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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

	Audited for the year ended 31 December		
	2011 *RMB'000*	2010 *RMB'000*	**Growth**
Revenue	**10,604,047**	6,653,759	+59.4%
Gross profit	**3,566,473**	2,878,151	+23.9%
Operation Profit	**3,721,610**	2,636,104	+41.2%
Profit	**2,383,072**	1,540,991	+54.6%
Profit attributable to owners of the Company	**2,356,168**	1,542,161	+52.8%
Earnings per share			
– Basic (RMB)	**0.785**	0.636	23.4%
– Diluted (RMB)	**0.784**	0.636	23.3%

The board of directors (the "Board") of Sunac China Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 with comparative figures for the corresponding period in 2010, as follows:

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

		Year ended 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**10,604,047**	6,653,759
Cost of sales	*4*	**(7,037,574)**	(3,775,608)
Gross profit		**3,566,473**	2,878,151
Gain from re-measurement of previously held interests	*5*	**835,430**	–
Loss from fair value of investment properties, net		**(75,900)**	–
Selling and marketing costs	*4*	**(314,090)**	(108,799)
Administrative expenses	*4*	**(301,079)**	(155,819)
Other income		**18,316**	24,411
Other expenses		**(7,540)**	(1,840)
Operating profit		**3,721,610**	2,636,104
Finance income	*6*	**18,687**	18,504
Finance costs	*6*	**(202,030)**	(186,756)
Finance costs, net	*6*	**(183,343)**	(168,252)
Share of profit of jointly controlled entities		**97**	49,828
Share of (loss)/profit of associates	*7*	**(10,072)**	79,443
Profit before income tax		**3,528,292**	2,597,123
Income tax expenses	*8*	**(1,145,220)**	(1,056,132)
Profit for the year		**2,383,072**	1,540,991
Attributable to:			
Owners of the Company		**2,356,168**	1,542,161
Non-controlling interests		**26,904**	(1,170)
		2,383,072	1,540,991
Basic earnings per share *(RMB)*	*9*	**0.785**	0.636
Diluted earnings per share *(RMB)*	*9*	**0.784**	0.636
Dividends	*12*	**235,617**	191,182

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit for the year	**2,383,072**	1,540,991
Gain recognised directly in equity		
– Gain from fair value of available-for-sale financial assets	**212**	–
Total comprehensive income for the year	**2,383,284**	1,540,991
Attributable to:		
Equity owners of the Company	**2,356,380**	1,542,161
Non-controlling interests	**26,904**	(1,170)
Total comprehensive income for the year	**2,383,284**	1,540,991

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2011

		As at 31 December	
		2011	2010
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**28,157**	17,932
Investment properties	*10*	**551,500**	583,500
Intangible assets		**313,841**	308,873
Investment in jointly controlled entities		**97**	178,540
Investment in and loan to associates	*7*	**1,420,753**	459,315
Deferred income tax assets		**424,924**	228,335
Available-for-sale financial assets		**10,212**	–
		2,749,484	1,776,495
Current assets			
Properties under development		**19,999,293**	8,032,371
Completed properties held for sale		**5,651,306**	1,009,898
Amounts due from related parties		**–**	7
Trade and other receivables and prepayments	*11*	**1,345,368**	681,773
Restricted cash		**1,103,719**	291,056
Cash and cash equivalents		**2,763,386**	3,957,952
		30,863,072	13,973,057
Total assets		**33,612,556**	15,749,552
Equity and liabilities			
Equity attributable to owners of the Company			
Ordinary shares		**259,112**	259,112
Reserves			
– Proposed final dividend	*12*	**235,617**	–
– Others		**6,556,258**	4,404,849
		7,050,987	4,663,961
Non-controlling interests		**354,728**	–
Total equity		**7,405,715**	4,663,961

