

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**SUNac 融創中國**  
**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)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**RESULTS HIGHLIGHTS**

For the six months ended 30 June 2020:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB195.27 billion;
- The Group's revenue was approximately RMB77.34 billion, representing a growth rate of approximately 0.7% compared to the same period last year;
- Profit attributable to owners of the Company was approximately RMB10.96 billion, representing a growth rate of approximately 6.5% compared to the same period last year;
- Net profit margin attributable to owners of the Company was approximately 14.2%, representing a growth of approximately 0.8 percentage point compared to the same period last year;
- Core net profit\* was approximately RMB13.04 billion, representing a growth rate of approximately 3.0% compared to the comparable amount in the same period last year;
- The Group's cash balance as at 30 June 2020 was approximately RMB120.86 billion; and
- The Group's net gearing ratio decreased by approximately 23.3 percentage points compared to the end of last year.

\* Core net profit refers to profit attributable to owners of the Company, after excluding the impact of gains from business combination and its effect on fair value adjustments, gain or loss on changes in fair value of financial assets, derivative financial instruments and investment properties, and exchange gain or loss.

## INTERIM RESULTS WITH NOTES

The board (the “Board”) of directors (the “Directors”) of Sunac China Holdings Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2020 as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2020*

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2020</b>	<b>2019</b>
		<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>77,341,665</b>	76,837,895
Cost of sales	9	<b>(59,585,858)</b>	(57,484,437)
<b>Gross profit</b>		<b>17,755,807</b>	19,353,458
Other income and gains	10	<b>7,308,023</b>	5,189,148
Selling and marketing costs	9	<b>(2,615,289)</b>	(2,563,053)
Administrative expenses	9	<b>(3,685,860)</b>	(4,074,070)
Other expenses and losses		<b>(634,957)</b>	(1,058,495)
Net impairment losses on financial and contract assets		<b>(96,047)</b>	(1,147,332)
<b>Operating profit</b>		<b>18,031,677</b>	15,699,656
Finance income	11	<b>861,111</b>	620,088
Finance expenses	11	<b>(2,451,591)</b>	(1,233,268)
Finance expenses – net		<b>(1,590,480)</b>	(613,180)
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net		<b>2,414,541</b>	3,630,399
<b>Profit before income tax</b>		<b>18,855,738</b>	18,716,875
Income tax expense	12	<b>(7,154,856)</b>	(7,425,766)
<b>Profit for the period</b>		<b>11,700,882</b>	11,291,109
<b>Other comprehensive income for the period</b>		<b>–</b>	–
<b>Total comprehensive income for the period</b>		<b>11,700,882</b>	11,291,109

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
<i>Notes</i>		<b>2020</b>	2019
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Attributable to:</b>			
	– Owners of the Company	<b>10,959,122</b>	10,286,306
	– Holders of perpetual capital securities	<b>68,297</b>	173,183
	– Other non-controlling interests	<b>673,463</b>	831,620
		<u><b>11,700,882</b></u>	<u>11,291,109</u>
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share):</b>			
	– Basic earnings per share	<u><b>2.41</b></u>	<u>2.37</u>
	– Diluted earnings per share	<u><b>2.39</b></u>	<u>2.34</u>

13

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

*As at 30 June 2020*

	<i>Notes</i>	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>75,233,549</b>	70,101,779
Investment properties		<b>28,027,637</b>	26,845,510
Right-of-use assets		<b>16,193,830</b>	14,918,041
Intangible assets		<b>9,132,708</b>	7,667,411
Deferred tax assets		<b>10,619,482</b>	8,585,312
Investments accounted for using the equity method	4	<b>80,935,222</b>	88,994,292
Financial assets at fair value through profit or loss		<b>18,328,671</b>	15,588,783
Receivables	5	<b>48,000</b>	48,000
Prepayments	6	<b>2,641,743</b>	3,018,098
Derivative financial instruments		<b>78,470</b>	31,629
Amounts due from related companies		–	170,000
		<b>241,239,312</b>	<b>235,968,855</b>
<b>Current assets</b>			
Properties under development		<b>452,501,115</b>	426,783,378
Completed properties held for sale		<b>58,823,032</b>	55,189,210
Inventories		<b>669,617</b>	490,307
Trade and other receivables	5	<b>53,012,524</b>	47,154,324
Contract assets		<b>2,354,404</b>	2,059,897
Amounts due from related companies		<b>39,576,533</b>	40,688,593
Prepayments	6	<b>13,952,424</b>	14,662,840
Prepaid income tax		<b>8,659,923</b>	7,320,149
Restricted cash		<b>35,626,769</b>	47,787,028
Cash and cash equivalents		<b>85,228,617</b>	77,943,661
Assets classified as held for sale		<b>4,401,000</b>	4,401,000
Financial assets at fair value through profit or loss		<b>356,118</b>	200,000
		<b>755,162,076</b>	<b>724,680,387</b>
<b>Total assets</b>		<b>996,401,388</b>	<b>960,649,242</b>

	<i>Notes</i>	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		400,494	382,339
Other reserves		20,500,378	17,510,617
Retained earnings		76,139,414	65,180,292
		<u>97,040,286</u>	<u>83,073,248</u>
Perpetual capital securities		788,028	2,789,505
Other non-controlling interests		36,052,033	28,231,491
<b>Total equity</b>		<b><u>133,880,347</u></b>	<b><u>114,094,244</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	179,709,980	186,542,102
Derivative financial instruments		87,104	14,358
Lease liabilities		483,658	436,848
Deferred tax liabilities		37,629,097	38,534,748
Other payables	7	354,419	145,727
		<u>218,264,258</u>	<u>225,673,783</u>
<b>Current liabilities</b>			
Trade and other payables	7	162,628,153	147,133,931
Contract liabilities		243,379,571	240,818,329
Amounts due to related companies		58,049,815	58,933,995
Current tax liabilities		39,094,127	37,323,267
Borrowings	8	140,622,830	135,732,857
Lease liabilities		216,303	176,499
Provisions		265,984	762,337
		<u>644,256,783</u>	<u>620,881,215</u>
<b>Total liabilities</b>		<b><u>862,521,041</u></b>	<b><u>846,554,998</u></b>
<b>Total equity and liabilities</b>		<b><u>996,401,388</u></b>	<b><u>960,649,242</u></b>

## 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, property management services and other services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in the 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.

This condensed consolidated interim financial information is presented in Renminbi (“RMB”), unless otherwise stated.

