SUNAC CHINA HOLDINGS LIMITED
融創中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01918)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS HIGHLIGHTS

For the year ended 31 December 2019:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB556.21 billion, representing a growth rate of approximately 20.7% as compared to last year;
- Revenue of the Group was approximately RMB169.32 billion, representing a growth rate of approximately 35.7% as compared to last year;
- Gross profit of the Group was approximately RMB41.41 billion, representing a growth rate of approximately 33.0% as compared to last year;
- Profit attributable to owners of the Company was approximately RMB26.03 billion, representing a growth rate of approximately 57.1% as compared to last year;
- Basic earnings per share attributable to owners of the Company were approximately RMB5.99, representing a growth rate of approximately 58.0% as compared to last year;
- Return on equity attributable to owners of the Company was approximately 37.2%, representing an increase of approximately 4.3 percentage points as compared to last year;
- Cash balance of the Group as at 31 December 2019 was approximately RMB125.73 billion; and
- The Board proposed to declare a final dividend of RMB1.232 per share for the year ended 31 December 2019, representing an increase of approximately 49.0% as compared to last year.

The board (the "Board") of directors (the "Directors") of Sunac China Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2019 with comparative figures for the year ended 31 December 2018, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December	
	Note	**2019**	2018
		RMB'000	*RMB'000*
Revenue	*4*	**169,316,010**	124,745,623
Cost of sales	*10*	**(127,909,685)**	(93,609,587)
Gross profit		**41,406,325**	31,136,036
Other income and gains	*11*	**14,187,962**	11,848,091
Selling and marketing costs	*10*	**(6,166,473)**	(4,360,530)
Administrative expenses	*10*	**(8,286,551)**	(7,356,570)
Other expenses and losses	*12*	**(1,222,133)**	(1,986,111)
Net impairment losses on financial and contract assets	*10*	**(1,894,122)**	(3,485,395)
Operating profit		**38,025,008**	25,795,521
Finance income	*13*	**1,183,244**	806,208
Finance expenses	*13*	**(4,808,250)**	(2,893,493)
Finance expenses – net	*13*	**(3,625,006)**	(2,087,285)
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	*5*	**8,146,321**	4,955,994
Profit before income tax		**42,546,323**	28,664,230
Income tax expense	*14*	**(14,390,265)**	(11,219,229)
Profit for the year		**28,156,058**	17,445,001
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**28,156,058**	17,445,001

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Total comprehensive income attributable to:			
– Owners of the Company		**26,027,505**	16,566,535
– Holders of perpetual capital securities		**319,010**	591,179
– Other non-controlling interests		**1,809,543**	287,287
		28,156,058	17,445,001
Earnings per share attributable to owners of the Company (expressed in RMB per share):	*15*		
– Basic earnings per share		**5.99**	3.79
– Diluted earnings per share		**5.92**	3.74
Dividends	*16*	**5,726,051**	3,644,638

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	**As at 31 December** **2019** ***RMB'000***	2018 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**70,101,779**	49,224,305
Investment properties		**26,845,510**	16,195,739
Right-of-use assets	*3*	**14,918,041**	–
Intangible assets	*3*	**7,667,411**	–
Land use rights and intangible assets	*3*	**–**	16,020,807
Deferred tax assets		**8,585,312**	2,984,740
Investments accounted for using the equity method	*5*	**88,994,292**	65,496,826
Financial assets at fair value through profit or loss		**15,588,783**	9,872,592
Receivables	*6*	**48,000**	558,000
Prepayments	*7*	**3,018,098**	2,276,912
Derivative financial instruments		**31,629**	125,817
Amounts due from related companies		**170,000**	666,452
		235,968,855	163,422,190
Current assets			
Properties under development		**426,783,378**	291,913,575
Completed properties held for sale		**55,189,210**	47,336,265
Inventories		**490,307**	14,967
Trade and other receivables	*6*	**47,154,324**	27,392,266
Contract assets		**2,059,897**	932,328
Derivative financial instruments		**–**	153,507
Amounts due from related companies		**40,688,593**	48,299,169
Prepayments	*7*	**14,662,840**	10,414,376
Prepaid income tax		**7,320,149**	6,449,795
Restricted cash		**47,787,028**	44,017,011
Cash and cash equivalents		**77,943,661**	76,181,041
Assets classified as held for sale		**4,401,000**	–
Financial assets at fair value through profit or loss		**200,000**	133,500
		724,680,387	553,237,800
Total assets		**960,649,242**	716,659,990

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**382,339**	378,421
Other reserves		**17,510,617**	14,259,603
Retained earnings		**65,180,292**	42,198,205
		83,073,248	56,836,229
Perpetual capital securities		**2,789,505**	5,526,772
Other non-controlling interests		**28,231,491**	10,743,568
Total equity		**114,094,244**	73,106,569
Liabilities			
Non-current liabilities			
Borrowings	*9*	**186,542,102**	137,363,520
Derivative financial instruments		**14,358**	79,509
Lease liabilities		**436,848**	–
Deferred tax liabilities		**38,534,748**	33,383,440
Other payables	*8*	**145,727**	1,474,373
		225,673,783	172,300,842
Current liabilities			
Trade and other payables	*8*	**147,133,931**	92,786,353
Contract liabilities		**240,818,329**	199,378,610
Amounts due to related companies		**58,933,995**	62,663,166
Current tax liabilities		**37,323,267**	23,753,921
Borrowings	*9*	**135,732,857**	92,045,543
Lease liabilities		**176,499**	–
Derivative financial instruments		**–**	14,017
Provisions		**762,337**	610,969
		620,881,215	471,252,579
Total liabilities		**846,554,998**	643,553,421
Total equity and liabilities		**960,649,242**	716,659,990

NOTES

1 GENERAL INFORMATION

Sunac China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the businesses of property development and investment, cultural and tourism city construction and operation and property management services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

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

These financial statements are presented in Renminbi ("RMB"), unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss, derivative financial instruments and investment property that are measured at fair value.

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- HKFRS 16 *Leases*
- *Prepayment Features with Negative Compensation – Amendments to* HKFRS 9
- *Long-term Interests in Associates and Joint Ventures – Amendments to* HKAS 28
- *Annual Improvements to HKFRS Standards 2015 – 2017 Cycle*
- *Plan Amendment, Curtailment or Settlement – Amendments to* HKAS 19
- *Interpretation* 23 *Uncertainty over Income Tax Treatments*

The Group had to change its accounting policies as a result of adopting HKFRS 16 and elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in note 3. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group also elected to early adopt the *amendments to* HKFRS 3 *Definition of a Business* which issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The amendments are effective for the financial year beginning on or after 1 January 2020. This improvement to HKFRS 3 sets out an optional test (the concentration test) to permit a simplified assessment of whether an acquired set of activities and assets is a business or not. On adoption of the amendments, the Group elected to apply the concentration test to assess certain acquisition transactions occurred in 2019 individually. The acquisition transaction would be accounted for as asset acquisitions if the concentration test was met. As permitted by HKFRS 3, this application was prospectively from 1 January 2019 and there was no impact on the amounts recognised in prior periods.

