SUNAC CHINA HOLDINGS LIMITED

融創中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1918)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 3O, 2010

FINANCIAL HIGHLIGHTS

- The revenue of the Group increased by 8.4% to RMB789.8 million for the six months ended June 30, 2010 from RMB728.3 million for the corresponding period in 2009.

- Gross profit of the Group increased by 50.3%, to RMB395.0 million for the six months ended June 30, 2010, from RMB262.8 million for the corresponding period in 2009. The gross margin increased from 36.1% for the corresponding period in 2009 to 50.0% in the six months ended June 30, 2010.

- The profit of the Group increased by RMB79.4 million or 71.8%, to RMB190.0 million for the six months ended June 30, 2010, from RMB110.6 million for the same period in 2009. The profit attributable to equity holders of the Company for the six months ended June 30, 2010 was RMB191.1 million.

- The Group's cash and cash equivalents (including restricted cash) increased by RMB884.0 million or 45.7%, to RMB2,820.0 million as of June 30, 2010, from RMB1,936.0 million as of December 31, 2009.

RESULTS

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 six months ended June 30, 2010 with comparative figures for 2009, as follows:

CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended June 30, 2010

		Six months ended June 30,	
		2010	2009
	Notes	***RMB'000***	*RMB'000*
Revenue	*2*	**789,793**	728,286
Cost of sales	*4*	**(394,747)**	(465,451)
Gross profit		**395,046**	262,835
Gain from fair value of investment properties, net		**–**	50,655
Selling and marketing costs	*4*	**(48,526)**	(32,377)
Administrative expenses	*4*	**(59,455)**	(42,001)
Other income		**19,309**	23,098
Other expenses		**(770)**	(9,045)
Operating profit		**305,604**	253,165
Finance costs, net	*5*	**(70,228)**	(58,804)
Share of profit of jointly controlled entities		**24,899**	22,456
Share of profit/(loss) of associates		**41,305**	(21,940)
Profit before income tax		**301,580**	194,877
Income tax expenses	*6*	**(111,645)**	(84,291)
Profit for the period		**189,935**	110,586
Attributable to:			
Equity holders of the Company		**191,105**	117,137
Non-controlling interests		**(1,170)**	(6,551)
		189,935	110,586
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)	*7*	**9.56**	5.86
Dividends	*8*	**191,182**	–

CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2010

	Six months ended June 30,	
	2010	2009
	RMB'000	*RMB'000*
Profit for the period	**189,935**	110,586
Gain or loss recognised directly in equity		
– (Loss)/gain from fair value of available-for-sale financial assets	**(209)**	680
Total comprehensive income	**189,726**	111,266
Attributable to:		
Equity holders of the Company	**189,726**	117,749
Non-controlling interests	**–**	(6,483)
	189,726	111,266

CONSOLIDATED INTERIM BALANCE SHEET
As at June 30, 2010

	As at June 30, 2010 RMB'000	As at December 31, 2009 RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	**13,055**	8,863
Investment properties	**583,500**	583,500
Intangible assets	**311,848**	282,061
Investment in jointly controlled entities	**153,611**	128,712
Investment in associates	**552,697**	511,392
Available-for-sale financial assets	**2,791**	800
Deferred income tax assets	**65,061**	53,734
	1,682,563	1,569,062
Current assets		
Properties under development	**6,956,110**	4,495,379
Completed properties held for sale	**1,087,716**	1,312,832
Amounts due from related parties	**65,386**	109,446
Other receivables	**588,361**	294,524
Restricted cash	**1,072,689**	512,134
Cash and cash equivalents	**1,747,340**	1,423,832
	11,517,602	8,148,147
Total assets	**13,200,165**	9,717,209
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Ordinary shares	**1,762**	1,762
Other reserves	**44,630**	121,245
Retained earnings	**1,215,656**	1,247,758
	1,262,048	1,370,765
Non-controlling interests	**–**	500,343
Total equity	**1,262,048**	1,871,108

		As at	
		June 30, 2010	December 31, 2009
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings		**3,757,533**	1,994,390
Long-term payable		**111,546**	107,335
Deferred income tax liabilities		**199,711**	215,941
		4,068,790	2,317,666
Current liabilities			
Trade and other payables	*9*	**2,706,893**	2,188,202
Advanced proceeds from customers		**4,098,630**	2,456,477
Borrowings		**859,069**	676,964
Current income tax liabilities		**204,735**	206,792
		7,869,327	5,528,435
Total liabilities		**11,938,117**	7,846,101
Total equity and liabilities		**13,200,165**	9,717,209
Net current assets		**3,671,372**	2,619,712
Total assets less current liabilities		**5,353,935**	4,188,774

Notes:

1 BASIS OF PREPARATION

The consolidated interim financial statements of the Company have been prepared in accordance with the Hong Kong Financial Reporting Standards (the "HKFRS") under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss and investment properties, which are carried at fair value.

2 REVENUE

	Six months ended June 30,	
	2010	2009
	RMB'000	*RMB'000*
Sales of properties	**766,880**	720,012
Rental income	**9,538**	8,274
Property management service income	**13,375**	–
	789,793	728,286

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

Management regularly reviews the operating results by property development projects and the property management service business. As property development projects are all located in the PRC, their revenue are primarily derived from the sales of, and are related and subject to common risk and returns, all property development projects are aggregated into a single reportable segment in accordance with HKFRS 8 "Operating segments".