	Note	As at 31 December 2011 RMB'000	2010 RMB'000
Liabilities			
Non-current liabilities			
Borrowings		**9,320,700**	4,625,113
Long-term payable		**–**	131,868
Deferred income tax liabilities		**2,258,287**	210,678
		11,578,987	4,967,659
Current liabilities			
Trade and other payables	*13*	**5,212,897**	2,446,814
Advanced proceeds from customers		**5,839,974**	1,422,258
Amounts due to related parties		**66,150**	450,104
Current income tax liabilities		**1,254,933**	731,136
Borrowings		**2,253,900**	1,067,620
		14,627,854	6,117,932
Total liabilities		**26,206,841**	11,085,591
Total equity and liabilities		**33,612,556**	15,749,552
Net current assets		**16,235,218**	7,855,125
Total assets less current liabilities		**18,984,702**	9,631,620

Notes:

1. GENERAL INFORMATION

The Group is principally engaged in property development, property investment and property management services in the People's Republic of China (the "PRC"). The Company is an investment holding company.

The Company was incorporated in the Cayman Islands on 27 April 2007 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its registered office is Landmark Square, 3rd Floor, 64 Earth Close, P.O. Box 30592, Grand Cayman KY1-1203, Cayman Island.

The Company's ordinary shares were listed on the main board of The Stock Exchange of Hong Kong Limited on 7 October 2010.

This audited consolidated annual financial statement for the year ended 31 December 2011 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

These financial statements are presented in thousands of units of Renminbi ("RMB'000") unless otherwise stated. These financial statements have been approved for issue by the Board on 29 March 2012.

2. REVENUE

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Sales of properties	**10,433,205**	6,593,575
Rental income	**17,851**	19,232
Property management service income	**152,991**	40,952
	10,604,047	6,653,759

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:

	Year ended 31 December 2011		
	Property development and investment	**Property management services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Total segment revenue	**10,451,056**	**152,991**	**10,604,047**
Cost of sales	**(6,897,556)**	**(140,018)**	**(7,037,574)**
Segment results	**3,553,500**	**12,973**	**3,566,473**
Segment income/(expenses):			
– Gain from deemed disposal of previously held interests	**835,430**	**–**	**835,430**
– Loss from fair value of investment properties, net	**(75,900)**	**–**	**(75,900)**
– Selling and marketing costs	**(314,090)**	**–**	**(314,090)**
– Administrative expenses	**(277,782)**	**(23,297)**	**(301,079)**
– Other income	**15,427**	**2,889**	**18,316**
– Other expenses	**(7,279)**	**(261)**	**(7,540)**
– Finance costs, net	**(183,343)**	**–**	**(183,343)**
– Share of profit of jointly controlled entities	**97**	**–**	**97**
– Share of loss of associates	**(10,072)**	**–**	**(10,072)**
Profit/(loss) before income tax	**3,535,988**	**(7,696)**	**3,528,292**

	Year ended 31 December 2010		
	Property development and investment	Property management services	Total
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers	6,612,807	40,952	6,653,759
Cost of sales	(3,735,942)	(39,666)	(3,775,608)
Segment results	2,876,865	1,286	2,878,151
Segment income/(expenses):			
– Selling and marketing costs	(107,556)	(1,243)	(108,799)
– Administrative expenses	(149,080)	(6,739)	(155,819)
– Other income	23,364	1,047	24,411
– Other expenses	(1,812)	(28)	(1,840)
– Finance costs, net	(168,252)	–	(168,252)
– Share of profit of jointly controlled entities	49,828	–	49,828
– Share of profit of associates	79,443	–	79,443
Profit/(loss) before income tax	2,602,800	(5,677)	2,597,123

4. EXPENSE BY NATURE

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Cost of properties sold:		
– Land use rights costs	**2,596,776**	747,027
– Construction costs	**3,394,763**	2,395,537
– Business tax and related surcharges	**592,133**	358,149
– Capitalised interests	**321,894**	231,884
– Other costs	**132,008**	43,011
Staff costs	**225,208**	83,230
Advertisement and promotion costs	**223,919**	70,196
Office and travel expenses	**52,266**	32,284
Other tax expenses	**28,414**	21,439
Consulting expenses	**24,185**	5,040
Entertainment expense	**22,056**	10,913
Depreciation and amortisation	**13,644**	10,271
Audit fee	**3,000**	2,000
Others	**22,477**	29,245
Total cost of sales, selling and marketing costs and administrative expenses	**7,652,743**	4,040,226

5. GAIN FROM RE-MEASUREMENT OF PREVIOUSLY HELD INTERESTS

(a) Acquisition of additional equity interest in jointly controlled entity, Chongqing Yatai

On 1 January 2011, Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi"), an indirect wholly-owned subsidiary of the Company, acquired an additional 40% equity interest in Chongqing Sunac Yatai Shiye Real Estate Development Co., Ltd. ("Chongqing Yatai") from Chongqing Yuneng Real Estate (Group) Co. Ltd.. The consideration was RMB319,848,000.