(iv) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
Definition of Material – Amendments to HKAS 1 *and* HKAS 8	1 January 2020
Classification of liabilities as current or non-current – Amendments to HKAS 1	1 January 2020
Revised *Conceptual framework for financial reporting*	1 January 2020
HKFRS 17 *Insurance contracts*	1 January 2021

3 CHANGES IN ACCOUNTING POLICY

The Group has adopted HKFRS 16 *Leases* retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the group relied on its assessment made applying HKAS 17 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(ii) Measurement of lease liabilities

	2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	336,845
Discounted using the lessee's incremental borrowing rate of at the date of initial application	275,002
Less: Short-term leases not recognised as a liability	(10,565)
Add: Lease contracts effective from 1 January 2019	168,725
Lease liabilities recognised as at 1 January 2019	433,162
Of which are:	
Current lease liabilities	151,304
Non-current lease liabilities	281,858
	433,162

(iii) Measurement of right-of-use assets

The right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. Land use rights were reclassified as right-of-use assets since the initial adoption of HKFRS 16 on 1 January 2019.

(iv) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB10,284.49 million
- land use rights – decrease by RMB9,851.33 million
- lease liabilities – increase by RMB433.16 million.

There is no impact on retained earnings on 1 January 2019 upon applying HKFRS 16.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

4 SEGMENT INFORMATION

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

The executive directors assess the performance of the Group organised as follows:

- Property development
- Cultural and tourism city construction and operation
- All other segments

Other segments include property management, office building rentals and fitting and decoration services. The results of these operations are included in the "all other segments" column.

The performance of above reportable segments is assessed based on a measure of profit before depreciation and amortisation, interest expenses and income tax expenses, defined as segment results. The segment results exclude the fair value gains or losses on financial assets at fair value through profit and loss ("FVPL") and derivative financial instruments and share of profits or losses and impairment losses of certain non-core business investments accounted for using the equity method, which are managed on a central basis.

Segment assets primarily consist of all assets excluding deferred tax assets, financial assets at FVPL, derivative financial instruments, assets classified as held for sale and certain investments accounted for using the equity method, which are managed on a central basis. Segment liabilities primarily consist of all liabilities excluding deferred tax liabilities, current tax liabilities, provisions and derivative financial instruments.

The Group's revenue is mainly attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment results are as follows:

	Year ended 31 December 2019			
	Property development *RMB'000*	**Cultural and tourism city construction and operation** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Total segment revenue	159,470,451	2,852,522	19,297,424	181,620,397
Recognised at a point in time	114,745,997	1,120,711	–	115,866,708
Recognised over time	44,724,454	1,731,811	19,297,424	65,753,689
Inter-segment revenue	–	–	(12,304,387)	(12,304,387)
Revenue from external customers	159,470,451	2,852,522	6,993,037	169,316,010
Segment gross profit	38,730,174	1,215,850	2,554,610	42,500,634
Net impairment losses on financial and contract assets	(214,914)	–	–	(214,914)
Selling and marketing costs	(5,588,721)	(260,306)	(258,622)	(6,107,649)
Administrative expenses	(5,614,192)	(851,011)	(1,153,348)	(7,618,551)
Other income and gains	11,863,498	1,283,216	106,480	13,253,194
Other expenses and losses	(403,713)	(5,205)	(45,974)	(454,892)
Finance income	1,177,407	–	5,837	1,183,244
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	8,434,875	–	(137,048)	8,297,827
Segment results	48,384,414	1,382,544	1,071,935	50,838,893

	As at 31 December 2019			
	Property development *RMB'000*	**Cultural and tourism city construction and operation** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Total segment assets	788,834,530	100,117,656	35,400,183	924,352,369
Total segment liabilities	724,874,620	22,470,962	22,767,941	770,113,523

	Year ended 31 December 2018			
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment revenue	117,714,286	2,027,898	8,746,886	128,489,070
Recognised at a point in time	87,761,403	704,318	–	88,465,721
Recognised over time	29,952,883	1,323,580	8,746,886	40,023,349
Inter-segment revenue	–	–	(3,743,447)	(3,743,447)
Revenue from external customers	117,714,286	2,027,898	5,003,439	124,745,623
Segment gross profit	27,963,424	914,749	2,913,020	31,791,193
Net impairment losses on financial and contract assets	(206,924)	–	–	(206,924)
Selling and marketing costs	(4,062,549)	(150,980)	(76,310)	(4,289,839)
Administrative expenses	(5,824,482)	(703,425)	(562,347)	(7,090,254)
Other income and gains	10,275,942	240,025	21,939	10,537,906
Other expenses and losses	(665,309)	(41,284)	(8,470)	(715,063)
Finance income	806,208	–	–	806,208
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	5,326,269	–	–	5,326,269
Segment results	33,612,579	259,085	2,287,832	36,159,496

	As at 31 December 2018			
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment assets	605,541,049	78,928,979	15,599,444	700,069,472
Total segment liabilities	566,196,937	6,627,296	13,023,807	585,848,040

Reportable segments results are reconciled to total profit for the year as follows:

	2019	2018
	RMB'000	*RMB'000*
Total segment results	**50,838,893**	36,159,496
Net impairment losses on financial and contract assets	**(1,679,208)**	(3,278,471)
Depreciation and amortisation	**(1,821,133)**	(992,164)
Finance costs	**(4,808,250)**	(2,893,493)
Other income and gains	**934,768**	1,310,185
Other expenses and losses	**(767,241)**	(1,271,048)
Share of losses of investments accounted for using the equity method, net	**(151,506)**	(370,275)
Income tax expenses	**(14,390,265)**	(11,219,229)
Profit for the year	**28,156,058**	17,445,001

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Total segment assets	**924,352,369**	700,069,472
Deferred tax assets	**8,585,312**	2,984,740
Other assets	**27,711,561**	13,605,778
Total assets	**960,649,242**	716,659,990
Total segment liabilities	**770,113,523**	585,848,040
Deferred tax liabilities	**38,534,748**	33,383,440
Other liabilities	**37,906,727**	24,321,941
Total liabilities	**846,554,998**	643,553,421

5 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Joint ventures	**60,049,425**	40,009,448
Associates	**28,944,867**	25,487,378
	88,994,292	65,496,826

The share of profits from investment accounted for using the equity method recognised in the income statement were as follows:

	2019	2018
	RMB'000	*RMB'000*
Share of profits of joint ventures	**6,248,302**	3,891,426
Share of profits of associates	**1,735,221**	930,385
Gains from acquisitions of joint ventures	**162,798**	134,183
	8,146,321	4,955,994

5.1 Investments in joint ventures

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**40,009,448**	32,302,811
Additions:		
– Capital contributions to joint ventures at establishment	**17,185,733**	1,692,166
– Acquisitions of joint ventures	**8,040,131**	4,320,822
– Additional investments in existing joint ventures	**2,059,983**	410,208
– Subsidiaries becoming joint ventures	**–**	605,069
– Acquisition from business combination	**169,221**	–
Disposals:		
– Disposal of investments in joint ventures	**(5,895,158)**	(407,729)
– Joint ventures becoming subsidiaries	**(1,514,622)**	(1,759,026)
Capital deduction of joint ventures	**(2,788,050)**	(476,266)
Share of profits of joint ventures, net	**6,248,302**	3,891,426
Dividends from joint ventures	**(3,465,563)**	(570,033)
At end of year	**60,049,425**	40,009,448

5.2 Investments in associates

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

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**25,487,378**	26,310,410
Additions:		
– Capital contribution to associates at establishment	**1,783,037**	274,992
– Acquisitions of associates	**758,427**	202,040
– Additional investments in existing associates	**28,675**	2,552,371
– Subsidiaries becoming associates	**263,259**	–
– Acquisition from business combination	**3,389,160**	–
Disposals:		
– Disposal of investments in associates	**–**	(3,010,003)
– Associates becoming subsidiaries	**(1,585,585)**	(575,519)
Capital deduction of associates	**(1,427,786)**	–
Impairment provisions for investments in associates	**(766,475)**	(404,047)
Share of profits of associates, net	**1,735,221**	930,385
Dividends from associates	**(720,444)**	(793,251)
At end of year	**28,944,867**	25,487,378

6 TRADE AND OTHER RECEIVABLES

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Non-current -		
Amounts due from construction customers *(i)*	**48,000**	558,000
Current -		
Trade receivables from contracts with customers *(ii)*	**1,701,056**	1,359,626
Amounts due from non-controlling interests and their related parties *(iii)*	**17,831,141**	11,532,705
Notes receivables	**75,265**	26,915
Deposits receivables	**10,853,804**	6,024,104
Other receivables *(iv)*	**17,045,590**	8,755,984
	47,506,856	27,699,334
Less: loss allowance	**(352,532)**	(307,068)
	47,154,324	27,392,266

As at 31 December 2019 and 2018, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

Notes:

(i) The balance carries interest rate at 8% per annum and is repayable within five years.

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

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 90 days	**1,126,438**	750,092
91 – 180 days	**12,517**	42,911
181 – 365 days	**211,952**	145,901
Over 365 days	**350,149**	420,722
	1,701,056	1,359,626

(iii) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.

(iv) Other receivables mainly included the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

7 PREPAYMENTS

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Non-current -		
Prepayments for equity transactions	**2,977,824**	2,276,912
Prepayments for purchase of property, plant and equipment ("PP&E")	**40,274**	–
	3,018,098	2,276,912
Current -		
Tax and surcharge	**2,189,970**	6,295,757
Prepayments for land use rights acquisitions	**10,202,070**	2,459,932
Prepayments for construction costs	**1,269,574**	1,315,828
Others	**1,001,226**	342,859
	14,662,840	10,414,376

As at 31 December 2019 and 2018, the carrying amounts of the Group's prepayments were all denominated in RMB.

8 TRADE AND OTHER PAYABLES

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Non-current -		
Other payables	**145,727**	1,474,373
Current -		
Trade payables *(i)*	**55,330,723**	35,933,716
Un-paid considerations for equity acquisitions	**17,760,374**	9,911,259
Amounts due to non-controlling interests and their related parties *(ii)*	**6,707,954**	5,546,634
Notes payables	**11,245,291**	5,650,538
Payables for PP&E and investment properties	**16,375,300**	10,939,331
Other taxes payable	**3,275,245**	4,349,916
Interests payable	**4,013,493**	2,901,451
Payroll and welfare payables	**3,126,948**	2,033,125
Other payables *(iii)*	**29,298,603**	15,520,383
	147,133,931	92,786,353

Note:

(i) At 31 December 2019, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 90 days	**23,229,998**	13,604,385
91 – 180 days	**9,756,760**	5,320,748
181 – 365 days	**10,800,372**	9,037,798
Over 365 days	**11,543,593**	7,970,785
	55,330,723	35,933,716

(ii) The amounts due to non-controlling interests and their related parties are unsecured, interest free and repayable on demand.

(iii) Other payables mainly included deposits from customers, deed tax and maintenance funds received on behalf of customers and cash advanced from potential equity investment partners.

9 BORROWINGS

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Non-current		
Secured,		
– Bank and other institution borrowings	**208,422,630**	156,003,354
– Senior notes	**44,838,865**	22,143,124
– Asset-backed securities	**5,668,328**	2,890,353
	258,929,823	181,036,831
Unsecured,		
– Bank and other institution borrowings	**100,000**	2,089,068
– Corporate bonds	**7,818,085**	7,792,522
– Private domestic corporate bonds	**16,969,539**	16,994,986
	24,887,624	26,876,576
	283,817,447	207,913,407
Less: Current portion of non-current borrowings	**(97,275,345)**	(70,549,887)
	186,542,102	137,363,520
Current		
Secured,		
– Bank and other institution borrowings	**37,585,012**	21,169,912
– Asset-backed securities	**262,600**	311,755
	37,847,612	21,481,667
Unsecured,		
– Bank and other institution borrowings	**609,900**	13,989
	38,457,512	21,495,656
Current portion of non-current borrowings	**97,275,345**	70,549,887
	135,732,857	92,045,543
Total borrowings	**322,274,959**	229,409,063

10 EXPENSES BY NATURE

	2019	2018
	RMB'000	*RMB'000*
Costs of properties sold	**118,521,462**	88,643,224
Value-added tax surcharges	**1,151,269**	782,329
Staff costs	**6,832,377**	5,485,416
Provision for impairment of properties	**1,069,546**	360,333
Net impairment losses on financial and contract assets	**1,894,122**	3,485,395
Advertisement and promotion costs	**3,196,231**	2,496,145
Professional service expenses	**1,104,436**	906,501
Depreciation and amortisation	**1,821,132**	992,164
Auditors' remunerations		
– Audit services	**22,000**	22,000
– Non-audit services	**2,700**	1,550