### 2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

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

Below new and amended standards and interpretations became effective for annual reporting periods commencing on 1 January 2020 and adopted by the Group for the first time in 2020 interim report:

- *Definition of Material – Amendments to HKAS 1 and HKAS 8,*
- *Revised Conceptual framework for financial reporting, and*
- *Interest Rate Benchmark Reform – Amendments to HKFRS 9, HKAS 39 and HKFRS 7.*

All of the 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.

**(b) Impact of standards issued but not yet applied by the Group**

Certain new accounting standards and amendments have been published, which are not effective for 2020 interim reporting period and have not been early adopted by the Group. These new and amended standards are not expected to have any significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	<b>Effective for the financial year beginning on or after</b>
<i>Covid-19-related rent concessions – Amendment to HKFRS 16</i>	1 June 2020
<i>Update reference to the Conceptual framework</i>	
– Amendments to HKFRS 3	1 January 2022
<i>Proceeds before intended use – Amendments to HKAS 16</i>	1 January 2022
<i>Onerous contracts – costs of fulfilling a contract</i>	
– Amendments to HKAS 37	1 January 2022
<i>Annual improvements to HKFRSs 2018-2020</i>	1 January 2022
<i>Classification of liabilities as current or non-current</i>	
– Amendments to HKAS 1	1 January 2023
<i>HKFRS 17 Insurance contracts</i>	1 January 2023
<i>Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 and HKAS 28</i>	To be determined

**3 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 mainly 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 or loss ("FVPL") and derivative financial instruments and share of profits or losses and impairment losses of certain non-core business investments accounted 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 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:

	<b>Six months ended 30 June 2020</b>			
	<b>Property development RMB'000</b>	<b>Cultural and tourism city construction and operation RMB'000</b>	<b>All other segments RMB'000</b>	<b>Total RMB'000</b>
Total segment revenue	73,073,754	979,641	12,167,935	86,221,330
<i>Recognised at a point in time</i>	55,193,128	313,557	85,199	55,591,884
<i>Recognised over time</i>	17,880,626	666,084	12,082,736	30,629,446
Inter-segment revenue	–	–	(8,879,665)	(8,879,665)
<b>Revenue from external customers</b>	<b>73,073,754</b>	<b>979,641</b>	<b>3,288,270</b>	<b>77,341,665</b>
Net impairment losses on financial and contract assets	(96,047)	–	–	(96,047)
Net fair value gains on investment properties	–	50,699	–	50,699
Interest income	2,197,163	–	2,752	2,199,915
Finance income	853,586	–	7,525	861,111
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	2,392,492	8,990	13,059	2,414,541
<b>Segment results</b>	<b>21,005,953</b>	<b>60,677</b>	<b>789,271</b>	<b>21,855,901</b>
<b>Other information</b>				
Capital expenditure	723,709	4,176,834	431,965	5,332,508



	As at 30 June 2020			
	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Total segment assets</b>	<b><u>789,797,250</u></b>	<b><u>112,759,158</u></b>	<b><u>51,401,316</u></b>	<b><u>953,957,724</u></b>
<b>Investments accounted for using the equity method</b>	<b><u>80,385,280</u></b>	<b><u>218,879</u></b>	<b><u>331,063</u></b>	<b><u>80,935,222</u></b>
<b>Total segment liabilities</b>	<b><u>730,545,729</u></b>	<b><u>23,415,848</u></b>	<b><u>31,524,534</u></b>	<b><u>785,486,111</u></b>
	Six months ended 30 June 2019			
	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	73,416,826	1,077,030	5,777,886	80,271,742
<i>Recognised at a point in time</i>	50,707,028	267,843	–	50,974,871
<i>Recognised over time</i>	22,709,798	809,187	5,777,886	29,296,871
Inter-segment revenue	–	–	(3,433,847)	(3,433,847)
<b>Revenue from external customers</b>	<b><u>73,416,826</u></b>	<b><u>1,077,030</u></b>	<b><u>2,344,039</u></b>	<b><u>76,837,895</u></b>
Net impairment losses on financial and contract assets	(60,369)	–	–	(60,369)
Net fair value gains on investment properties	283,037	675,888	–	958,925
Interest income	1,980,436	–	–	1,980,436
Finance income	620,088	–	–	620,088
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	3,754,245	–	31,376	3,785,621
<b>Segment results</b>	<b><u>21,706,842</u></b>	<b><u>372,607</u></b>	<b><u>262,203</u></b>	<b><u>22,341,652</u></b>
<b>Other information</b>				
Capital expenditure	462,975	13,364,138	284,384	14,111,497

	As at 31 December 2019			
	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Total segment assets</b>	<u>788,834,530</u>	<u>100,117,656</u>	<u>35,400,183</u>	<u>924,352,369</u>
<b>Investments accounted for using the equity method</b>	<u>88,575,679</u>	<u>166,584</u>	<u>252,029</u>	<u>88,994,292</u>
<b>Total segment liabilities</b>	<u>724,874,620</u>	<u>22,470,962</u>	<u>22,767,941</u>	<u>770,113,523</u>

Reportable segment results are reconciled to total profit as follows:

	Six months ended 30 June	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Total segment results	<b>21,855,901</b>	22,341,652
Net impairment losses on financial and contract assets	–	(1,086,963)
Depreciation and amortisation	<b>(1,230,113)</b>	(752,018)
Finance expenses	<b>(2,451,591)</b>	(1,233,268)
Other income and gains	<b>752,197</b>	351,531
Other expenses and losses	<b>(70,656)</b>	(748,837)
Share of losses of investments accounted for using the equity method, net	–	(155,222)
Income tax expense	<b>(7,154,856)</b>	(7,425,766)
<b>Profit for the period</b>	<u><b>11,700,882</b></u>	<u>11,291,109</u>

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

	30 June 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>
Total segment assets	<b>953,957,724</b>	924,352,369
Deferred tax assets	<b>10,619,482</b>	8,585,312
Other assets	<b>31,824,182</b>	27,711,561
<b>Total assets</b>	<u><b>996,401,388</b></u>	<u>960,649,242</u>
Total segment liabilities	<b>785,486,111</b>	770,113,523
Deferred tax liabilities	<b>37,629,097</b>	38,534,748
Other liabilities	<b>39,405,833</b>	37,906,727
<b>Total liabilities</b>	<u><b>862,521,041</b></u>	<u>846,554,998</u>

#### 4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Joint ventures	<b>59,830,369</b>	60,049,425
Associates	<b>21,104,853</b>	28,944,867
	<b><u>80,935,222</u></b>	<u>88,994,292</u>