The Group had a 45% equity interest in the jointly controlled entity, Chongqing Yatai, as at 31 December 2010. Upon the completion of the above transaction, Sunac Zhidi obtained the control in Chongqing Yatai, and Chongqing Yatai became an 85% owned subsidiary of the Group.

	RMB'000
Fair value of the 45% equity interest as at the acquisition date	359,829
Less: Carrying value of the investment in Chongqing Yatai	(178,539)
Gain on re-measuring	181,290

(b) Acquisition of additional equity interest in the associate, Beijing Sunac Hengji

On 27 September 2011, Sunac Zhidi acquired the outstanding 50% equity interest in Beijing Sunac Hengji Real Estate Development Co., Ltd. (formerly named as "Beijing Shougang Sunac Real Estate Development Co., Ltd.", thereafter "Beijing Sunac Hengji") from Beijing Shougang Real Estate Development Co., Ltd. ("Beijing Shougang"). Upon completion of the acquisition, Beijing Sunac Hengji became a wholly-owned subsidiary of the Group.

Prior to this acquisition, on 4 December 2008, Sunac Zhidi had entered into an agreement with Beijing Shougang in relation to investment in the West Chateau project in Beijing Sunac Hengji. According to the agreement, the funds were provided by Sunac Zhidi and Beijing Shougang in form of shareholders' loans to Beijing Sunac Hengji at the ratio of 20% and 80% respectively. It was also agreed that from the commencement of the project, 65% and 35% of the net profits from the West Chateau project are attributable to Beijing Shougang and Sunac Zhidi respectively.

	RMB'000
Fair value of the equity interest held by the Group as at the acquisition date	761,000
Less: Carrying value of the investment in Beijing Sunac Hengji	(106,860)
Gain on re-measuring	654,140

6. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest expenses on:		
– Bank borrowings	**424,989**	188,275
– Borrowings from non-bank financial institutions	**393,273**	95,642
– Borrowings from third parties	**113,793**	82,305
	932,055	366,222
Exchange loss	**20,888**	51,727
Other financial cost	**36,809**	5,037
Finance costs:	**989,752**	422,986
Less: Capitalised interests	**(787,722)**	(236,230)
	202,030	186,756
Finance income:		
– Interest income on bank deposits	**(18,687)**	(18,504)
Net finance costs	**183,343**	168,252

The capitalisation rate used to determine the amount of the interest incurred eligible for capitalisation in 2011 was 7.2% (2010: 4.86%).

7. INVESTMENT IN AND LOAN TO ASSOCIATES

	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
Equity investment in associates	**1,420,753**	297,775
Entrusted loan to an associate	**–**	161,540
	1,420,753	459,315

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

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Beginning of year	**459,315**	218,332
(Collection)/provision of loan to associates	**(161,540)**	161,540
Dividend from associates	**(181,090)**	
Associates that became subsidiaries	**(106,860)**	–
Investment in a new associate *(Note (a))*	**980,000**	–
Share of (loss)/profit of associates	**(10,072)**	79,443
Prepayment for new investment	**441,000**	–
End of year	**1,420,753**	459,315

Note:

(a) On 7 September 2011, Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with a third party investor, Poly (Tianjin) Real Estate Development Co., Ltd. ("Poly Real Estate"), in relation to establishment of a new property project company named Tianjin Poly Sunac Investment Company Limited ("Poly Sunac"). The Group has a 49% equity interest in Poly Sunac. Poly Sunac is treated as an associate of the Group because Sunac Zhidi will not control Poly Sunac and Poly Real Estate has casting vote at board meetings of Poly Sunac.