The analysis of the Group's revenue and results by segment is as follows:

	Six months ended June 30, 2010		
	Property development and investment	**Property management services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Total segment revenue	**776,418**	**13,375**	**789,793**
Less: Inter-segment revenue	**–**	**–**	**–**
Revenue from external customers	**776,418**	**13,375**	**789,793**
Cost of sales	**(382,404)**	**(12,343)**	**(394,747)**
Segment results	**394,014**	**1,032**	**395,046**
Unallocated income/(expenses):			
– Selling and marketing costs			**(48,526)**
– Administrative expenses			**(59,455)**
– Other income			**19,309**
– Other expenses			**(770)**
– Finance costs			**(70,228)**
– Share of profit of joint controlled entities			**24,899**
– Share of profit of associates			**41,305**
Profit before income tax			**301,580**

	Six months ended June 30, 2009		
	Property development and investment	Property management services	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers	728,286	–	728,286
Cost of sales	(465,451)	–	(465,451)
Segment results	262,835	–	262,835
Unallocated income/(expenses):			
– Gain from fair value of investment properties			50,655
– Selling and marketing costs			(32,377)
– Administrative expenses			(42,001)
– Other income			23,098
– Other expenses			(9,045)
– Finance costs			(58,804)
– Share of profit of joint controlled entities			22,456
– Share of loss of associates			(21,940)
Profit before income tax			194,877

4 EXPENSES BY NATURE

	Six months ended June 30,	
	2010	2009
	RMB'000	*RMB'000*
Cost of properties sold:		
– Land use rights costs	**79,132**	114,297
– Construction costs	**238,573**	273,176
– Capitalised interest	**22,173**	36,226
– Business tax	**41,983**	39,810
– Other costs	**12,886**	1,942
Employee benefit expenses	**24,267**	22,200
Advertisement and promotion costs	**33,826**	19,641
Office and travel expenses	**11,950**	6,034
Other tax expenses	**10,459**	8,144
Impairment provision for car parks	**7,000**	–
Depreciation and other amortisation	**5,217**	5,321
Entertainment expense	**4,624**	3,843
Consulting expenses	**5,175**	1,720
Others	**5,463**	7,476
Total cost of sales, selling and marketing costs and administrative expenses	**502,728**	539,830

5 FINANCE COSTS, NET

	Six months ended June 30, 2010 RMB'000	2009 RMB'000
Interest expenses on:		
– Bank borrowings	**108,206**	71,019
– Borrowings from non-bank financial institutions	**16,969**	9,221
– Borrowings from third parties	**5,993**	6,729
– Other finance costs	**21,430**	10,576
Less: Capitalised interests	**(82,370)**	(38,741)
	70,228	58,804

6 INCOME TAX EXPENSES

	Six months ended June 30, 2010 RMB'000	2009 RMB'000
Corporate income tax charge ("CIT")	**47,527**	47,246
– Current income tax	**53,918**	44,010
– Deferred income tax	**(6,391)**	3,236
Land appreciation tax ("LAT")	**64,118**	37,045
	111,645	84,291

(a) CIT

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	Six months ended June 30, 2010 RMB'000	2009 RMB'000
Profit before tax	**301,580**	194,877
Income tax calculated at statutory rate	**75,395**	48,719
LAT deduction	**(16,029)**	(9,261)
Income not subject to tax	**(21,422)**	–
Non-deductible expenses	**3,609**	4,158
Others	**5,974**	3,630
	47,527	47,246

Pursuant to the applicable rules and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Company and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% and the estimated assessable profits for the six months ended June 30, 2010 based on existing legislations, interpretations and practices.

In accordance with the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in the Mainland China. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in Mainland China in respect of their earnings generated from January 1, 2008.

(b) LAT

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, which is included in the consolidated income statements as income tax expenses.

7 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year/period.

	Six months ended June 30,	
	2010	2009
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**191,105**	117,137
Weighted average number of ordinary shares in issue	**20,000,000**	20,000,000

8 DIVIDENDS

On May 10, 2010, Board declared an interim cash dividend of US$28.0 million payable only to the Controlling Shareholder Sunac International. The two other Shareholders at the time, Bain Capital and DB London, agreed to waive their rights to the interim cash dividend declared on May 10, 2010. The purpose of the declaration of such interim cash dividend was to facilitate the payment of interest on the Exchangeable Bonds by Sunac International to the Bondholders.

Bain Capital and DB London as Shareholders agreed to waive their entitlement to the interim cash dividend because they as Bondholders would be entitled to their portions of interest payment made by Sunac International. The company paid the interim cash dividend on June 11, 2010, using funds originally distributed by Sunac Zhidi out of its profit for the year ended December 31, 2008.

No dividend was declared by the Company in 2009.