11 OTHER INCOME AND GAINS

	2019	2018
	RMB'000	*RMB'000*
Gains from business combination	**4,612,713**	5,346,752
Interest income	**4,835,206**	2,933,793
Gains from disposals of subsidiaries	**15,550**	637,195
Net fair value gains on financial assets at FVPL	**780,859**	888,871
Fair value gains on derivative financial instruments	**50,446**	332,644
Net fair value gains on investment properties	**1,235,159**	208,988
Others	**2,658,029**	1,499,848
	14,187,962	11,848,091

12 OTHER EXPENSES AND LOSSES

	2019	2018
	RMB'000	*RMB'000*
Impairment provisions for investments in associates	**766,475**	404,047
Impairment provisions for goodwill	**58,337**	189,020
Losses on derivative financial instruments	**68,426**	–
Re-measurement losses of previously held interests in business combination	**–**	119,632
Contracts termination expenses	**–**	498,570
Impairment provisions for other intangible assets	**–**	368,431
Others	**328,895**	406,411
	1,222,133	1,986,111

13 FINANCE INCOME AND EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Interest expenses	**25,955,887**	14,623,745
Interest expenses for lease liabilities	**61,391**	–
Less: capitalised finance costs	**(22,087,063)**	(12,936,990)
	3,930,215	1,686,755
Exchange losses	**878,035**	1,206,738
	4,808,250	2,893,493
Finance income:		
– Interest income on bank deposits	**(1,183,244)**	(806,208)
	3,625,006	2,087,285

14 INCOME TAX EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Corporate income tax		
Current income tax	**13,696,078**	10,066,909
Deferred income tax		
– Increase in deferred tax assets	**(5,103,209)**	(2,304,114)
– Decrease in deferred tax liabilities	**(1,403,390)**	(1,640,768)
	7,189,479	6,122,027
Land appreciation tax	**7,200,786**	5,097,202
	14,390,265	11,219,229

15 EARNINGS PER SHARE

(i) 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 year, excluding shares purchased for the share award scheme.

	2019	2018
Profit attributable to owners of the Company (RMB'000)	**26,027,505**	16,566,535
Weighted-average number of ordinary shares in issue (thousand)	**4,433,303**	4,402,505
Adjusted for purchase of shares for share award scheme (thousand)	**(87,891)**	(26,025)
Weighted-average number of ordinary shares for basic earnings per share (thousand)	**4,345,412**	4,376,480

(ii) 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.

	2019	2018
Profit attributable to owners of the Company (RMB'000)	**26,027,505**	16,566,535
Weighted-average number of ordinary shares in issue (thousand)	**4,433,303**	4,402,505
Adjusted for purchase of shares for share award scheme (thousand)	**(87,891)**	(26,025)
Adjusted for share options and awarded shares (thousand)	**54,139**	55,966
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	**4,399,551**	4,432,446

16 DIVIDENDS

The dividends paid in 2019 and 2018 were RMB3,645 million (RMB0.827 per share) and RMB2,201 million (RMB0.501 per share) respectively. A dividend in respect of the year ended 31 December 2019 of RMB1.232 per share, amounting to RMB5,726 million, will be proposed at the upcoming annual general meeting of the Company, where the number of shares used for dividend calculation is the balance of the issued ordinary shares as at the date of this announcement. These financial statements did not reflect this dividend payable.

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Proposed final dividend of RMB1.232 (2018: RMB0.827) per ordinary share	**5,726,051**	3,644,638

17 EVENTS AFTER THE BALANCE SHEET DATE

(i) Placing of new shares under general mandate

On 10 January 2020, the Company entered into the placing agreement, pursuant to which the placing agent agreed to procure, on a fully underwritten basis, placees for 186,920,000 placing shares at a price of HK$42.80 per share (the "Placing"). The gross proceeds from the Placing were approximately HK$8 billion (equivalent to approximately US$1.028 billion) and the net proceeds after deducting related costs and expenses borne by the Company were approximately HK$7.958 billion (equivalent to approximately US$1.023 billion).

(ii) Issuance of senior notes

On 10 January 2020, the Company issued US$540 million 6.5% senior notes due 2025 on the Singapore Exchange Securities Trading Limited. The senior notes bear interest from and including 10 January 2020 at the rate of 6.5% per annum, payable semi-annually in arrears on 10 January and 10 July of each year, commencing on 10 July 2020.

(iii) Partial repurchase of senior notes due in July and August 2020

As at 19 March 2020, the Company has in the open market repurchased part of the senior notes in an aggregate amount of US$78.6 million, comprising the 8.625% senior notes due in July 2020 of US$55.8 million in aggregate principal amount, and the 6.875% senior notes due in August 2020 of US$22.8 million in aggregate principal amount. The Company cancelled the repurchased notes in accordance with the terms of the senior notes and indentures.

(iv) COVID-19 Epidemic

After the outbreak of COVID-19 epidemic in China in early 2020, a series of effective prevention and control measures continued to be implemented throughout China. As at the date of this announcement, China's prevention and control efforts have yielded positive results, and the COVID-19 epidemic situation continues to improve.

The Group has been closely monitoring developments of COVID-19 epidemic and continuously assessing its impact on the financial position and operating performance of the Group. At present, the Group is still in progress of assessing its impact, and could not reasonably estimate relevant impacts of COVID-19 epidemic on the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1 Revenue

For the year ended 31 December 2019, most of the Group's revenue came from sales of residential and commercial properties, with a small proportion of revenue from cultural and tourism city construction and operation, property management and others.

As of 31 December 2019, the Group's real estate development business achieved basically its national layout in tier-1 cities, tier-2 cities and strong tier-3 cities of China, which are divided into 7 major regions for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin, Zhengzhou and Xi'an, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southwestern China region (including Chongqing, Chengdu and Kunming, etc.), Southeastern China region (including Hangzhou, Xiamen and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.) and South China region (including Guangzhou, Shenzhen and Sanya, etc.).

Total revenue of the Group for the year ended 31 December 2019 amounted to RMB169.32 billion, representing an increase of 35.7% compared with the total revenue of RMB124.75 billion for the year ended 31 December 2018.

For the year ended 31 December 2019, the total revenue from the Group and its joint ventures and associates (excluding Leshi Internet Information & Technology Corp (Beijing) Co., Ltd., Lerong Zhixin Electronic Technology (Tianjin) Limited, and Jinke Property Group Co., Ltd., the same below) was RMB293.69 billion, representing a significant increase of RMB79.36 billion (approximately 37.0%) as compared with the total revenue of RMB214.33 billion for the year ended 31 December 2018, of which RMB223.89 billion was attributable to owners of the Company, representing a significant increase of RMB60.02 billion (approximately 36.6%) as compared to RMB163.87 billion for the year ended 31 December 2018.