The Group's interests in its associates for the year ended 31 December 2011 are as follows:

	Country of incorporation	**Assets**	**Liabilities**	**Revenue**	**Profit/(loss)**	**Interest**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*%*
Poly Sunac	PRC	1,156,153	176,400	–	(247)	49%

8. INCOME TAX EXPENSES

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Corporate income tax charge ("CIT")		
– Current income tax	**1,009,987**	731,380
– Deferred income tax	**(299,809)**	(181,796)
	710,178	549,584
Land appreciation tax ("LAT")	**435,042**	506,548
	1,145,220	1,056,132

(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:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit before income tax	**3,528,292**	2,597,123
Income tax calculated at statutory rate	**882,073**	649,281
LAT deduction	**(108,760)**	(126,637)
Income not subject to tax	**(201,381)**	(32,318)
Non-deductible expenses	**67,556**	14,405
Others	**70,690**	44,853
	710,178	549,584

Pursuant to the applicable rules and regulations of the Cayman Islands and the 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 year ended 31 December 2011 based on existing legislations, interpretations and practices.

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

(b) LAT

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

9. 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 year.

	Year ended 31 December	
	2011	2010
Profit attributable to owners of the Company *(RMB'000)*	**2,356,168**	1,542,161
Weighted average number of ordinary shares in issue *(thousand)*	**3,000,000**	2,424,658

(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. The Company has one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issues assuming the exercise of the share options.

	Year ended 31 December	
	2011	2010
Profit attributable to owners of the Company *(RMB'000)*	**2,356,168**	1,542,161
Weighted average number of ordinary shares in issue *(thousand)*	**3,000,000**	2,424,658
Adjusted for Share options *(thousand)*	**3,509**	1,512
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**3,003,509**	2,426,170

The exercise price of the outstanding Pre-IPO share options granted by the Company was higher than the current market price of the Company's shares and the conversion of the outstanding Pre-IPO share options would have anti-dilutive effect on earnings per share. Therefore, the diluted earnings per share has only considered the potential dilutive shares on the Post-IPO share options granted for the year ended 31 December 2011.

10. INVESTMENT PROPERTIES

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
At beginning of year	**583,500**	583,500
Transfer from completed properties held for sale	**43,900**	–
Loss from fair value measurement *(Note 23)*	**(75,900)**	–
At end of year	**551,500**	583,500

The following amounts have been recognised in the income statement:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Rental income	**17,851**	19,232

The investment properties were revalued as at 31 December 2011 by an independent professional valuer, DTZ Debenham Tie Leung Ltd. (as at 31 December 2010: DTZ Debenham Tie Leung Ltd.) The valuations were performed based on current prices in an active market for all properties.

The Group's interests in investment properties are all located in the PRC and are stated at their carrying values as analysed below:

	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**551,500**	583,500

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
Trade receivables (Note (c))	**39,058**	–
Notes receivables (Note (c))	**49,991**	–
Prepaid taxes	**787,689**	123,079
Deposits	**238,863**	160,000
Prepayment for a new property project	**100,000**	–
Loan to a primary land developer for a potential new project	**50,000**	–
Deposits for guarantee to customers' bank loans	**32,447**	33,861
Prepaid development costs to construction companies	**6,306**	26,201
Prepayment to non-controlling interests for equity acquisition	**–**	320,104
Others	**41,014**	18,528
	1,345,368	681,773

Note:

(a) As at 31 December 2011 and 2010, the fair value of trade and other receivables and prepayments approximated their carrying amounts.

(b) The carrying amounts of the Group's trade and other receivables and prepayments are all denominated in RMB.

(c) The aging analysis of the Group's trade and notes receivables is as follows:

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Within 90 days		
– Trade receivables	**39,058**	–
– Notes receivables	**49,991**	–

The Group normally has no credit term to the customer. The trade receivables as at 31 December 2011 was a timing difference of bank funds transfer. The amount has been received in early January 2012.

Notes receivable were bank acceptance paid by certain customers, which are due within 3 months as at 31 December 2011.

12. DIVIDENDS

A final dividend in respect of the year ended 31 December 2011 of RMB0.0785 per share, amounting to a total dividend of RMB235,617,000, is to be proposed at the annual general meeting of the Company expected to be held on 18 May 2012 (the "AGM").