9 TRADE AND OTHER PAYABLES

	June 30,	December 31,
	2010	2009
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**1,176,816**	1,208,498
Notes payable	**857,000**	362,222
Other payables	**228,665**	252,134
Payroll and welfare payables	**6,311**	16,979
Other taxes payable	**438,101**	348,369
	2,706,893	2,188,202

Note (a):

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

	June 30, 2010 *RMB'000*	December 31, 2009 *RMB'000*
Within 90 days	**559,327**	683,415
90-180 days	**47,521**	10,830
180-365 days	**76,313**	80,551
Over 365 days	**493,655**	433,702
	1,176,816	1,208,498

10 EVENTS AFTER THE BALANCE SHEET DATE

Proposed acquisition of addition equity interest in Chongqing Yuneng.

On August 18, 2010, Sunac Zhidi entered into a memorandum of negotiation with Datang International Power Generation Co., Ltd., the controlling shareholder of Chongqing Yuneng Real Estate (Group) Co., Ltd. ("Chongqing Yuneng Real Estate"), and Beijing Guoxin Zhongjin Investment Co., Ltd. ("Beijing Guoxin"), in connection with (1) the proposed purchases by Sunac Zhidi of a 40% equity interest in Chongqing Yuneng and a 40% equity interest in Chongqing Asia Pacific Enterprise Valley Property Management Co., Ltd. ("APEV Property Management") from Chongqing Yuneng Real Estate for an aggregate cash consideration of RMB320.0 million; (2) the proposed disposal by Chongqing Yuneng of its 85% and 14% equity interests in Chongqing Shangshan to Chongqing Yuneng Real Estate and Beijing Guoxin, respectively, for an aggregate cash consideration of approximately RMB20.8 million; and (3) the proposed disposal by APEV Property Management of its 1% equity interest in Chongqing Shangshan to Beijing Guoxin for a cash consideration of RMB210,000. APEV Property Management is a property management company established in the PRC with a registered capital of RMB0.5 million. APEV Property Management is principally engaged in managing the completed residential and commercial properties in Asia Pacific Enterprise Valley and is currently owned as to 45% by Yingxin Xinheng, 40% by Chongqing Yuneng Real Estate and 15% by Beijing Guoxin.

Upon the completion of the proposed purchases and disposals, Sunac Zhidi will own an 85% equity interest in Chongqing Yuneng and a 40% equity interest in APEV Property Management and will cease to own, directly or indirectly, any equity interest in Chongqing Shangshan.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the six months ended June 30, 2010, the Group focused on development of real estate properties in five cities of China, namely Beijing, Tianjin, Chongqing, Wuxi and Suzhou. For the six months ended June 30, 2010, the revenue of the Group was still substantially generated from sales of residential and commercial properties. Only a minor portion was derived from rental of investment properties located in Tianjin and the income from property management services business which was newly acquired in late March 2010.

The revenue of the Group increased by 8.4% to RMB789.8 million for the six months ended June 30, 2010 from RMB728.3 million for the corresponding period in 2009.

The following table shows certain details of sales:

	Six months ended June 30,			
	2010		2009	
	RMB'000	***%***	*RMB'000*	*%*
Revenue from sales of properties	**766,880**	**97.1**	720,012	98.9
Property-management service income	**13,375**	**1.7**	–	–
Rental income from investment properties	**9,538**	**1.2**	8,274	1.1
Total	**789,793**	**100**	728,286	100
Total gross floor area ("GFA") delivered *(sq.m.)*	**72,770**		79,265	
Average selling prices ("ASP") per sq.m. sold *(RMB)*	**10,538**		9,084	

For the six months ended June 30, 2010, the revenue from sales of properties increased by 6.5% to RMB766.9 million from RMB720.0 million for the corresponding period in 2009.

The increase in sales of properties was due mainly to the increase of RMB1,454 in the ASP per sq.m. from RMB9,084 to RMB10,538, which was off-set partially by a decrease in GFA delivered from 79,265 sq.m. for the half year ended June 30, 2009 to 72,770 sq.m. for the half year ended June 30, 2010. The ASP has an increase due to the property prices increase in Tianjin projects and the different mix of commercial and residential properties delivered in the six months ended June 30, 2010 and the corresponding period in 2009.

Cost of sales

Cost of sales comprises the costs we incur directly in relation to our property development activities as well as our leasing and property management operations.

Cost of sales of the Group decreased by 15.2%, to RMB394.7 million for the half year ended June 30, 2010, from RMB465.5 million for the corresponding period in 2009, which was mainly resulted from the decrease of GFA delivered and the sales mix of different types of properties in the six months ended June 30, 2010 and the corresponding period in 2009.

The decrease in cost of sales was due primarily to a decrease of RMB601 in average cost per sq.m. from RMB5,848 for the six months ended June 30, 2009 to RMB5,247 for the six months ended June 30, 2010, mainly resulted from the increase in proportion of GFA delivered of the lower average cost projects, such as Chongqing Olympic Garden, Swan Lake and Dream of City, from 18.8% as of June 30, 2009 to 38.3% as of June 30, 2010.

Gross profit

Gross profit of the Group increased by 50.3%, to RMB395.0 million for the six months ended June 30, 2010, from RMB262.8 million for the corresponding period in 2009. The gross margin increased from 36.1% for the corresponding period in 2009 to 50.0% in the six months ended June 30, 2010, which was primarily due to the gross margin increase in Tianjin projects in line with the ASP increase.

