rate | 70,507 |
| Exchange loss | 317,032 |
| Closing amount as at 30 June 2016 | 62,798,517 |
| Six months ended 30 June 2015 | |
| Opening amount as at 1 January 2015 | 34,383,795 |
| Additions in borrowings | 11,354,825 |
| Disposal of a subsidiary | (1,616,095) |
| Acquisition of subsidiaries | 900,000 |
| Repayments of borrowings | (13,898,156) |
| Adjustment of financial costs using effective interest rate | 45,389 |
| Exchange loss | 3,390 |
| Closing amount as at 30 June 2015 | 31,173,148 |

As at 30 June 2016, the Group's borrowings totalling RMB41,831 million (31 December 2015: RMB35,786 million) were secured or jointly secured using the Group's properties under development and completed properties held for sale totalling RMB34,372 million (31 December 2015: RMB23,841 million) and the Group's equity interests in certain subsidiaries, and certain restricted cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

19 Derivative financial instruments

As at 30 June 2016, the currency derivative contracts comprised various contracts with nominal amount totalling USD600 million (2015: Nil), the settlement dates of which are between January and April 2019. The derivative contracts were not designated as hedging instruments. According to the contracts, the Group will be able to buy USD nominal amount at the agreed strike price with CNY on the settlement date.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The change of fair value is recognised immediately in profit or loss.

20 Expenses by nature

| | Six months ended 30 June | |
|----------------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Costs of completed properties delivered | 8,399,468 | 4,319,723 |
| Business tax and other levies | 489,503 | 294,961 |
| Staff costs | 305,237 | 215,753 |
| Advertisement and promotion costs | 148,513 | 159,281 |
| Provision for decline in value of properties | 71,602 | 142,855 |
| Impairment of receivables | 30,004 | — |
| Depreciation and amortisation | 16,213 | 11,146 |

21 Business tax and value-added tax

From 1 January 2016 to 30 April 2016, sales of properties and property management service income of the PRC companies of the Group were subject to business tax of 5%.

In accordance with the Circular on the full implementation of Levying Value-added Tax ("VAT") in place of Business Tax (Caishui No.36, 2016) (the "Circular") jointly issued by the Ministry of Finance and the State Administration of Taxation of the PRC, taxpayers providing taxable services included in the Circular would be subject to VAT and no longer to business tax starting from 1 May 2016. Since 1 May 2016, the Group has applied the provisions stipulated in the Circular.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

22 Other income and gains

| | Six months ended 30 June | |
|---------------------------------------------------|--------------------------|------------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Gains from business combination (Note 30) | 560,379 | 137,882 |
| Gains from investments in joint ventures (Note 8) | 460,758 | — |
| Interest income | 421,642 | 608,249 |
| Gain on disposal of a subsidiary (Note 31) | 11,536 | 1,129,390 |
| Gain on disposal of a joint venture | 22,705 | 172,967 |
| Gain on the debts assignment | — | 150,000 |
| Government grants | 8,647 | 530 |
| Others | 65,694 | 21,567 |
| | 1,551,361 | 2,220,585 |

23 Other expenses and losses

| | Six months ended 30 June | |
|-----------------------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Fair value loss on derivative financial instruments | 30,253 | — |
| Loss on disposal of investment properties | — | 81,284 |
| Others | 24,320 | 21,095 |
| | 54,573 | 102,379 |

24 Finance income and finance costs

| | Six months ended 30 June | |
|------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Interest expenses | 1,645,474 | 1,362,173 |
| Other finance costs | 224,073 | — |
| Less: Capitalised finance costs | (666,843) | (668,030) |
| | 1,202,704 | 694,143 |
| Exchange loss | 376,035 | 4,434 |
| | 1,578,739 | 698,577 |
| Finance income: | | |
| – Interest income on bank deposits | (98,507) | (83,095) |
| Net finance costs | 1,480,232 | 615,482 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

25 Income tax expenses

| | Six months ended 30 June | |
|-------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Corporate income tax ("CIT") charge | | |
| – Current income tax | 520,973 | 899,165 |
| – Deferred income tax | (273,679) | (197,116) |
| | 247,294 | 702,049 |
| Land appreciation tax ("LAT") | 97,061 | 29,490 |
| | 344,355 | 731,539 |

(A) CIT

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 2016 based on existing legislations, interpretations and practices.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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.

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 2016 was 25% (2015: 25%).