##### 4.1 Investments in joint ventures

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

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
At beginning of period	<b>60,049,425</b>	40,009,448
Additions:		
– Capital contributions to joint ventures at establishment	<b>1,885,898</b>	10,169,882
– Acquisition of joint ventures	<b>1,709,857</b>	1,478,619
– Additional investments in existing joint ventures	<b>1,846,138</b>	1,334,926
– Subsidiaries became joint ventures	–	1,031,840
– Acquisition from business combination	<b>47,198</b>	5,531,988
Disposals:		
– Disposal of investments in joint ventures	<b>(2,893,570)</b>	(629,865)
– Joint ventures became subsidiaries	–	(233,291)
Capital decreasing of a joint venture	<b>(1,373,273)</b>	(977,550)
Share of profits of joint ventures, net	<b>1,381,653</b>	2,483,515
Dividends from joint ventures	<b>(2,822,957)</b>	(104,940)
At end of period	<b><u>59,830,369</u></b>	<u>60,094,572</u>

## 4.2 Investments in associates

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of period	<b>28,944,867</b>	25,487,378
Additions:		
– Capital contributions to associates at establishment	<b>32,095</b>	200,700
– Acquisitions of associates	–	268,155
– Additional investments in an existing associate	<b>2,583,695</b>	257,835
– Subsidiaries became associates	–	288,830
Disposals:		
– Disposals of investments in associates	<b>(10,126,612)</b>	–
Impairment provision for investment in an associate	–	(698,328)
Capital decreasing of associates	–	(1,399,530)
Share of profits of associates, net	<b>454,086</b>	984,086
Dividends from associates	<b>(783,278)</b>	(720,442)
At end of period	<b><u>21,104,853</u></b>	<u>24,668,684</u>

## 5 TRADE AND OTHER RECEIVABLES

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Non-current –		
Other receivables (c)	<b>48,000</b>	48,000
Current –		
Trade receivables from contracts with customers (a)	<b>2,401,258</b>	1,701,056
Amounts due from non-controlling interests and their related parties (b)	<b>22,672,263</b>	17,831,141
Notes receivables	<b>93,942</b>	75,265
Deposits receivables	<b>10,889,321</b>	10,853,804
Other receivables (c)	<b>17,356,172</b>	17,045,590
	<b>53,412,956</b>	47,506,856
Less: Loss allowance	<b>(400,432)</b>	(352,532)
	<b>53,012,524</b>	47,154,324

As at 30 June 2020 and 31 December 2019, the carrying amounts of the Group's trade and other receivables were all denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

### Notes:

- (a) Trade receivables mainly arise from sales of properties and rendering of property management services. Considerations in respect of sales of properties are paid by customers in accordance with the credit terms agreed in the property sale contracts. Property management services income are received in accordance with the term of the relevant property service agreements and are due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of delivery of goods and date of rendering of services is as follows:

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Within 90 days	<b>1,640,356</b>	1,126,438
91–180 days	<b>121,529</b>	12,517
181–365 days	<b>219,350</b>	211,952
Over 365 days	<b>420,023</b>	350,149
	<b>2,401,258</b>	1,701,056

- (b) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.
- (c) Other receivables mainly included the cash advance for land use rights before bidding, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

## 6 PREPAYMENTS

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Non-current –		
Prepayments for equity transactions	<b>2,606,025</b>	2,977,824
Prepayments for purchase of property, plant and equipment	<b>35,718</b>	40,274
	<b><u>2,641,743</u></b>	<u>3,018,098</u>
Current –		
Tax and surcharge	<b>2,943,817</b>	2,189,970
Prepayments for land use rights acquisitions	<b>8,959,157</b>	10,202,070
Prepayments for construction costs	<b>1,273,383</b>	1,269,574
Others	<b>776,067</b>	1,001,226
	<b><u>13,952,424</u></b>	<u>14,662,840</u>

As at 30 June 2020 and 31 December 2019, the carrying amounts of the Group's prepayments were all denominated in RMB.

## 7 TRADE AND OTHER PAYABLES

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Non-current –		
Other payables	<b>354,419</b>	145,727
Current –		
Trade payables (a)	<b>76,205,362</b>	71,706,023
Un-paid considerations for equity transactions	<b>14,568,660</b>	17,760,374
Amounts due to non-controlling interests and their related parties (b)	<b>9,713,970</b>	6,707,954
Dividend payable	<b>5,726,051</b>	–
Notes payable	<b>16,142,600</b>	11,245,291
Other taxes payable	<b>4,336,683</b>	3,275,245
Interests payable	<b>4,140,929</b>	4,013,493
Payroll and welfare payables	<b>1,011,054</b>	3,126,948
Other payables (c)	<b>30,782,844</b>	29,298,603
	<b>162,628,153</b>	147,133,931

*Note:*

- (a) At 30 June 2020, the ageing analysis of the 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:

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Within 90 days	<b>27,288,858</b>	27,549,468
91-180 days	<b>9,463,217</b>	10,212,645
181-365 days	<b>19,082,977</b>	15,718,047
Over 365 days	<b>20,370,310</b>	18,225,863
	<b>76,205,362</b>	71,706,023

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

## 8 BORROWINGS

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
<b>Non-current</b>		
Secured,		
– Bank and other institution borrowings	<b>202,219,851</b>	214,090,958
– Senior notes	<b>48,300,905</b>	44,838,865
	<b><u>250,520,756</u></b>	<u>258,929,823</u>
Unsecured,		
– Bank and other institution borrowings	<b>986,704</b>	100,000
– Corporate bonds	<b>15,090,154</b>	7,818,085
– Private domestic corporate bonds	<b>15,273,336</b>	16,969,539
	<b><u>31,350,194</u></b>	<u>24,887,624</u>
	<b>281,870,950</b>	283,817,447
Less: Current portion of long-term borrowings	<b><u>(102,160,970)</u></b>	<u>(97,275,345)</u>
	<b><u>179,709,980</u></b>	<u>186,542,102</u>
<b>Current</b>		
Secured,		
– Bank and other institution borrowings	<b>38,130,514</b>	37,847,612
Unsecured,		
– Bank and other institution borrowings	<b>331,346</b>	609,900
	<b>38,461,860</b>	38,457,512
Current portion of long-term borrowings	<b><u>102,160,970</u></b>	<u>97,275,345</u>
	<b><u>140,622,830</u></b>	<u>135,732,857</u>
Total borrowings	<b><u>320,332,810</u></b>	<u>322,274,959</u>