Selling and marketing costs

Due to our effective cost control policy and its implementation, the proportion of the Group's selling and marketing costs to sales contract value decreased to 1.5% for the six months ended June 30, 2010, from 2.2% for the same period in 2009, which is in line with our cost control policy. Although selling and marketing costs of the Group increased to RMB48.5 million for the six months ended June 30, 2010, from RMB32.4 million for the corresponding period in 2009, the increase was mainly due to an RMB14.2 million increase in advertisements and promotions expenses for the six months ended June 30, 2010, which was in accordance with the general development and promotion plan of the related phases of the Company's property projects.

Administrative expenses

The proportion of the Group's administrative expenses to sales contract value decreased to 1.9% for the six months ended June 30, 2010, from 2.9% for the same period in 2009. Although administrative expenses of the Group increased from RMB42.0 million for the corresponding period in 2009 to RMB59.5 million for the six months ended June 30, 2010, it is attributable to a combined impact from a RMB7.0 million provision for the loss on realizable value of certain car parking spaces relating to residential properties, a RMB5.9 million increase in office expenses mainly charged to the moving of our offices in Chongqing and Wuxi projects, and the negotiation and operating activities for the acquisitions of new property projects in Yixing and Xingyeli in the six months ended June 30, 2010, and a RMB3.5 million increase in professional services expenses relating to the expenses for business valuation fees and legal registration procedures for the acquisition of the 10% non-controlling interests in our subsidiary, Tianjin Sunac Ao Cheng Investment Co., Ltd. and the 49% non-controlling interests in our subsidiary, Wuxi Sunac Real Estate Co., Ltd.

Finance costs, net

Finance costs, net increased by 19.4%, to RMB70.2 million for the six months ended June 30, 2010 from RMB58.8 million for the corresponding period in 2009. In line with the increased borrowings, the total interest costs increased by 56.5% to RMB152.6 million for the six months ended June 30, 2010 from RMB97.5 million for the corresponding period in 2009, while the capitalized interests also increased to RMB82.4 million for the six months ended June 30, 2010 from RMB38.7 million for the corresponding period in 2009.

Share of profit of jointly controlled entities

Share of profit of jointly controlled entities of the Group was RMB24.9 million for the six months ended June 30, 2010, compared to RMB22.5 million for the corresponding period in 2009, in line with increased profit in the jointly controlled entity Chongqing Yuneng Sunac Real Estate Co., Ltd.

Share of profit/(loss) of associates

The Group shared a profit of RMB41.3 million in associates for the six months ended June 30, 2010, compared to a sharing of loss of RMB21.9 million for the corresponding period in 2009. This change was primarily attributable to the East Fairyland project which involves an associate of the Company, namely Beijing Shouchi Yuda Real Estate Development Co., Ltd., which commenced its delivery of properties to the customers and recognition of sales in August 2009.

Profit

As a result of the foregoing, profit of the Group increased by RMB79.4 million or 71.8%, to RMB190.0 million for the half year ended June 30, 2010, from RMB110.6 million for the same period in 2009. Between these periods, net profit margin of the Group increased from 15.2% to 24.0%.

The following table shows the profit attributable to equity holders of the Company and non-controlling interests respectively for the periods indicated:

	Six months ended June 30,	
	2010	2009
	RMB'000	*RMB'000*
Profit for the period	**189,935**	110,586
Attributable to:		
Equity holders of the Company	**191,105**	117,137
Non-controlling interests	**(1,170)**	(6,551)
	189,935	110,586

Cash position

We operate in a capital intensive industry and have historically financed, and expect to continue to finance, our 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. Our short-term liquidity requirements relate to servicing our debt and funding our working capital requirements, and our sources of short-term liquidity include cash balances, proceeds from pre-sales and sales of properties and new loans. Our long-term liquidity requirements relate to funding the development of our new property projects and repaying our long-term debt, and our sources of long-term liquidity include loans, capital contributions from shareholders and share issuances.

The Group's cash and cash equivalents (including restricted cash) increased by RMB884.0 million or 45.7%, to RMB2,820.0 million as of June 30, 2010, from RMB1,936.0 million as of December 31, 2009.

The Group had net cash used in operating activities of RMB280.3 million, net cash used in investing activities of RMB0.7 million and net cash generated from financing activities of RMB604.5 million for the half year ended June 30, 2010.

The proceeds from sales increased by RMB1,023.3 million or 74.2%, to RMB2,401.8 million for the half year ended June 30, 2010, from RMB1,378.5 million for the same period in 2009. Net cash used in operating activities mainly include the payment of the land grant fees and the other relevant costs for the Xingyeli and Yixing projects, which was RMB460 million and RMB780 million respectively.

The Group have sufficient working capital and financial resources to support for regular operation.

Borrowing and collateral

The Group had total borrowings of RMB4,616.6 million as of June 30, 2010 compared to RMB2,671.4 million as of December 31, 2009. The increase of RMB1,945.2 million was mainly due to (i) the increase of the projects development loans amounting to RMB1,205.2 million after deducting repayment, (ii) 宜興融創東氿置業有限公司 (Yixing Sunac Dongjiu Real Estate Co., Ltd.) ("Yixing Sunac Dongjiu") financing of RMB600.0 million from Rongde Asset Management Company Limited (融德資產管理有限公司) ("Rongde"), the minority shareholder of Yixing Sunac Dongjiu, and (iii) part of Wuxi equity purchase loan amounted to RMB140.0 million.