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

26 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 | |
|----------------------------------------------------------------|--------------------------|-----------|
| | 2016 | 2015 |
| Profit attributable to owners of the Company (RMB'000) | 72,935 | 951,399 |
| Weighted-average number of ordinary shares in issue (thousand) | 3,399,661 | 3,389,687 |

(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 | |
|----------------------------------------------------------------|--------------------------|-----------|
| | 2016 | 2015 |
| Profit attributable to owners of the Company (RMB'000) | 72,935 | 951,399 |
| Weighted-average number of ordinary shares in issue (thousand) | 3,399,661 | 3,389,687 |
| Adjusted for share options (thousand) | 24,775 | 46,074 |
| | 3,424,436 | 3,435,761 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

27 Commitments

(A) PROPERTY DEVELOPMENT EXPENDITURES FOR EXISTING PROPERTY PROJECTS

| | As at | |
|-------------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| – Contracted but not provided for | 10,779,507 | 4,643,498 |
| – Authorised but not contracted for | 32,424,065 | 19,770,172 |
| | 43,203,572 | 24,413,670 |

(B) COMMITMENTS ON EQUITY INVESTMENTS

| | As at | |
|-----------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| – Contracted but not provided for | 5,730,932 | 247,228 |

(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 2016 RMB'000 | 31 December 2015 RMB'000 |
| No later than 1 year | 10,124 | 6,352 |
| Later than 1 year and no later than 5 years | 27,433 | 19,749 |
| Later than 5 years | 3,845 | — |
| | 41,402 | 26,101 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

28 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 2016 RMB'000 | 31 December 2015 RMB'000 |
| Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units | 7,649,572 | 4,879,760 |

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) As at 30 June 2016, the Group provided guarantees amounted to RMB10.21 billion for borrowings of certain joint ventures and associates (31 December 2015: RMB10.36 billion). The directors consider that the likelihood of default in payments is minimal and the financial guarantees measured at fair value is immaterial.

29 Transactions with non-controlling interests

- (A) In January 2016, the Group completed the acquisition of additional 15% equity interest of a 85% owned subsidiary, Wuxi Greentown Real Estate Development Co., Ltd. This transaction resulted in a decrease in non-controlling interest of RMB29.37 million and an increase in net assets attributable to the owners of the Company of RMB11.95 million.
- (B) As at 1 January 2016, Shanghai Fengdan Lishi Estate Development Co., Ltd. ("Fengdan") was a 62.145% owned subsidiary of the Company. In May 2016, the Group acquired an additional 37.855% equity interest and debts due to non-controlling interests of Fengdan at a total consideration of RMB1,324.9 million. This transaction resulted in an increase in non-controlling interest of RMB41.16 million. Currently Fengdan invested in a property project in Shanghai through a joint venture. The excess of the consideration over the carrying value of the non-controlling interests of Fengdan was considered as attributable to the land use right acquisition costs.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

30 Business combination

ACQUISITIONS OF SUBSIDIARIES

During the six months ended 30 June 2016, the major acquisitions of new subsidiaries are summarized as follows:

| | Wuhan Xinghaiyuan RMB'000 (Note (i)) | Suzhou Der Taihu Bay RMB'000 (Note (ii)) | Chongqing Hezhong Lianyi RMB'000 (Note (iii)) | Others RMB'000 (Note (iv)) | Total RMB'000 |
|----------------------------------------|-----------------------------------------------|------------------------------------------------------|-----------------------------------------------------------|----------------------------------|------------------|
| Fair value of total interests acquired | 432,375 | 1,771,577 | 37,889 | 1,350,112 | 3,591,953 |
| Less: Previously held interest | — | — | 28,417 | — | 28,417 |
| Cash considerations for acquisition of | | | | | |
| – equity interest | 233,573 | 724,459 | 17,375 | 241,249 | 1,216,656 |
| – debt due to shareholders | — | 685,541 | — | 1,108,863 | 1,794,404 |
| | 198,802 | 361,577 | (7,903) | — | 552,476 |
| Breaking down into: Goodwill | — | — | 7,903 | — | 7,903 |
| Acquisition gains | 198,802 | 361,577 | — | — | 560,379 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

30 Business combination *(continued)*

ACQUISITIONS OF SUBSIDIARIES *(continued)*

Note:

- (i) Acquisition of Wuhan Xinghaiyuan Real Estate Development Co., Ltd. (“Wuhan Xinghaiyuan”)

In February 2016, the Group acquired 90% equity interest of a company named Wuhan Xinghaiyuan at a total consideration equivalent to RMB233.58 million.