## 9 EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Costs of properties sold	<b>54,792,817</b>	53,800,566
Staff costs	<b>2,822,835</b>	3,384,685
Advertisement and promotion costs	<b>1,435,659</b>	1,400,209
Depreciation and amortisation	<b>1,230,113</b>	752,018
Net impairment losses for properties	<b>780,682</b>	322,854
Value-added tax surcharges	<b>364,468</b>	658,429
	<b><u>59,486,884</u></b>	<b><u>60,778,761</u></b>

## 10 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Net gains from disposal of joint ventures and associates	<b>2,741,600</b>	–
Interest income	<b>2,199,915</b>	1,980,436
Net fair value gains on financial assets at FVPL	<b>710,826</b>	274,850
Gains from business combination	<b>616,384</b>	568,622
Net fair value gains on investment properties	<b>50,699</b>	958,925
Fair value gains on derivative financial instruments	<b>41,371</b>	–
Gains from disposals of subsidiaries	<b>5,570</b>	70,772
Others	<b>941,658</b>	1,335,543
	<b><u>7,308,023</u></b>	<b><u>5,189,148</u></b>

## 11 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses	<b>15,178,592</b>	11,779,427
Interest expenses for lease liabilities	<b>31,680</b>	33,312
Less: Capitalised finance costs	<b>(13,669,483)</b>	(10,726,023)
	<b>1,540,789</b>	1,086,716
Exchange loss	<b>910,802</b>	146,552
	<b>2,451,591</b>	1,233,268
Finance income:		
– Interest income on bank deposits	<b>(861,111)</b>	(620,088)
Net finance expenses	<b>1,590,480</b>	613,180

## 12 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Corporate income tax		
– Current income tax	<b>6,487,988</b>	5,760,833
– Deferred income tax	<b>(1,401,304)</b>	(1,860,022)
	<b>5,086,684</b>	3,900,811
Land appreciation tax	<b>2,068,172</b>	3,524,955
	<b>7,154,856</b>	7,425,766

### 13 EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the period, excluding shares purchased for the share award scheme.

	Six months ended 30 June	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>10,959,122</u>	<u>10,286,306</u>
Weighted-average number of ordinary shares in issue (thousand)	4,631,211	4,424,005
Adjusted for purchase of shares for share award scheme (thousand)	<u>(91,576)</u>	<u>(81,018)</u>
Weighted-average number of ordinary shares for basic earnings per share (thousand)	<u><u>4,539,635</u></u>	<u><u>4,342,987</u></u>

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 June	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>10,959,122</u>	<u>10,286,306</u>
Weighted-average number of ordinary shares in issue (thousand)	4,631,211	4,424,005
Adjusted for purchase of shares for share award scheme (thousand)	<u>(91,576)</u>	<u>(81,018)</u>
Adjusted for share options and awarded shares (thousand)	<u>48,996</u>	<u>56,456</u>
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	<u><u>4,588,631</u></u>	<u><u>4,399,443</u></u>

## **14 DIVIDENDS**

No interim dividend for the six months ended 30 June 2020 was proposed by the Board (Six months ended 30 June 2019: Nil).

## **15 EVENTS AFTER THE BALANCE SHEET DATE**

### **(a) Issuance of senior notes**

On 9 July 2020, the Company issued US\$1,000 million senior notes, including US\$600 million senior notes due 2023 (the July 2023 Notes) and US\$400 million senior notes due 2025 (the July 2025 Notes) on the Singapore Exchange Securities Trading Limited (“SEST”). The July 2023 Notes bear interest from and including 9 July 2020 at the rate of 6.5% per annum, payable semi-annually in arrears on 9 January and 9 July of each year, commencing on 9 January 2021. The July 2025 Notes bear interest from and including 9 July 2020 at the rate of 7.0% per annum, payable semi-annually in arrears on 9 January and 9 July of each year, commencing on 9 January 2021.

On 3 August 2020, the Company issued US\$500 million senior notes due 2024 on the SEST. The senior notes bear interest from and including 3 August 2020 at the rate of 6.65% per annum, payable semi-annually in arrears on 3 February and 3 August of each year, commencing on 3 February 2021.

### **(b) Spin-off and separate listing of Sunac Services Holdings Limited (“Sunac Services”)**

The Company proposes to spin-off and separately list the shares of Sunac Services, a subsidiary of the Company, on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) by way of a global offering and distribution in specie of a minor portion of the ordinary shares in the share capital of Sunac Services (“Shares of Sunac Services”) to the shareholders of the Company.

On 6 August 2020, Sunac Services submitted a listing application form to the Stock Exchange to apply for the listing of, and permission to deal in, the Shares of Sunac Services on the Main Board of the Stock Exchange. As at the date of this announcement, the Company is interested in 100% of Sunac Services. It is intended that upon completion of the proposed spin-off and the listing, the Company will have an interest of not less than 50% in Sunac Services and Sunac Services will remain as a subsidiary of the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### 1 Revenue

For the six months ended 30 June 2020, most of the Group's revenue came from sales of residential and commercial properties business, with a small proportion of revenue from cultural and tourism city construction and operation, property management and other businesses.

As at 30 June 2020, the Group's real estate development business achieved its national layout in tier-1 cities, tier-2 cities and strong tier-3 cities, 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 six months ended 30 June 2020 amounted to RMB77.34 billion, representing a slight increase of 0.7% compared with the total revenue of RMB76.84 billion for the six months ended 30 June 2019.

For the six months ended 30 June 2020, the total revenue of the Group and its joint ventures and associates was RMB128.00 billion, representing a slight decrease of RMB1.27 billion (approximately 1.0%) as compared with the total revenue of RMB129.27 billion for the six months ended 30 June 2019, of which RMB94.80 billion was attributable to owners of the Company, representing a slight decrease of RMB5.68 billion (approximately 5.7%) as compared to RMB100.48 billion for the six months ended 30 June 2019.