The Group's borrowings of RMB4,470.6 million as of June 30, 2010 were secured by the Group's certain properties amounting to RMB3,645.6 million, share equity including 90% of Yixing Sunac Dongjiu, 100% of Tianjin Sunac Ao Cheng Investment Co., Ltd., and 100% of Wuxi Sunac Real Estate Co., Ltd. amounting to RMB2,240.0 million and bank deposit amounting to RMB30.0 million.

In addition, during the six months ended June 30, 2010, shares in the Company, all our BVI subsidiaries, all Hong Kong subsidiaries, and equity interest in all our subsidiaries which are wholly foreign owned enterprises (the "WFOE subsidiaries") were pledged in favour of HSBC pursuant to several security deeds entered into in late 2007. As at the date of this interim results announcement, the pledges of shares in the Company, all our BVI subsidiaries and all Hong Kong subsidiaries have all been released; while documents relating to the release of pledges of equity interest in all WFOE subsidiaries have been signed, and it is expected that the related registration procedure will be completed in late December 2010, by which time the relevant pledges will be released.

Net debt to total assets ratio and gearing ratio

Net debt to total assets ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings (including current and long-term borrowings) less cash and cash equivalents. As at June 30, 2010, the net debt to total assets ratio of the Group is 13.7%, compared to 7.6 % as of December 31, 2009. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and long-term borrowings) less cash and cash equivalents. Total capital is calculated as total equity plus net debt. As of June 30, 2010, the gearing ratio of the Group is 58.7%, compared to 28.2% as of December 31, 2009. The increase was due to the increased borrowings in the six months ended June 30, 2010.

Interest rate risk

As the Group does not have significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. 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 at carrying amounts, categorised by maturity dates.

	Floating rates			**Fixed rates**			**Total**
RMB'million	**Less than 12 months**	**1 to 5 years**	**Sub-total**	**Less than 12 months**	**1 to 5 years**	**Sub-total**	
At June 30, 2010	**341**	**2,355**	**2,696**	**518**	**1,403**	**1,921**	**4,617**
At December 31, 2009	413	1,239	1,652	264	755	1,019	2,671

As of June 30, 2010, the Group did not use any interest rate swaps to hedge our exposure to interest rate risk. We analyzes our interest rate exposure monthly by considering refinancing, renewal of existing financial positions and alternative financing.

Foreign exchange risk

The Group's normal operating activities are principally conducted in Renminbi, since all of the operating entities are based in the PRC. As at June 30, 2010, most of the operating entities' assets and liabilities were denominated in Renminbi and in the opinion of the Directors, these entities did not have significant foreign currency risk exposure.

Contingent liabilities

We arranged bank financing for certain purchasers of our property units and provided guarantees to secure the obligations of such purchasers for repayment of their mortgage loans as per normal market practice. As of June 30, 2010 the amount of such guarantees was RMB1,470.2 million compared with RMB1,459.7 million as of December 31, 2009.

Business Review

1 *Summary of property development:*

We have engaged in a total of 13 property development projects, among which Beijing Shougang Sunac Real Estate Development Co., Ltd. ("Shougang Sunac"), Beijing Shouchi Yuda Real Estate Development Co., Ltd. ("Shouchi Yuda") and Chongqing Yuneng Sunac Real Estate Co., Ltd. ("Chongqing Yuneng") (collectively referred to as "associated project companies") have engaged in total three property development projects (Note).

Note: The project developed by Shougang Sunac is Xishan Yihaoyuan; the project developed by Shouchi Yuda is East Fairyland; and the project developed by Chongqing Yuneng is Asia Pacific Enterprise Valley.

The following table sets forth certain details of our projects based on actual data or estimates of the Group and associated project companies as of June 30, 2010.

Project	**Location**	**Types of property products**	**Total site area** *(sq.m.)*	**Estimate Aggregate GFA** *(sq.m.)*	**Estimate Saleable/ rentable GFA** *(sq.m.)*	**Interest attributable to us** *(%)*
Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and parking spaces	460,840	1,243,929	1,182,297	100
Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and parking spaces	497,501	789,138	751,522	100
Central of Glorious	Tianjin	High-rise apartments, townhouses, retail properties and parking spaces	14,608	64,738	62,817	100
Joy Downtown	Tianjin	Retail properties	25,234	56,615	55,960	100
Xingyeli project	Tianjin	High-rise apartments, retail properties and parking spaces	70,633	216,760	216,760	100
East Fairyland	Beijing	High-rise apartments, retail properties and parking spaces	54,502	166,481	144,178	25
Xishan Yihaoyuan	Beijing	Mid-rise apartments, retail properties and parking spaces	190,665	400,697	335,679	35
Chongqing Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and parking spaces	1,727,668	2,473,589	2,027,845	100
Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, retail properties and parking spaces	121,688	755,385	606,479	45

Project	Location	Types of property products	Total site area (sq.m.)	Estimate Aggregate GFA (sq.m.)	Estimate Saleable/ rentable GFA (sq.m.)	Interest attributable to us (%)
Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and parking spaces	733,889	1,303,613	1,216,975	100
Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and parking spaces	570,182	1,014,043	927,119	100
Yixing project	Wuxi	High-rise apartments, townhouses, detached villas, retail properties and parking spaces	268,945	450,264	403,882	100
Suzhou 81	Suzhou	Townhouses, detached villas and retail properties	133,434	95,045	77,870	100
Total			**4,869,788**	**9,030,297**	**8,009,383**	