- (ii) Acquisition of Suzhou Der Taihu Bay Properties Co., Ltd. (“Suzhou Der Taihu Bay”)

In February 2016, the Group acquired the entire equity interest of a company named Suzhou Der Taihu Bay and its respective debts due to shareholders at a total amount equivalent to RMB1,410 million.

- (iii) Acquisition of Chongqing Hezhong Lianyi Investment Co., Ltd. (“Chongqing Hezhong Lianyi”)

In January 2016, the Group acquired an additional 25% equity interest of a previously 75% owned JV of the Company, Chongqing Hezhong Lianyi, at a consideration of RMB17.375 million. Upon completion of the transaction, Chongqing Hezhong Lianyi became a wholly owned subsidiary of the Company.

- (iv) Acquisition of other companies

During the six months ended 30 June 2016, the Company acquired equity interests of other five project companies from third parties, at a total consideration of RMB1,350 million. Upon completion of these transactions, these five entities became subsidiaries of the Company. At the acquisition date, the projects of these five companies had yet come into the development phase and the acquisitions of these entities were regarded as assets deals.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

30 Business combination (continued)

The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisitions of subsidiaries in above transactions are summarized as follows:

| | Wuhan Xinghaiyuan RMB'000 | Suzhou Der Taihu Bay RMB'000 | Chongqing Hezhong Lianyi RMB'000 | Others RMB'000 | Total RMB'000 |
|--------------------------------------------------------|---------------------------------|------------------------------------|-------------------------------------------|--------------------|--------------------|
| (1) <i>Fair value of net assets</i> | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | — | — | — | 484 | 484 |
| Intangible assets | — | — | — | 28 | 28 |
| Investments in joint ventures (Notes 8.1) | — | — | 37,758 | — | 37,758 |
| Deferred income tax assets | — | 212 | — | — | 212 |
| Current assets | | | | | |
| Properties under development | 1,451,000 | 2,909,000 | — | 1,907,945 | 6,267,945 |
| Trade and other receivables | 25,048 | 22 | — | 350,039 | 375,109 |
| Amounts due from related companies | — | — | 205,800 | — | 205,800 |
| Cash and cash equivalents | — | 14 | 931 | 53,365 | 54,310 |
| Non-current liabilities | | | | | |
| Borrowings | (448,800) | — | — | (208,000) | (656,800) |
| Deferred income tax liabilities | (113,183) | (1,137,158) | — | — | (1,250,341) |
| Current liabilities | | | | | |
| Trade and other payables | (433,648) | (507) | — | (596,321) | (1,030,476) |
| Advanced proceeds from customers | — | — | — | (119,873) | (119,873) |
| Amounts due to related companies | — | — | (206,600) | — | (206,600) |
| Current income tax liabilities | — | (6) | — | (1,199) | (1,205) |
| Net assets | 480,417 | 1,771,577 | 37,889 | 1,386,468 | 3,676,351 |
| Less: Non-controlling interests | (48,042) | — | — | (36,356) | (84,398) |
| Fair value of the net assets acquired | 432,375 | 1,771,577 | 37,889 | 1,350,112 | 3,591,953 |
| (2) <i>Cash effects</i> | | | | | |
| Consideration settled by cash | (100,000) | (1,403,055) | (9,500) | (1,350,112) | (2,862,667) |
| Cash and cash equivalents in the subsidiaries acquired | — | 14 | 931 | 53,365 | 54,310 |
| Net cash impact on acquisitions | (100,000) | (1,403,041) | (8,569) | (1,296,747) | (2,808,357) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

31 Disposal of a subsidiary

In May 2016, the Group disposed of 45% equity interest of Shanghai Sunac Ruifeng Investment Co., Ltd. ("Shanghai Ruifeng") to a third party at a consideration of RMB45 million. After the disposal, Shanghai Ruifeng become a 55% owned joint venture of the Group.