The following table sets forth certain details of the revenue:

	<b>Six months ended 30 June</b>			
	<b>2020</b>		<b>2019</b>	
	<i>RMB billion</i>	<i>%</i>	<i>RMB billion</i>	<i>%</i>
Revenue from sales of properties	<b>73.07</b>	<b>94.5%</b>	73.42	95.6%
Cultural and tourism city construction and operation income	<b>0.98</b>	<b>1.3%</b>	1.08	1.4%
Property management income and other income	<b>3.29</b>	<b>4.2%</b>	2.34	3.0%
<b>Total</b>	<b><u>77.34</u></b>	<b><u>100.0%</u></b>	<u>76.84</u>	<u>100.0%</u>
Total gross floor area delivered (in million sq.m.)	<b>4.867</b>		5.360	

For the six months ended 30 June 2020, revenue from sales of properties remained generally stable as compared with that for the six months ended 30 June 2019, mainly due to the increase in the average price of the delivered properties sales compared to the same period last year and the impact of COVID-19 epidemic on the construction progress of certain property projects sold, leading to the decrease in total area of delivered properties by 0.493 million square meters (“sq.m.”) (approximately 9.2%) as compared with that for the six months ended 30 June 2019.

## **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 six months ended 30 June 2020, the Group’s cost of sales was RMB59.59 billion, representing a slight increase of RMB2.11 billion (approximately 3.7%) as compared to the cost of sales of RMB57.48 billion for the six months ended 30 June 2019.

### **3 Gross profit**

For the six months ended 30 June 2020, the Group's gross profit was RMB17.76 billion, which was RMB1.59 billion (approximately 8.3%) lower than the gross profit of RMB19.35 billion for the six months ended 30 June 2019.

For the six months ended 30 June 2020, the Group's gross profit margin was 23.0%, representing a slight decrease as compared to 25.2% for the six months ended 30 June 2019.

For the six months ended 30 June 2020, the adjustments of revaluation surplus related to gains from business combination for the properties acquired led to the reduction of the Group's gross profit in the amount of RMB4.94 billion. The Group's gross profit would have been RMB22.70 billion and gross profit margin would have been 29.3% for the six months ended 30 June 2020 without taking into account such impact.

For the six months ended 30 June 2020, total gross profit of the Group and its joint ventures and associates was RMB28.19 billion, with a gross profit margin of 22.0%, of which RMB20.91 billion was gross profit attributable to owners of the Company. For the six months ended 30 June 2019, total gross profit of the Group and its joint ventures and associates was RMB34.51 billion, with a gross profit margin of 26.7%, of which RMB25.92 billion was gross profit attributable to owners of the Company.

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

The Group's selling and marketing costs increased by 2.0% from RMB2.56 billion for the six months ended 30 June 2019 to RMB2.62 billion for the six months ended 30 June 2020. The Group's administrative expenses decreased by 9.5% from RMB4.07 billion for the six months ended 30 June 2019 to RMB3.69 billion for the six months ended 30 June 2020. The decrease in administrative expenses was mainly due to more emphasis on refined management, the implementation of a series of measures to reduce expenses and improve efficiency by the Company and the decrease in traveling and other daily expenses as a result of the COVID-19 epidemic.

## **5 Other income and gains**

The Group's other income and gains increased by RMB2.12 billion from RMB5.19 billion for the six months ended 30 June 2019 to RMB7.31 billion for the six months ended 30 June 2020, mainly attributable to a gain before tax on the disposal of its 24.36% shares in Jinke Property Group Co., Ltd. by the Group.

## **6 Operating profit**

Concluding from the above analysis, the Group's operating profit increased by RMB2.33 billion from RMB15.70 billion for the six months ended 30 June 2019 to RMB18.03 billion for the six months ended 30 June 2020, mainly due to the following reasons:

- (i) gross profit decreased by RMB1.59 billion;
- (ii) selling and marketing costs and administrative expenses decreased by RMB0.32 billion; and
- (iii) other income and gains increased by RMB2.12 billion, other expenses and losses decreased by RMB0.42 billion and net impairment losses on financial and contract assets decreased by RMB1.05 billion.

## **7 Finance costs**

The Group's finance costs increased by RMB1.22 billion from RMB1.23 billion for the six months ended 30 June 2019 to RMB2.45 billion for the six months ended 30 June 2020, mainly due to the following reasons:

- (i) the exchange loss increased by RMB0.76 billion to RMB0.91 billion for the six months ended 30 June 2020, from RMB0.15 billion for the six months ended 30 June 2019; and
- (ii) the Group proactively optimized its debt structure and boosted the decline of its financing costs. For the six months ended 30 June 2020, the weighted average costs of the new interest-bearing liabilities of the Group recorded a significant decline of 1.9 percentage points as compared with the year ended 31 December 2019. However, due to the increase in weighted average financing balances as compared with the six months ended 30 June 2019, the total interest costs had increased, of which the interest expenses increased by RMB0.45 billion to RMB1.54 billion for the six months ended 30 June 2020 from RMB1.09 billion for the six months ended 30 June 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 decreased by 33.5% to RMB2.41 billion for the six months ended 30 June 2020 from RMB3.63 billion for the six months ended 30 June 2019, mainly due to the decrease in revenue and gross margin of sales of properties of the Group's joint ventures and associates as compared with the six months ended 30 June 2019.

## 9 Profits

Profits attributable to owners of the Company increased by 6.5% from RMB10.29 billion for the six months ended 30 June 2019 to RMB10.96 billion for the six months ended 30 June 2020. After excluding the impact of certain items such as gains from business combination and its effect on fair value adjustments, gain or loss on changes in fair value of financial assets, derivative financial instruments and investment properties, and exchange gain or loss, profit attributable to owners of the Company (the "Core Net Profit", a non-GAAP financial measure) increased by 3.0% from RMB12.66 billion for the six months ended 30 June 2019 to RMB13.04 billion for the six months ended 30 June 2020.

The table below sets out profits attributable to the owners of the Company, the holders of perpetual capital securities and other non-controlling interests for the stated period:

	For the six months ended 30 June	
	2020	2019
	<i>RMB billion</i>	<i>RMB billion</i>
Profit for the period	<b>11.70</b>	11.29
Attributable to:		
Owners of the Company	<b>10.96</b>	10.29
Holders of perpetual capital securities	<b>0.07</b>	0.17
Other non-controlling interests	<b>0.67</b>	0.83
	<b>11.70</b>	11.29

## **10 Cash Status**

The Group operates in a capital-intensive industry and the Group's liquidity requirements relate to meeting its working capital requirements, funding the development of its new property projects and servicing its debt. The funding sources of the Group mainly include proceeds from the pre-sale and sale of properties, and to a lesser extent, capital contributions from shareholders, share issuances and loans.

The Group's cash balances (including restricted cash) decreased to RMB120.86 billion as at 30 June 2020 from RMB125.73 billion as at 31 December 2019, of which non-restricted cash increased to RMB85.23 billion as at 30 June 2020 from RMB77.94 billion as at 31 December 2019.