As of June 30, 2010, these projects comprised completed properties, properties under development and properties held for future development with a total site area of approximately 4,869,788 sq.m. and a total aggregate GFA of approximately 9,030,297 sq.m. As of June 30, 2010, the Group and associated project companies had sold and delivered an aggregate GFA of approximately 3,128,169 sq.m. and held a total amount of aggregate GFA that we have completed but have not sold or delivered and aggregate GFA that the Group and associated project companies are developing or plan to develop pursuant to the relevant land grant contracts or other approval documents of approximately 5,902,128 sq.m., comprising (i) a completed aggregate GFA of approximately 439,472 sq.m. held for sale or for investment, (ii) a planned aggregate GFA of approximately 1,530,926 sq.m. under development, and (iii) a planned aggregate GFA of approximately 3,931,730 sq.m. for future development.

(i) *Completed properties:*

Project	Location	Aggregate GFA *(sq.m.)*	Saleable/ rentable GFA *(sq.m.)*	Aggregate GFA unsold/ held for investment *(sq.m.)*	Saleable/ rentable GFA unsold/ held for investment *(sq.m.)*
Magnetic Capital	Tianjin	928,328	873,041	206,092	193,819
Mind-Land International	Tianjin	574,624	554,646	48,673	46,981
Joy Downtown	Tianjin	56,615	55,960	13,978	13,978
East Fairyland	Beijing	143,947	125,523	6,131	5,346
Chongqing Olympic Garden	Chongqing	989,740	799,532	75,614	61,083
Asia Pacific Enterprise Valley	Chongqing	193,783	156,521	10,016	8,090
Swan Lake	Wuxi	484,977	443,716	59,457	54,399
Dream of City	Wuxi	195,628	191,097	19,511	19,059
Total		**3,567,641**	**3,200,037**	**439,472**	**402,753**

(ii) *Properties under development:*

Project	Location	Aggregate GFA *(sq.m.)*	Estimate Saleable/ rentable GFA *(sq.m.)*	Estimate Saleable/ rentable GFA unsold/ held for investment *(sq.m.)*
Magnetic Capital	Tianjin	63,151	61,788	36,334
Mind-Land International	Tianjin	168,173	165,070	99,543
Central of Glorious	Tianjin	64,738	62,817	60,993
East Fairyland	Beijing	22,534	18,655	2,070
Xishan Yihaoyuan	Beijing	122,585	110,923	110,923
Chongqing Olympic Garden	Chongqing	403,213	342,309	142,244
Asia Pacific Enterprise Valley	Chongqing	234,886	189,824	94,024
Swan Lake	Wuxi	140,946	133,614	52,061
Dream of City	Wuxi	215,655	190,837	69,856
Suzhou 81	Suzhou	95,045	77,870	60,946
Total		**1,530,926**	**1,353,707**	**728,991**

(iii) Properties held for future development:

Project	Location	Estimate Aggregate GFA *(sq.m.)*	Estimate Saleable/ rentable GFA *(sq.m.)*
Magnetic Capital	Tianjin	252,450	247,467
Mind-Land International	Tianjin	46,341	31,806
Xingyeli project	Tianjin	216,760	216,760
Xishan Yihaoyuan	Beijing	278,112	224,756
Chongqing Olympic Garden	Chongqing	1,080,636	886,004
Asia Pacific Enterprise Valley	Chongqing	326,716	260,133
Swan Lake	Wuxi	677,690	639,645
Dream of City	Wuxi	602,760	545,185
Yixing project	Wuxi	450,264	403,882
Total		**3,931,730**	**3,455,639**

2 *Contracted Sales*

The Group and associated project companies achieved contracted sales of RMB3.87 billion which was equivalent to 388,804 sq.m. in GFA during the six months ended June 30, 2010 distributed in 10 Projects as follow:

Project	Location	Approximate GFA sold *(sq.m.)*	Approximate value *(RMB thousands)*
Magnetic Capital	Tianjin	48,189	754,980
Mind-Land International	Tianjin	39,540	531,770
Central of Glorious	Tianjin	2,736	74,190
Joy Downtown	Tianjin	969	12,390
East Fairyland	Beijing	6,936	150,510
Chongqing Olympic Garden	Chongqing	130,566	1,069,760
Asia Pacific Enterprise Valley	Chongqing	66,805	535,050
Swan Lake	Wuxi	37,112	368,050
Dream of City	Wuxi	51,885	319,550
Suzhou 81	Suzhou	4,066	50,680
Total		**388,804**	**3,866,930**

BUSINESS PROSPECTS

Review of the first half of 2010:

At the beginning of 2010, the Company expected that a number of adjustments would be made to the macro property policies in 2010 and the market would experience a certain degree of fluctuations and volatility thereafter. However, from a long-term prospect, the Company believed that the acceleration of urbanization would be the fundamental driver of ongoing growth of the real estate market in the PRC. Looking ahead, the urbanization in the PRC would follow a unique path in its development, providing a strong driving force for the speedy, balanced and sustainable development between the economy and the community through the clustering of cities as a major means and form of urbanization. The Company considered that the adjustments to the macro property policies would be favorable to the long-term and healthy development of the market. Accordingly, despite the market fluctuations caused by change in policies after April 2010, the Company is well-positioned and has sufficient working capital for the steady and sound development of the overall business of the Group.