The following table sets forth certain details of the revenue:

	Year ended 31 December			
	2019		**2018**	
	RMB billion	*%*	*RMB billion*	*%*
Revenue from sales of properties	**159.47**	**94.2%**	117.71	94.4%
Cultural and tourism city construction and operation income	**2.85**	**1.7%**	2.03	1.6%
Property management income and other income	**7.00**	**4.1%**	5.01	4.0%
Total	**169.32**	**100.0%**	124.75	100.0%
Total gross floor area delivered during the year (in million sq. m.)	**12.001**		9.515	

For the year ended 31 December 2019, revenue from sales of properties increased by RMB41.76 billion (approximately 35.5%) as compared with that for the year ended 31 December 2018. Total area of delivered properties increased by 2.486 million square meters ("sq. m.") (approximately 26.1%) as compared with that for the year ended 31 December 2018, mainly due to continuous increase in business scale of the Group's sales of properties, of which the delivered areas of property projects sold in various areas for the year ended 31 December 2019 increased as compared with that for the year ended 31 December 2018, and the increase in the average price of the properties sales.

2 Cost of sales

Cost of sales mainly includes the Group's costs incurred in respect of properties sold in the direct property development business.

For the year ended 31 December 2019, the Group's cost of sales was RMB127.91 billion, representing an increase of RMB34.30 billion (approximately 36.6%) as compared to the cost of sales of RMB93.61 billion for the year ended 31 December 2018. Increase in cost of sales was mainly due to increase in area of delivered properties.

3 Gross profit

For the year ended 31 December 2019, the Group's gross profit was RMB41.41 billion, which was RMB10.27 billion (approximately 33.0%) higher than the gross profit of RMB31.14 billion for the year ended 31 December 2018. Increase in gross profit was mainly due to increased sales revenue of the Group.

For the year ended 31 December 2019, the amortization of revaluation surplus related to gains from business combination for the properties acquired reduced the Group's gross profit in the amount of RMB7.24 billion. The Group's gross profit was RMB48.65 billion for the year ended 31 December 2019 without taking into account such impact.

Further, gross profit and gross profit attributable to owners of the Company of the Group and its joint ventures and associates recorded an increase during the year ended 31 December 2019. For the year ended 31 December 2019, total gross profit of the Group and its joint ventures and associates was RMB73.79 billion, with a gross profit margin of 25.1%, of which RMB56.92 billion was gross profit attributable to owners of the Company. For the year ended 31 December 2018, total gross profit of the Group and its joint ventures and associates was RMB55.54 billion, with a gross profit margin of 25.9%, of which RMB42.61 billion was gross profit attributable to owners of the Company.

4 Selling and marketing costs and administrative expenses

The Group's sales and marketing costs increased by 41.4% from RMB4.36 billion for the year ended 31 December 2018 to RMB6.17 billion for the year ended 31 December 2019. The Group's administrative expenses increased by 12.6% from RMB7.36 billion for the year ended 31 December 2018 to RMB8.29 billion for the year ended 31 December 2019. The increase in sales and marketing costs and administrative expenses was mainly due to continuous expansion of business scale, increase in the number of property projects of the Group, resulting in increase in staff costs.

5 Other income and gains

The Group's other income and gains increased by RMB2.34 billion from RMB11.85 billion for the year ended 31 December 2018 to RMB14.19 billion for the year ended 31 December 2019. During the year ended 31 December 2019, the Group's other income and gains mainly included the gains from business combination of RMB4.61 billion, income on capital use fee received by the Group from joint ventures and associates of RMB4.84 billion, and gain on changes in fair value of investment properties of RMB1.24 billion.

6 Operating profit

Concluding from the above analysis, the Group's operating profit increased by RMB12.23 billion from RMB25.80 billion for the year ended 31 December 2018 to RMB38.03 billion for the year ended 31 December 2019, mainly due to the following reasons:

(i) Gross profit increased by RMB10.27 billion;

(ii) Sales and marketing costs and administrative expenses increased by RMB2.74 billion; and

(iii) Other income and gains increased by RMB2.34 billion, other expenses and losses decreased by RMB0.76 billion and net impairment of financial and contract assets decreased by RMB1.59 billion.

7 Finance costs

The Group's finance costs increased by RMB1.92 billion from RMB2.89 billion for the year ended 31 December 2018 to RMB4.81 billion for the year ended 31 December 2019 mainly due to the following reasons:

(i) As compared to the year ended 31 December 2018, the total interest costs of the Group had increased, of which the interest expenses increased by RMB2.24 billion to RMB3.93 billion for the year ended 31 December 2019 from RMB1.69 billion for the year ended 31 December 2018; and

(ii) The exchange loss decreased by RMB0.33 billion from RMB1.21 billion for the year ended 31 December 2018 to RMB0.88 billion for the year ended 31 December 2019.

8 Share of post-tax profits of investments accounted for using the equity method, net

Share of post-tax profits of investments accounted for using the equity method, net increased by 64.4% from RMB4.96 billion for the year ended 31 December 2018 to RMB8.15 billion for the year ended 31 December 2019, mainly due to the significant increase in revenue of sales of properties recognised by the Group's joint ventures and associates as compared with the year ended 31 December 2018.

9 Profits

Due to substantial increase in the gross profit, the Group's profits attributable to owners of the Company increased significantly by 57.1% to RMB26.03 billion for the year ended 31 December 2019 from RMB16.57 billion for the year ended 31 December 2018. After excluding the impacts of gains from business combination and its amortization, gain or loss on changes in fair values of financial assets and investment properties, impairment losses on non-core business assets and exchange loss, the Group's profit attributable to owners of the Company was RMB27.07 billion.

The table below sets out profits attributable to the Company's owners, the perpetual capital securities holders and other non-controlling interests as at the stated dates:

	Year ended 31 December	
	2019	**2018**
	RMB billion	*RMB billion*
Profits during the year	**28.16**	17.45
Attributable to:		
Owners of the Company	**26.03**	16.57
Holders of perpetual capital securities	**0.32**	0.59
Other non-controlling interests	**1.81**	0.29
	28.16	17.45

10 Cash status

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 balance (including restricted cash) increased to RMB125.73 billion as at 31 December 2019 from RMB120.20 billion as at 31 December 2018, of which non-restricted cash increased to RMB77.94 billion as at 31 December 2019 from RMB76.18 billion as at 31 December 2018.

Increasing non-restricted cash was mainly due to the following reasons:

(i) RMB27.25 billion of net cash inflow from operating activities was due to increased revenue from pre-sale of the Group's properties;

(ii) RMB62.00 billion of net cash outflow used in investment activities was mainly caused by the new projects obtained by the Group through direct investments or acquisition of equities, and construction costs of cultural and tourism cities; and

(iii) RMB36.39 billion of net cash inflow from financing activities was mainly attributed to RMB76.53 billion of net borrowings inflow, RMB23.89 billion of interest payment and RMB7.59 billion of the increase in restricted funds to secure bank borrowings.