Increase in non-restricted cash was mainly due to:

- (i) RMB22.44 billion of net cash inflow from operating activities;
- (ii) RMB10.41 billion of net cash outflow used in investment activities; and
- (iii) RMB4.82 billion of net cash outflow used in financing activities.

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**

In the first half of 2020, the Group assessed the market continuously, controlled the pace of its land acquisition and supported its operation and development with operating cash flows. As a result, its total borrowings were well managed, decreasing from RMB322.27 billion as at 31 December 2019 to RMB320.33 billion as at 30 June 2020.

As at 30 June 2020, RMB288.65 billion (as at 31 December 2019: RMB296.78 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, etc. (total amount was RMB252.53 billion (as at 31 December 2019: RMB267.12 billion)) and equities of certain of the Group's subsidiaries (including those legally transferred as collateral).

## **12 Gearing Ratio**

Net gearing ratio is calculated by dividing net debt by total equity. Net debt is calculated by deducting cash balances (including restricted cash) from total borrowings (including current and long-term borrowings). As at 30 June 2020, the Group's net gearing ratio was 149.0%, representing a significant decrease of 23.3 percentage points as compared to that as at 31 December 2019.

Net debt to total asset ratio is calculated by dividing the net debt by total assets. As at 30 June 2020, the Group's net debt to total asset ratio was 20.0%, representing a decrease as compared to 20.5% as at 31 December 2019.

Net debt to total capital ratio is calculated by dividing the net debt by total capital. Total capital is calculated by adding total equity and net debt. As at 30 June 2020, the Group's net debt to total capital ratio was 59.8%, representing a decrease as compared to 63.3% as at 31 December 2019.

## **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 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 table are the liabilities stated at carrying amounts, categorized by maturity dates.

	<b>As at 30 June 2020 <i>RMB billion</i></b>	As at 31 December 2019 <i>RMB billion</i>
Floating interests		
Less than 12 months	<b>17.66</b>	23.58
1-5 years	<b>36.21</b>	36.62
Over 5 years	<b>13.20</b>	12.94
	<hr/>	<hr/>
Subtotal	<b>67.07</b>	73.14
	<hr/>	<hr/>
Fixed interests		
Less than 12 months	<b>122.96</b>	112.16
1-5 years	<b>129.19</b>	136.23
Over 5 years	<b>1.11</b>	0.74
	<hr/>	<hr/>
Subtotal	<b>253.26</b>	249.13
	<hr/>	<hr/>
Total	<b>320.33</b>	322.27
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2020, the Group has implemented certain interest rate swap arrangements to hedge its exposure to interest rate risk. The Group will continue to pay attention to 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 most of 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 dollars or Hong Kong dollars, meaning that the Group is exposed to foreign exchange risks. For the six months ended 30 June 2020, the Group recorded an exchange loss in the amount of RMB0.91 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 RMB130.06 billion as of 30 June 2020 as compared with RMB120.50 billion as of 31 December 2019. Such guarantees will 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 the First Half of 2020**

In the first half of 2020, the unexpected COVID-19 epidemic caused huge impact on the Chinese and global economy. Thanks to the active leadership of the central and local governments, the epidemic in China was effectively controlled in a short period of time, and the Chinese economy has begun to recover rapidly since the second quarter. As for the real estate sector, the central government adhered to the control direction of houses being built to be inhabited but not for speculation as well as the implementation of policies in line with the conditions of cities, promoting the steady and healthy development of the real estate market. The real estate sales market fell off a cliff in February and March. However, with the control of the epidemic and the recovery of demand, the market has rebounded and maintained stable since April.

In the first quarter of 2020, the supply arrangement of the Group slowed down due to the impact of the COVID-19 epidemic, with sales affected to a certain extent. With effective control over the epidemic, its projects gradually resumed work and production in the second quarter, and the supply gradually became abundant. In May, the Group began to achieve year-on-year growth of sales. In the first half of 2020, the Group, together with its joint ventures and associates, recorded contracted sales amount of approximately RMB195.27 billion, ranking among the top five in the industry.

The Group's profitability remain stable during the first half of 2020. For the six months ended 30 June 2020, the Group's revenue was approximately RMB77.34 billion; gross profit was approximately RMB17.76 billion; profit attributable to owners of the Company was approximately RMB10.96 billion, representing a year-on-year increase of approximately 6.5%; net profit margin attributable to owners of the Company was approximately 14.2%, representing a year-on-year increase of 0.8 percentage point; the Core Net Profit amounted to approximately RMB13.04 billion, representing a year-on-year increase of approximately 3.0%.

In the first half of 2020, the Group continued to optimize its capital structure and reduced its gearing ratio and boosted the decline of financing costs. As at the end of June 2020, the total equity of the Group was approximately RMB133.88 billion, representing an increase of approximately 17.3% as compared to that as at the end of 2019. The Group's net gearing ratio continued to improve and dropped significantly by approximately 23.3 percentage points as compared to that as at the end of 2019. Meanwhile, the Group optimized its financing structure through various methods, such as increasing the proportion of bank facilities, grasping financing opportunities in the open market and strictly controlling the scale of trust financing. It also resolutely promoted the decline in financing costs, with the weighted average cost of new interest-bearing liabilities significantly decreasing by 1.9 percentage points in the first half of 2020 as compared with that in 2019. The Group continued to maintain sufficient liquidity with the carrying amount of cash being approximately RMB120.86 billion as at the end of June.

In the first half of 2020, the Group remained prudent amid the recovering land market, controlled its pace of land acquisition and captured the opportunities in the land market to acquire a small amount of land at reasonable prices by making full use of its industrial advantages as a "City's Co-Builder". In the first half of the year, the Group increased the land bank by approximately 17.30 million sq.m. and saleable sources of approximately RMB233.0 billion, representing a significant year-on-year decrease of approximately 64%. As at the end of June 2020, the land bank of the Group and its joint ventures and associates amounted to approximately 248 million sq.m. and the expected saleable sources of land bank amounted to over RMB3.0 trillion, approximately 80% of which are located in tier 1 & 2 cities, with the average land cost of approximately RMB4,300 per sq.m.. The abundant and high-quality land bank serves as strong support for the rapid release of the Group's operating cash flows, the continuous adequate liquidity and a steady decline in the gearing ratio.

In the first half of 2020, Sunac Services completed the acquisition of New Century Property<sup>1</sup> and its integration with Chengdu Global Century<sup>2</sup>, which expanded the brand portfolio for Sunac Services, and further strengthened its exogenous development capacity featuring multiple brands and property types.