At the same time, the Group has adopted a prudent and reasonable approach in expanding its land reserves. 1) On January 28, 2010, it successfully acquired the Yixing Dongjiu land parcel in Yixing occupying a GFA of 450,264 sq.m. by way of bidding, auction and listing at a land premium of RMB1,560 million. As at the date of this interim results announcement, the consideration has been paid as to RMB1,170 million. 2) On March 12, 2010, it successfully acquired the Xingyeli land parcel in Tianjin occupying a GFA of 216,760 sq.m. by way of bidding, auction and listing at a land premium of RMB1,745.13 million. As at the date of this interim results announcement, the consideration has been fully paid. 3) On March 11, 2010, it successfully acquired another 49% shares of Wuxi Sunac Real Estate Co., Ltd. by way of listing the transfer at a consideration of RMB608 million, which has been fully paid as at the date of this interim results announcement, whereby its shareholding in such subsidiary was increased to 100% ("Wuxi Sunac Equity Acquisition"). 4) On February 6, 2010, it entered into an agreement relating to the primary land development of a land of about 938 hectares in Tianjin Tuanbohu with a gross GFA of approximately 800,000 sq.m. As at the date of this interim results announcement, a primary land development fee of RMB50 million has been paid ("Tuanbohu Project"). 5) In addition, the Company is also in active negotiation with the other two shareholders of Chongqing Yuneng Sunac Real Estate Co., Ltd. to acquire the shares of such company. As at the date of this interim results announcement, the Company has been negotiating with the other two shareholders in respect of the fundamental framework agreement to acquire 40% shares of such company and entered into, among others, a memorandum of negotiation with relevant parties ("Proposed Acquisition"). The acquisition of new land parcels, Wuxi Sunac Equity Acquisition, Tuanbohu Project and the Proposed Acquisition, if completed, are expected to provide strong support for the continuous and steady growth of the future operations of the Company.

Project operations and sales highlight

Under the backdrop of the adjustments made to the macro property policies, we still achieved our planned objectives for the first half of 2010. The Group's revenue from sales and sales contract value were RMB789.8 million and RMB3,181.4 million respectively for the first half of the year. Selling expenses and administrative expenses were also under good control. The proportions of the above expenses to sales contract value were 1.5% and 1.9% respectively, both lower than the proportions of 2.2% and 2.9% for the same period of 2009.

All our projects are located in various cities' prime areas and occupy rare resources, and target customers are high-income population in the cities, enabling the Company to operate in a stable manner and effectively withstand the risk arising from market fluctuation. Under the background of the adjustment to macro-policies in the first half of the year, selling prices of various projects have not been affected or have even increased, combining with the fact that selling prices increased in 2009, resulting in a substantial increase in the Company's gross profit as compared with the same period in 2009.

Due to the Company's strict and effective measures to control cost and expenses, the Company's net profit margin also increased substantially.

In addition, constructions of the Company's various projects have commenced as planned. As at June 30, 2010, the Group and associated project companies had newly completed a GFA of 100.4 thousand sq.m. in 4 projects as scheduled, and will complete a GFA of 830.1 thousand sq.m. in 8 projects in the second half of 2010.

The Company will continue to put much effort on the stable expansion of its business operation, ensuring that rapid and solid development of the Company can be maintained under various market conditions.

Outlook for the second half of 2010:

We consider that the real estate market will continue to be subject to the impacts of the macro policies and their implementation but will take a steady trend in general. In this regard, the Company has formulated a set of long-term, progressive and prudent business and financial strategies.

- **To strengthen and consolidate our position in the three major regions namely Bohai Rim, South Jiangsu and Chengdu-Chongqing and to further enhance our comparative strengths in Tianjin, Beijing, Chongqing, Wuxi and Suzhou.** We will prioritize the development of our existing projects and acquire new land parcels in such cities to develop new projects with an aim to become the leading real estate developer in various target cities, thereby capturing the opportunities from various cities with expected strong demand with an aim to increase our return on investments. We intend to continue to take a prudent approach and focus on business expansion in the existing target cities and will also carefully look into other cities with tremendous growth potentials.

- **To maintain quality land reserves through various channels in a prudent manner.** We will continue to negotiate for the acquisition of the 40% shares of Chongqing Yuneng Sunac Real Estate Co., Ltd. and take a prudent approach to continue our land requisition at reasonable costs. Meanwhile, the Company is now collecting, tracking and negotiating for related land information in the existing areas. We plan to use existing capital and proceeds raised from the listing to acquire new land.

- **To continue to focus on providing high quality products and services to mid-to-high income customers.** We intend to further enhance our core competence in various aspects of our property development segment. Based on our understanding of the needs of mid-to-high income target customers, we will emphasize on design, impose strict control on work flow and product standards and carefully go through the details so as to enhance our product quality and standard of services in all aspects from real estate planning and design, development and construction, sales and marketing to property management.