Currently, the Group has sufficient operating capital and is sufficient to resist risks besides supporting business growth in the foreseeable future.

11 Borrowings and securities

The Group's total borrowings increased to RMB322.27 billion as at 31 December 2019 from RMB229.41 billion as at 31 December 2018, such increase was mainly attributable to the increase in new borrowings caused by matters such as the increase in area under construction of saleable properties and the construction and operation of cultural and tourism cities, as well as the acquisition of property development projects leading to increase in borrowings being consolidated into the consolidated financial statements of the Group.

As at 31 December 2019, RMB296.78 billion (as at 31 December 2018: RMB202.52 billion) of the Group's total borrowings were secured or jointly secured by the Group's restricted cash, properties under development, completed properties held for sale, investment properties, fixed assets and right-of-use assets (total amount was RMB267.12 billion (as at 31 December 2018: RMB187.53 billion)) and equities (including those legally transferred as collateral) of certain of the Group's subsidiaries.

12 Gearing ratio

Net debt to total asset ratio is calculated by dividing the net debt by total assets. Net debt is calculated by deducting cash balance (including restricted cash) from total borrowings (including current and long-term borrowings) and lease liabilities. As at 31 December 2019, the Group's net debt to total asset ratio was 20.5%, representing an increase as compared to 15.2% as at 31 December 2018.

Net debt to total capital ratio is calculated by dividing the net debt by total capital. Total capital is calculated by adding total equities and net debt. As at 31 December 2019, the Group's gearing ratio was 63.3%, representing an increase as compared to 59.9% as at 31 December 2018.

Although the Group's gearing ratio experienced fluctuations in the short term, the asset-debt structure of the Group was continuously optimized, with the debt-asset ratio (calculated by dividing the total liabilities by total assets) achieving a steady decline for three consecutive years, and the liquidity of the Group remained adequate. In addition, in 2020, the Group will continue to accelerate sales, release operating cash flow and take prudent measures in land investment so as to continuously maintain adequate liquidity and its long-term downward trend of gearing ratio.

13 Interest rate risk

As the Group has no material 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 mainly 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 31 December 2019 *RMB billion*	As at 31 December 2018 *RMB billion*
Floating interests		
Less than 12 months	**23.58**	18.78
1-5 years	**36.62**	38.52
Over 5 years	**12.94**	2.59
Subtotal	**73.14**	59.89
Fixed interests		
Less than 12 months	**112.16**	73.27
1-5 years	**136.23**	95.38
Over 5 years	**0.74**	0.87
Subtotal	**249.13**	169.52
Total	**322.27**	229.41

As at 31 December 2019, the Group has implemented certain interest rate swap arrangements to hedge its exposure to interest rate risk. The Group will continue to focus on interest rate swaps, consider refinancing and adjusting the financing structure and monitor its interest rate exposure on a monthly basis.

14 Foreign exchange risks

As all the Group's operating entities are located in China, the Group operates its business mainly in RMB. Some of the Group's bank deposits and senior notes are denominated in US dollar or Hong Kong dollars, meaning that the Group is exposed to foreign exchange risks. For the year ended 31 December 2019, the Group recorded an exchange loss in the amount of RMB0.88 billion due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group managed its exposure to fluctuations in foreign exchange rates through the implementation of certain foreign exchange swap arrangements, and will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimize foreign exchange risks.

15 Contingent liabilities

The Group provides guarantees to banks for the mortgage loans of certain property purchasers to ensure that the purchasers perform their obligations of mortgage loan repayment. The amount of such guarantees was RMB120.50 billion as of 31 December 2019 as compared with RMB88.60 billion as of 31 December 2018. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

Business Review and Outlook

Review of 2019

In 2019, the government adhered to the general policy of "houses are built to be inhabited, not for speculation" and implemented the long-term management and control mechanism of implementing policies in line with the conditions of cities and keeping land prices, housing prices and expectations stable. After a brief pick-up following the Spring Festival, the real estate market gradually cooled down. With gradually increasing sales pressure in the second half of 2019, housing prices also suffered a certain downward pressure, but sales throughout the year maintained a steady growth.

The Group's overall operating performance maintained a steady growth trend. In 2019, the Group's revenue was approximately RMB169.32 billion, representing a year-on-year increase of 35.7%; gross profit was RMB41.41 billion, representing a year-on-year increase of approximately 33.0%; profit attributable to owners of the Company reached a new record high of RMB26.03 billion, representing a year-on-year increase of approximately 57.1%; basic earnings per share attributable to owners of the Company were RMB5.99, representing a year-on-year increase of approximately 58.0%; and proposed dividends for the year reached RMB1.232 per share, representing a year-on-year increase of approximately 49.0%. The Group continued to maintain sufficient liquidity, with the carrying amount of cash reaching RMB125.73 billion.

In 2019, supported by sufficient high-quality saleable resources and industry-leading high-quality product capacities, the Group's sales grew steadily, with annual contracted sales amount of approximately RMB556.21 billion, representing a year-on-year increase of approximately 20.7%, ranking fourth in the industry. At the same time, the Group adheres to its consistent strategy of being deeply engaged in cities and has a leading market position in more and more core cities. In 2019, the Group ranked among the top ten in the local market in terms of sales in 43 cities, representing an increase of 6 cities as compared with 2018, and achieved the sales amount of over RMB30 billion in 3 cities and the sales amount of over RMB10 billion in 17 cities.

In 2019, the Group continued to showcase its capabilities of seizing cyclical opportunities, give full play to the prestigious reputation and brand in respect of merger and acquisition, and carry out in-depth cooperation with numerous high-quality partners, thus further consolidating its competitive advantage in the land bank. As at the date of this announcement, the land bank[1] of the Group and its joint ventures and associates amounted to approximately 239 million sq.m. and the expected saleable sources of land bank[1] amounted to approximately RMB3.07 trillion, over 82% of which are located in tier 1 & 2 cities, with the average land cost of approximately RMB4,306 per sq.m. The abundant and high-quality land bank will strongly support the Group's sales performance and long-term and steady development in the future.

In 2019, the Group continued to adhere to the products and services leading strategy and unceasingly consolidate its advantages in creating high-quality products and providing excellent services. With its industry-leading product quality and comprehensive product capabilities being highly recognized, the Group ranked first in CRIC "2019 Top100 China Real Estate Company Product Capability". In 2019, Sunac Service Group ranked among top three "2019 China's Leading Brands of Property Management Services Quality"[2], with customer satisfaction score of 90 which reached the industry benchmark and far exceeded the average score of 85 among the top ten enterprises in the industry.