(a) The financial impacts arising from the disposal in above transaction are summarized as follows:

| | RMB'000 |
|------------------------------------------------------------------------------------|----------|
| Consideration satisfied by cash | 45,000 |
| Fair value of the remaining equity interest held by the Group at disposal (Note 8) | 40,901 |
| Carrying value of the equity owned by the Group | (74,365) |
| Gain on the disposal (Note 22) | 11,536 |

(b) Carrying value of the equity owned by the Group

| | RMB'000 |
|-------------------------------------------------|-------------|
| Non-current assets | |
| Property, plant and equipment | 28 |
| Deferred income tax assets | 1,050 |
| Prepayments | 5,457,151 |
| Investment in a jointly controlled entity | 14,454 |
| Current assets | |
| Properties under development | 545 |
| Trade and other receivables | 6,800 |
| Amounts due from related companies | 2,062,241 |
| Cash and cash equivalents | 309,891 |
| Non-current liabilities | |
| Borrowings | (1,988,000) |
| Current liabilities | |
| Trade and other payables | (1,281,470) |
| Amounts due to related companies | (4,510,613) |
| Current income tax liabilities | 2,288 |
| Net assets | 74,365 |
| Less: Non-controlling interests | — |
| Carrying value of the equity owned by the Group | 74,365 |

(c) Cash effect

| | |
|------------------------------------------------|-----------|
| Cash consideration received as of 30 June 2016 | 45,000 |
| Cash disposed | (309,891) |
| | (264,891) |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

32 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 |

(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 | |
|--------------------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Cash paid to joint ventures and associates | (18,544,036) | (9,629,189) |
| Cash received from joint ventures and associates | 16,920,082 | 9,702,255 |
| | (1,623,954) | 73,066 |

(ii) Interest income

| | Six months ended 30 June | |
|-------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Interest income from joint ventures | 397,480 | 402,873 |
| Interest income from associates | — | 5,474 |
| | 397,480 | 408,347 |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2016

32 Related party transactions (continued)

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL

| | Six months ended 30 June | |
|----------------------------------------|--------------------------|-----------------|
| | 2016 RMB'000 | 2015 RMB'000 |
| Salaries and other short-term benefits | 6,868 | 5,065 |
| Share-based payments | 8,991 | 2,836 |
| | 15,859 | 7,901 |

(D) RELATED PARTIES BALANCES

| | As at | |
|---------------------------------|----------------------------|--------------------------------|
| | 30 June 2016 RMB'000 | 31 December 2015 RMB'000 |
| Amounts due from joint ventures | | |
| – Interest free | 13,277,310 | 5,763,589 |
| – Interest bearing | 5,315,883 | 4,536,783 |
| – Interest receivable | 1,182,112 | 978,818 |
| | 19,775,305 | 11,279,190 |
| Amounts due from associates | | |
| – Interest free | 242,991 | 260,304 |
| – Interest bearing | 34,765 | 34,765 |
| – Interest receivable | 85,790 | 85,790 |
| | 363,546 | 380,859 |
| | 20,138,851 | 11,660,049 |
| Amounts due to joint ventures | 18,619,269 | 13,513,680 |
| Amounts due to associates | 3,557,600 | 4,699,242 |
| | 22,176,869 | 18,212,922 |

The amounts due from joint ventures and associates have no fixed repayment date, bearing interest rate at 4.35% to 11% per annum for the six months ended 30 June 2016.

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 2016

33 Dividends

No interim dividend for the six months ended 30 June 2016 was proposed by the Board (Six months ended 30 June 2015: Nil).

34 Events after the balance sheet date

- (a) On 14 August 2016, Sunac Real Estate issued domestic corporate bonds with two types ("Type A Bonds" and "Type B Bonds"), of which the Type A Bonds, having a term of five years with Sunac Real Estate's option to raise the coupon rate after the end of the third year and the investors' entitlement to sell back the bonds, shall have a coupon rate of 3.44% with an issue size of RMB1.2 billion; while the Type B Bonds, having a term of seven years with Sunac Real Estate's option to raise the coupon rate after the end of the fifth year and the investors' entitlement to sell back the bonds, shall have a coupon rate of 4.0% with an issue size of RMB2.8 billion.
- (b) On 22 August 2016, Hainan Sunac Properties Co., Ltd. ("Hainan Sunac"), an indirect wholly owned subsidiary of the Company, entered into an equity acquisition with a third party, pursuant to which Hainan Sunac agreed to acquire 50% equity interest of Hangzhou Heming Investment Co., Ltd., Zhejiang Yuecheng Investment Co., Ltd. and Hangzhou Rongyue Investment Co., Ltd. (collectively, the "Target Companies") from a third party at the equity consideration of RMB1,954.72 million, and an amount of RMB99.12 million due by Target Companies. The Target Companies engage in developing a project in Qionghai City of Hainan Province. Up to the date of this report, the acquisition has yet to be completed. Upon completion of the transaction, the Target Companies will become joint ventures of the Company.

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