- **To further enhance our brand recognition and brand influence on mid-to-high income target customers.** We intend to continue to promote our brand name by focusing on quality and innovation, providing good after-sales and property management services, and engaging in marketing initiatives, so as to continue to enhance the recognition of and loyalty to our "Sunac" corporate brand among existing and potential customers. To reflect our brand value and spirit, we have set our brand positioning as "Passion For Perfection" (至臻，致遠). We also plan to enhance our brand and image through establishing landmark projects in our target cities.

- **To continue to strengthen corporate governance, internal control, cashflow management, and human resources management.** We will (1) continue to adopt best practices and industry standards for corporate governance and internal control, and to continue to draw on our senior management's expertise and experience to facilitate our operations. We have engaged Protiviti Shanghai Co., Ltd., a third-party internal control advisor specializing in risk advisory and internal control related services for at least 18 months after listing, to continually review and enhance our internal control system; (2) further reinforce our internal management by revamping our corporate management software and implementing a group-wide enterprise resource planning (ERP) system in order to enhance the effectiveness and standardization of our operational management systems. We aim to enhance our overall financial and cost control while preserving flexibility and efficiency at project level; (3) strictly monitor our cash flow position by remaining cautious in our decision making with respect to operations and investment. We will also carefully manage our financing position and our proceeds from pre-sales to maintain an adequate liquidity level and to explore a range of financing sources to maintain the availability of low-cost capital; and (4) refine our internal evaluation and reward system to promote professionalism, initiative and team spirit among our employees. We intend to also continue to actively recruit new talent to optimize our human resources and enhance the competitiveness of our workforce.

INTERIM DIVIDENDS

On May 10, 2010, the Board declared an interim cash dividend of US$28.0 million payable only to Sunac International Investment Holdings Ltd ("Sunac International"), a controlling shareholder. The purpose of the declaration of such interim cash dividend was to facilitate the payment of interest on the exchangeable bonds by Sunac International to the bondholders. The two other shareholders at the time, Bain Capital Sunac Limited ("Bain Capital") and Deutsche Bank AG, London Branch ("DB London"), agreed to waive their rights to the interim cash dividend declared on May 10, 2010 because they as bondholders would be entitled to their portions of interest payment made by Sunac International. The Company had paid the interim cash dividend on June 11, 2010, using funds originally distributed by 天津融創置地有限公司 (Tianjin Sunac Zhidi Co., Ltd.) out of its profit for the year ended December 31, 2008.

Except from the above, the Board did not declare any interim dividend for the period ended June 30, 2010. On October 19, 2010, the Board resolved not to recommend the payment of an interim dividend for the six months ended June 30, 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES (THE "CODE")

During the six months ended June 30, 2010 when the shares of the Company have not yet been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company has not yet adopted the code provisions set out in the Code.

On September 9, 2010, the Company adopted the code provisions set out in the Code and, since October 7, 2010 (the "Listing Date") and up to the date of this interim results announcement, the Company has complied with all the applicable code provisions set out in the Code, save and except the only deviation from code provision A.2.1 of the Code, namely, the roles of the chairman and chief executive officer have not been separated. Although Mr. Sun Hongbin assumes both the roles of Chairman and Chief Executive Officer, the divisions of responsibilities between the two roles are clearly defined. The role of the Chairman is for monitoring the duties and performance of the Board, whereas the role of Chief Executive Officer is for managing the Group's business. The Board believes that at the current stage of development of the Group, vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended June 30, 2010 when the shares of the Company had not yet been listed on the Main Board of the Stock Exchange, the Company had not yet adopted the Model Code.

On September 9, 2010, the Company adopted the Model Code as a code of conduct of the Company regarding securities transactions by the Directors. The Company has made specific enquiry to all of the Directors, and all Directors have confirmed that they have complied with the required standard as set out in the Model Code throughout the period from the Listing Date and up to the date of this interim results announcement.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the six months ended June 30, 2010, the shares of the Company have not yet listed on the Main Board of the Stock Exchange.

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to the date of this interim results announcement.

AUDIT COMMITTEE

On November 27, 2009, the Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision C.3 of the Code. The audit committee consists of three independent non-executive directors, namely, Ms. Kan Lai Kuen, Alice, Mr. Li Qin and Mr. Ma Lishan, and is chaired by Ms. Kan Lai Kuen, Alice who has professional qualifications in accountancy. The primary duties of the audit committee are to assist the Board to provide an independent view of the effectiveness of the financial reporting process, internal control and risk management system of our Company, to review the overall audit process and to perform other duties and responsibilities as assigned by our Board.

The audit committee has reviewed the accounting principles and practices adopted by the Company and discussed auditing, internal control and financial reporting matters, including the review of the audited interim financial results of the Group for the six months ended June 30, 2010.

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

Hong Kong, October 19. 2010

As at the date of this announcement, the Directors of the Company are Mr. SUN Hongbin, Mr. LI Shaozhong, Mr. WANG Mengde, Mr. CHI Xun and Mr. SHANG Yu as executive Directors, Ms. HU Xiaoling and Mr. ZHU Jia as non-executive Directors and Ms. KAN Lai Kuen, Alice, Mr. LI Qin and Mr. MA Lishan as independent non-executive Directors.