In 2019, Sunac Cultural & Tourism Group continuously optimized and upgraded the business strategies of commerce, hotels, parks, stage shows, etc., with annual revenue of RMB2.85 billion, representing a year-on-year increase of approximately 41%. At the same time, its three cultural and tourism cities in Guangzhou, Wuxi and Kunming opened splendidly, which has greatly enhanced the influence of Sunac Cultural & Tourism Group and has also been widely praised by all industries. Sunac Culture Group focused on creating high-quality contents, and acquired high-quality assets such as Beijing Dream Castle Culture Co., Ltd. and Base at the market trough, thereby initially completing its construction of animation content platforms and IP operation capabilities. In 2019, the Group has also expanded its presence in the conference and exhibition industry from a high starting point through the acquisition of Global Sunac asset portfolio[3], thereby becoming one of the largest operators and managers of conference and exhibition projects in China. The Group has carried out in-depth cooperation with Tsinghua University in Qingdao to further enhance and enrich the Group's arrangements in medical and healthcare industries.

Notes:

1. *It refers to secured land bank data as at 31 December 2019 and also includes land acquired since January 2020 until the date of this announcement.*
2. *The list was released by China Index Academy.*
3. *It refers to the assets obtained as a result of the acquisition of the equity interests of Chengdu Global Century Exhibition & Travel Group Co., Ltd. and Chengdu Times Global Industrial Co., Ltd. by the Group, the details of which are set out in the announcement of the Company dated 27 November 2019.*

Outlook for 2020

In 2020, the COVID-19 epidemic caused a heavy blow to the global economy. Although China's prevention and control efforts have yielded positive results and began to promote actively the resumption of work and production, overseas COVID-19 epidemics have been spreading and intensifying, leading to huge fluctuations in the global financial markets. As the external demand will also be greatly affected in short term, China's economy is predicted to face relatively great pressure in the short term. However, with the support of reasonable monetary easing and proactive fiscal policies, it is believed that the great resilience in China's economy will enable China to step out of the trough caused by the COVID-19 epidemic and maintain a relatively stable development trend throughout the year.

Since 2020, the Group has fully performed its social responsibilities and actively responded to the impact of COVID-19. As always maintaining sufficient liquidity, the Group promotes resumption of work in an orderly manner under the premise of protecting the safety of customers and employees, and has effectively coped with the impact of the COVID-19 epidemic on the Group's operations through a number of measures. The Group took the lead in donating RMB110 million in the industry. It also launched a special plan for recruiting the children of "Anti-outbreak Angels", provided property purchase discounts and free admission to cultural and tourism parks for medical workers engaged in outbreak prevention and control in Hubei, and carried out other special actions to care for the medical workers. Sunac Cultural & Tourism Group waived the rent payable by over 1,500 merchants for the period from 25 January to the end of February 2020. More than 30,000 employees of Sunac Service Group have built a "defense line" for over 1 million residents.

In 2020, although the nationwide suspension of work and production due to the COVID-19 epidemic has inevitably caused delays to some extent in the Group's launch of new properties and its commencement and completion plans, however, if the impact of the COVID-19 epidemic can be gradually eliminated according to the current good trend, the Group expects, relying on its sufficient land bank, the total saleable resources to achieve RMB820 billion in 2020, maintaining a steady growth as compared with 2019, so sufficient and high-quality saleable resources will strongly support the Group in achieving its sales target.

In 2020, the Group expects that there will be more opportunities to acquire quality land at reasonable prices than previous years in core tier 1 & 2 cities, so it will focus its new land investments more in such cities. However, the Group will remain patient and, provided that the impact of the COVID-19 epidemic on the overall economy and the real estate industry is controllable, the Company remains sufficient liquidity and the long-term declining trend in the leverage ratio will not be affected, the Group will prudently supplement additional high-quality land to its land bank.

In 2020, the Group will continue to maintain innovation and upgrading based on its industry-leading product quality. In particular, the Group will pay more attention to continuously meeting customer needs for functional attributes of products, and jointly explore the development of intelligent communities and future communities in cooperation with its powerful partners, thus maintaining high quality product capability to lead the industry.

In 2020, the Group will pay more attention to enhancing its comprehensive competitiveness. Building on its industry-leading competitive advantages including continuous consolidation of established land bank, land acquisition capability, products and services, the Group will build a profit-oriented management system, adjust and optimize its organizational structure and assessment mechanism, realize cost reduction and efficiency improvement through numerous measures, strive to maintain the long-term downward trend of leverage ratio, further enhance its credit image and facilitate a rapid fall in the financing costs.

Sunac Service Group is committed to becoming a large-sized service provider which focuses on core cities and provides high-quality property management services for mid and high-end communities. In 2020, Sunac Service Group will, based on high-quality service, comprehensively enhance the community operational efficiency and comprehensive operational capabilities. At the same time, its large number of projects in the pipeline, its increasingly enhanced exogenous expansion capacity, its diversified business portfolio and multi-type property management capacities will all support Sunac Service to embark on a fast track to continuously achieve rapid growth.

The Group will continue to take property development as its core business. In terms of “real estate +” business, the Group will pay attention to improving its operational capacity and profitability of existing assets, and continuously accumulate competitiveness with focus on long-term value, so as to foster it as a new growth point for the Group in the future. At the same time, it will also give full play to the synergy with the principal business of property development to better support the development of the principal business.

Summary of Land Bank

As at 31 December 2019, the Group and its joint ventures and associates had a total land bank of approximately 234 million sq.m. and attributable land bank of approximately 150 million sq.m.. The breakdown of land bank by city is as follows:

City	**Attributable land bank** *('000 sq.m.)*	**Total land bank** *('000 sq.m.)*
Chongqing	12,819.2	18,491.8
Qingdao	9,619.1	13,264.4
Wuhan	8,161.4	16,172.2
Tianjin	7,784.8	10,623.7
Chengdu	6,879.1	9,563.0
Ji'nan	6,290.0	8,884.6
Zhengzhou	4,988.5	8,039.6
Xi'an	4,938.9	9,022.4
Kunming	4,596.6	7,355.1
Meishan	4,112.0	8,498.2
Hangzhou	3,604.6	6,702.4
Jiangmen	2,917.3	3,124.6
Harbin	2,823.7	4,156.4
Shanghai	2,732.9	3,627.0
Wuxi	2,628.1	3,605.4
Taiyuan	2,573.8	4,325.5
Wenzhou	2,484.3	3,139.4
Qingyuan	2,373.4	2,619.4
Hainan	2,304.6	3,914.1
Xishuangbanna	2,299.2	2,594.0
Dalian	2,284.4	2,387.5
Guangzhou	2,235.0	3,734.2
Guiyang	2,199.4	3,362.4
Hefei	2,113.8	2,242.2
Changsha	2,090.1	3,229.7
Guilin	2,007.0	2,128.2
Nanchang	1,824.7	1,942.4
Yinchuan	1,497.5	1,790.7
Ningbo	1,392.1	2,289.3
Shijiazhuang	1,390.1	2,655.3
Yantai	1,360.4	2,280.0
Zhaotong	1,199.4	1,332.7
Changchun	1,082.9	1,082.9
Shenyang	1,034.0	2,066.4
Nanning	1,028.9	1,602.2
Xianning	1,024.3	2,008.5