In the first half of 2020, Sunac Culture & Tourism actively responded to impact of the COVID-19 epidemic. On the one hand, it improved revenue and efficiency through optimizing lease structure, upgrading stationed brands, making marketing model innovation, making full use of online marketing channels and adjusting the operating models of hotels. On the other hand, it continuously improved internal strength to achieve product breakthroughs through establishing Sunac ski clubs, upgrading night traveling products and introducing hotel and attraction package products. As a result, the operation of Sunac Culture & Tourism has recovered quickly since the operations resumed during the May Day holiday after the epidemic. As at the end of June 2020, the grand opening of the Panda Ice and Snow Festival of Chengdu Culture and Tourism City has received a high degree of attention and was widely reported by CCTV and other media, which has greatly enhanced the brand influence of Sunac Culture & Tourism.

In the first half of 2020, Sunac Culture continued to improve the layout of the film and television industry chain and promoted the development and production of original animation works. Sunac Culture also gave full play to the synergies between the culture and cultural and tourism sectors to apply IP to the real scene of cultural and tourism cities and continue to build an IP long-chain operating system.

*Note:*

1 *The full name is Zhejiang New Century Property Management Co., Ltd. (浙江開元物業管理股份有限公司);*

2 *The full name is Chengdu Global Century Property Services Co., Ltd. (成都環球世紀物業服務有限公司).*



## **Outlook for the Second Half of 2020**

In the second half of 2020, the epidemic is expected to continue to have a relatively material impact on the global economy. Although the complexity and uncertainty of the international environment continue to rise, it is believed that with the active response of the government, the Chinese economy will overcome difficulties and maintain a relatively stable development trend. The regulation and control policies on the real estate industry will keep unchanged, and will continue to maintain the main tone of houses being built to be inhabited, not for speculation and stability in recent years.

In the second half of 2020, the Group has sufficient saleable resources to guarantee sales. It is expected that the saleable resources in the second half of the year will be around RMB620.0 billion, approximately 76% of which are located in tier 1 & 2 cities. The Group will continue to ensure the pace of launching new properties, and accelerate sell-through with the sales window in the second half of the year.

In the second half of 2020, the Group will continue to maintain its prudent strategies for land acquisition, focusing on opportunities of high-quality land in core cities of tier 1 & 2 cities and strictly controlling its pace of land acquisition. The Group will continue to ride on its industrial brand force as a “City’s Co-Builder” centering on snow world, malls, hotels, theme parks, movie metropolises, conferences & exhibitions and build cities jointly with governments, which would facilitate the Company’s high-quality development.

In the second half of 2020, the Group will continue to focus on enhancement of its comprehensive competitiveness. On the basis of internal and external benchmarking and continuous conclusions in the first half of the year, the Group will continue to make active change and implement refined operations comprehensively: implementing product adaptation actions to improve precise positioning capabilities and standardization rates and have a strict control over costs; optimizing standard construction period systems to speed up project progress; and refining management of selling price and sales expenses and optimizing organizational structure to improve per capita efficiency. Moreover, the Group will maintain optimizing its capital structure, persistently reducing its gearing ratio and boosting the decline of financing costs as the top priorities of the current development stage.

In the second half of 2020, the Group will promote the separate listing of Sunac Services through a global offering and distribution of a small portion of shares in Sunac Services to the Company's shareholders, so as to further improve the competitive edges of Sunac Services as a leading property management service provider in China. Sunac Services has been developing a strong foothold in core cities for many years and has deployed a large number of high-quality projects in tier 1 & 2 cities, thereby establishing a brand image and service reputation of high-quality services. Sunac Services has been developing across a wide range of property types. In addition to building a strong brand name and property management portfolio in the mid and high-end residential market, it has also expanded its presence to commercial, office, public and other properties from a high starting point. Sunac Services has a huge future development space that is highly visible. On the one hand, it is able to ride on its established competitive advantages to actively explore and develop external projects from independent third parties, and to build sub-brands through acquisition and integration so as to support the comprehensive development of multiple brands and property types in future. On the other hand, the Group will also fully support Sunac Services to continuously enrich its property management portfolio and rapidly expand its management scale with a large number of project reserves and new projects as well as abundant cooperation resources and leading brand advantages.

The year 2020 marks the tenth anniversary of the Group's listing. Looking back on its decade development since the listing, the Group has developed from a small regional real estate developer into a large-scale national integrated enterprise group and become a leading enterprise in the real estate industry which takes real estate business as its core and undertakes layout of community services, culture & tourism, culture, conference & exhibition and medical & health care businesses, etc with a sound foundation and has the potential of diversified development. Since its listing in 2010, the Group has achieved a 77-fold<sup>3</sup> increase in contracted sales amount, a 35-fold<sup>3</sup> increase in revenue<sup>4</sup>, a 17-fold<sup>3</sup> increase in core net profit, a 33-fold<sup>5</sup> increase in the saleable sources of land bank and a 27-fold<sup>5</sup> increase in net assets, representing a leapfrog development. Since its listing, the Group has achieved a 14-fold<sup>6</sup> increase in market capitalisation and distributed an aggregate dividend of HK\$17.26 billion to shareholders, bringing them a good return on investment. Meanwhile, the Group actively fulfilled its social responsibility, and has donated a total of RMB2.3 billion through the Sunac Public Welfare Foundation and other channels. It carried out public welfare activities such as "Sunac Rural Revitalization Program", "Sunac Saplings Charity Program" and "Sunac Shanzhu China (善築中國) Program" with a focus on three areas including rural revitalization, education support and architectural heritage conservation, so as to provide support to education, scientific research, public health, poverty alleviation and other areas in China.