City	Attributable land bank *('000 sq.m.)*	Total land bank *('000 sq.m.)*
Fuzhou	997.6	1,624.3
Langfang	974.9	1,781.9
Zhaoqing	974.1	1,163.5
Nantong	949.6	1,175.5
Suzhou	934.5	2,584.0
Huizhou	833.6	833.6
Huzhou	830.0	1,536.4
Beijing	772.0	1,042.8
Ezhou	723.6	1,315.7
Xuzhou	701.4	1,971.3
Zhongshan	678.0	718.9
Zhuhai	666.0	840.1
Taizhou	660.3	1,422.1
Others	16,789.9	32,005.9
Total	**150,181.0**	**233,873.8**

As at the date of this announcement, the total land bank and attributable land bank of the Group and its joint ventures and associates amounted to approximately 239 million sq. m. and 153 million sq. m., respectively.

OTHER INFORMATION

Annual General Meeting, Final Dividend and Closure of Register of Members

The Company's annual general meeting (the "AGM") is expected to be held on Thursday, 28 May 2020, and the notice of AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course.

For the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 22 May 2020 to Thursday, 28 May 2020 (both days inclusive), during which period no transfer of shares of the Company (the "Shares") will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 21 May 2020.

At the meeting of the Board held on 26 March 2020, the Board proposed to declare a final dividend of RMB1.232 per share, being approximately RMB5.726 billion in aggregate, for the year ended 31 December 2019, where the number of shares on which such dividend was calculated was the total number of shares issued as at the date of this announcement, subject to approval of the Shareholders at the forthcoming AGM. The proposed final dividend is expected to be paid on or around Tuesday, 18 August 2020 to those Shareholders whose names appear on the register of members of the Company on Monday, 8 June 2020. The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at 28 May 2020.

For the purpose of determining the Shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Wednesday, 3 June 2020 to Monday, 8 June 2020 (both days inclusive). To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 2 June 2020.

Senior Notes Issued during the Year

On 15 January 2019, the Company successfully issued the US$600 million 8.375% senior notes due 2021. On 15 February 2019, the Company successfully issued the US$800 million 7.875% senior notes due 2022. On 25 March 2019, the Company issued an additional US$200 million 8.35% senior notes due 2023 (consolidated with the US$450 million 8.35% senior notes due 2023 to form a single series). On 11 April 2019, the Company successfully issued the US$750 million 7.95% senior notes due October 2023. On 14 June 2019, the Company successfully issued the US$600 million 7.25% senior notes due 2022. On 1 November 2019, the Company successfully issued the US$650 million 7.5% senior notes due 2024. Details of the aforesaid senior notes are set out in the announcements of the Company published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn).

Purchase, Sale or Redemption of Company's Listed Securities

The Company adopted a share award scheme with effect from 8 May 2018 (the "Share Award Scheme"), details of which are set out in the Company's announcement dated 8 May 2018. During the year ended 31 December 2019, the trustee of the Share Award Scheme purchased on the open market a total of 28,004,000 shares of the Company at the total consideration of approximately HK$0.9 billion pursuant to the terms of the trust deed and the rules of the Share Award Scheme. As at 31 December 2019, on a cumulative basis, the trustee of the Share Award Scheme has purchased on the open market a total of 94,653,000 shares at the total consideration of approximately HK$2.57 billion.

Save as the aforesaid, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

Subsequent Events

Senior notes issued

On 10 January 2020, the Company successfully issued the US$540 million 6.5% senior notes due 2025. The notes are listed and traded on the Singapore Exchange Securities Trading Limited. The details of the relevant notes are set out in the announcements of the Company dated 8 January 2020 and 13 January 2020.

Placing of new shares under general mandate

On 17 January 2020, the Company completed the placing of 186,920,000 new shares at a price of HK$42.8 per share, to not less than six independent placees. The total proceeds of the placing were approximately HK$8.0 billion, and the net price of the placing price was approximately HK$42.58 per share after deducting all related costs and expenses of the Company. The net proceeds were approximately HK$7.958 billion. Details of the placing are set out in the announcement of the Company dated 10 January 2020.

Partial repurchase of senior notes

As at 19 March 2020, the Company has in the open market repurchased part of the notes in an aggregate amount of US$78.6 million, comprising (i) the 8.625% senior notes due 2020 of US$55.8 million in aggregate principal amount; and (ii) the 6.875% senior notes due 2020 of US$22.8 million in aggregate principal amount. The Company cancelled the repurchased notes in accordance with the terms of the notes and indentures. Details of the repurchased notes are set out in the announcement of the Company dated 19 March 2020.

Employee and Remuneration Policy

As of 31 December 2019, the Group had a total of 50,834 employees in the Mainland China and Hong Kong. The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts annual performance appraisals for its employees, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in Mainland China in accordance with the relevant PRC regulations. The Group also operates insurance and mandatory provident fund schemes for Hong Kong employees.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the guidelines for the Directors' dealings in securities of the Company. Following specific enquiries of all Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code in relation to their securities dealings during the year ended 31 December 2019, if any.

Compliance with Corporate Governance Code

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2019, complied with all applicable code provisions of the Corporate Governance Code.

The Board recognises and appreciates the importance and benefits of good corporate governance practices and has adopted 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.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Listing Rules and the code provisions of the Corporate Governance Code. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Li Qin and Mr. Ma Lishan, and is chaired by Mr. Poon Chiu Kwok who possesses the qualification of professional accountant. 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, to review the corporate governance policies and practices of the Group 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 concerning the audit, internal control and risk management systems and financial reporting matters, including reviewing the Group's annual results for the year ended 31 December 2019.

Review of Results Announcement

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in this results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

Publication of the Annual Results Announcement and Annual Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's 2019 annual report will be despatched to Shareholders along with the AGM circular, the notice of AGM and the proxy form for use at the AGM and such documents will be published on the aforementioned websites in due course.

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

Hong Kong, 26 March 2020

As at the date of this announcement, the executive Directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. TIAN Qiang, Mr. SHANG Yu, Mr. HUANG Shuping and Mr. SUN Kevin Zheyi; and the independent non-executive Directors of the Company are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. LI Qin and Mr. MA Lishan.