*Notes:*

*3 It is calculated based on the annual data of 2019;*

*4 It refers to the revenue from the Group and its joint ventures and associates;*

*5 It is calculated based on the interim data of 2020;*

*6 It is calculated based on the market capitalization as at 25 August 2020.*

## Summary of land bank

As at 30 June 2020, the Group and its joint ventures and associates had a total land bank of approximately 248 million sq.m. and attributable land bank of approximately 158 million sq.m.. The breakdown of land bank by cities was as follows:

<b>City</b>	<b>Attributable land bank ( '000 sq.m.)</b>	<b>Total land bank ( '000 sq.m.)</b>
Chongqing	12,824.0	18,809.2
Qingdao	10,005.7	13,344.0
Wuhan	8,378.9	16,308.1
Tianjin	7,670.0	10,546.9
Chengdu	6,501.5	9,584.2
Ji'nan	6,406.4	9,086.9
Xi'an	4,912.9	8,914.7
Zhengzhou	4,694.1	7,801.7
Hangzhou	4,398.1	7,872.9
Kunming	4,222.9	6,974.7
Meishan	3,989.2	8,400.6
Harbin	3,459.5	5,104.9
Jiangmen	2,898.0	3,108.9
Taiyuan	2,725.5	4,990.1
Guangzhou	2,494.2	4,148.3
Wenzhou	2,479.0	3,366.4
Xishuangbanna	2,411.7	2,727.4
Shanghai	2,401.3	3,365.2
Hainan Province	2,365.2	4,020.2
Wuxi	2,310.3	3,266.2
Guiyang	2,292.6	3,236.7
Hefei	2,243.6	2,367.8
Dalian	2,222.0	2,324.7
Qingyuan	2,202.8	2,462.1
Shenyang	2,194.4	3,605.5
Shijiazhuang	2,156.1	3,913.4
Changsha	2,125.2	3,443.7
Guilin	1,897.8	2,019.0
Ningbo	1,501.1	2,526.6

<b>City</b>	<b>Attributable land bank ( '000 sq.m.)</b>	<b>Total land bank ( '000 sq.m.)</b>
Changchun	1,426.5	1,426.5
Huizhou	1,406.8	2,107.5
Nanning	1,374.0	2,198.1
Yinchuan	1,371.6	1,650.6
Nanchang	1,305.0	1,407.0
Yantai	1,236.3	2,038.8
Fuzhou	1,175.4	2,055.1
Langfang	1,134.9	2,033.7
Zhaotong	1,124.5	1,249.4
Xianning	1,117.2	2,190.7
Changzhou	1,092.8	1,595.3
Suzhou	1,053.0	2,916.3
Nantong	1,007.8	1,505.1
Jiaxing	1,006.8	1,031.4
Zhaoqing	967.8	1,160.6
Xuzhou	927.4	2,009.4
Tangshan	917.8	1,295.3
Beijing	895.7	1,281.6
Shaoxing	826.9	1,668.3
Huzhou	802.6	1,503.8
Zhuhai	765.1	973.4
Ezhou	754.3	1,371.5
Taizhou	735.0	1,449.4
Daqing	633.7	633.7
Foshan	632.2	954.3
Zhongshan	554.8	559.9
Nanjing	547.7	1,515.6
Others	14,897.0	28,335.0
<b>Total</b>	<b>158,074.6</b>	<b>247,758.3</b>

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 256 million sq.m. and 163 million sq.m., respectively.

## **OTHER INFORMATION**

### **Interim Dividend**

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (30 June 2019: Nil).

### **Senior Notes Issued during the Period**

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 SEST. Please refer to the Company's announcements dated 8 January 2020 and 13 January 2020 for details of these issuances.

### **Placing of New Shares under General Mandate during the Period**

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 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.

### **Purchase, Sale or Redemption of the Listed Securities of the Company**

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 six months ended 30 June 2020, the trustee of the Share Award Scheme did not purchase any of the shares of the Company. As at 30 June 2020, on a cumulative basis, the trustee of the Share Award Scheme had purchased on the open market a total of 94,653,000 shares of the Company at the total consideration of approximately HK\$2.57 billion.

The Company has repurchased on the open market part of the senior notes in an aggregate amount of US\$147.9 million during the six months ended 30 June 2020, comprising (i) the 8.625% senior notes due 2020 of US\$80.5 million in aggregate principal amount; (ii) the 6.875% senior notes due 2020 of US\$26.8 million in aggregate principal amount; (iii) the 8.35% senior notes due 2023 of US\$7.0 million in aggregate principal amount; (iv) the 7.95% senior notes due 2023 of US\$8.4 million in aggregate principal amount; (v) the 7.50% senior notes due 2024 of US\$16.1 million in aggregate principal amount;

and (vi) the 6.50% senior notes due 2025 of US\$9.1 million in aggregate principal amount. The Company cancelled the repurchased notes in accordance with the terms of the notes and indentures.

Save as the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2020.

## **Subsequent Events**

### ***Senior Notes Issued***

On 9 July 2020, the Company successfully issued (i) the US\$600 million 6.5% senior notes due 2023; and (ii) the US\$400 million 7.0% senior notes due 2025. The notes are listed and traded on the SEST. Please refer to the Company's announcements dated 7 July 2020 and 14 July 2020 for details of these issuances.

On 3 August 2020, the Company successfully issued the US\$500 million 6.65% senior notes due 2024. The notes are listed and traded on the SEST. Please refer to the Company's announcements dated 30 July 2020 and 5 August 2020 for details of these issuances.

### ***The Proposed Spin-off of Sunac Services***

The Company proposes to spin-off and separately list the shares of Sunac Services, a subsidiary of the Company, on the Main Board of the Stock Exchange by way of the global offering and the distribution of a minor portion of the shares of Sunac Services to the shareholders of the Company. On 6 August 2020, Sunac Services submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the shares of Sunac Services on the Main Board of the Stock Exchange. As at the date of this announcement, the Company is interested in 100% of Sunac Services. It is intended that upon completion of the proposed spin-off and the listing, the Company will have an interest of not less than 50% in Sunac Services and Sunac Services will remain as a subsidiary of the Company. The Company will make further announcement(s) in relation to the proposed spin-off as and when appropriate. Please refer to the Company's announcement dated 6 August 2020 for details of the proposed spin-off.

## **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 Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries of all the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2020 in relation to their securities dealings, if any.

## **Compliance with the 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 six months ended 30 June 2020, complied with all applicable code provisions under the Corporate Governance Code except the following:

Under Code E.1.2 of the Corporate Governance Code, the chairman of the Board should attend the annual general meeting. The chairman of the Board, Mr. Sun Hongbin was not able to attend the annual general meeting on 28 May 2020 due to other business engagements. Mr. Wang Mengde, being an executive Director and the chief executive officer of the Company, attended and chaired the annual general meeting and was delegated to make himself available to answer questions if raised at the meeting.

The Board recognises 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 business strategies and performance 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 throughout 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 may be 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, including the review of the unaudited interim results of the Group for the six months ended 30 June 2020.

The unaudited interim results for the six months ended 30 June 2020 have been reviewed by PricewaterhouseCoopers, 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.



## **Publication of the Interim Results and Interim Report**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.sunac.com.cn](http://www.sunac.com.cn)). The Company's interim report for the six months ended 30 June 2020 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 25 August 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.*