	2011 *RMB'000*	2010 *RMB'000*
Interim dividend paid	**–**	191,182
Proposed final dividend RMB0.0785 per ordinary share	**235,617**	–
	235,617	191,182

13. TRADE AND OTHER PAYABLES

	31 December 2011 *RMB'000*	31 December 2010 *RMB'000*
Trade payables *(Note (a))*	**3,132,703**	1,498,202
Other taxes payable	**1,620,203**	768,870
Other payables	**218,979**	156,426
Payable for consideration of prior years' equity acquisition *(Note (b))*	**152,415**	–
Payroll and welfare payables	**88,597**	23,316
	5,212,897	2,446,814

Note (a):

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

	31 December 2011	31 December 2010
	RMB'000	*RMB'000*
Within 90 days	**1,656,060**	686,900
90-180 days	**636,329**	55,431
180-365 days	**208,961**	188,802
Over 365 days	**631,353**	567,069
	3,132,703	1,498,202

Note (b):

Sunac Zhidi had acquired the 50% equity interest in Beijing Sunac Hengji from Sunco Land (Beijing) Real Estate Development Co. Ltd. ("Sunco Land") in August 2007. According to the agreement with Sunco Land, the consideration for this acquisition is 50% of dividends distributable from Beijing Sunac Hengji attributable to the then existing project named East Fairyland in Shouchi Yuda, the wholly owned subsidiary of Beijing Sunac Hengji. The actual value of the related payable for the consideration is included in other payable.

14. EVENTS AFTER THE BALANCE SHEET DATE

(1) Acquisition of new equity interest

On 5 January 2012, a subsidiary of the Company, Sunac Zhidi, entered into an equity transfer agreement with Greentown Real Estate Group Co., Ltd. ("Greentown"), pursuant to which Sunac Zhidi agreed to acquire 51% equity interest in Wuxi Greentown Hubin Real Estate Co., Ltd. ("Hubin Real Estate"), a company wholly-owned by Greentown as at the date of the equity transfer agreement, at a cash consideration of RMB51 million. Following the completion of this transaction, Hubin Real Estate will be held as to 51% by Sunac Zhidi and 49% by Greentown respectively. Details of the acquisition are set out in the announcement of the Company dated 5 January 2012.

The Company is currently assessing the assets and liabilities of Hubin Real Estate in accordance with HKFRS.

(2) Equity cooperation with a third party

In January 2012, a wholly owned subsidiary of the Company, Sunac Yingrun, subscribed a subordinated unit trust of RMB100 million by cash. This trust fund (the "Trust Fund Scheme") established by Daye Trust Co., Ltd. ("Daye Trust") was for the development for the Sunac Mingxiang project.

On 21 March 2012, Sunac Zhidi, entered into an "Equity cooperative agreement" with Daye Trust to transfer its 49.5586% equity interest in Sunac Mingxiang, another wholly owned subsidiary of the Company directly owned by Sunac Zhidi, to Daye Trust for a consideration of RMB594,703,200. Pursuant to the cooperation framework agreement dated 15 November 2011, Sunac Zhidi will subscribe the subordinated unit trusts of the Trust Fund Scheme by assign to Daye Trust an account receivable of RMB200 million due from Sunac Mingxiang. As security for the repayment of the RMB200 million receivable due from Sunac Mingxiang, (1)Sunac Mingxiang will pledge certain of its land use rights to Daye Trust; (2) Sunac Zhidi will pledge its equity interests in Sunac Mingxiang to Daye Trust; and (3) Sunac Zhidi will grant a financial guarantee to Daye Trust. It was agreed that if Daye Trust contributes any additional fund into Sunac Mingxiang, Sunac Zhidi will contribute the corresponding amount to Sunac Mingxiang to keep the consistent equity interest proportion.

After the transaction, the Group's equity interest in Sunac Mingxiang would decrease from 100% to 50.4414%. The Group is still in the process of assessing the accounting impact of the transaction.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During 2011, the Company achieved its sales target despite the tough environment wherestringent real estate market adjustment measures continued to be implemented, and recorded a sales amount of approximately RMB19,209 million, representing an increase of 130.5% as compared with the corresponding period of 2010. Meanwhile, the launch of high-end projects such as West Chateau in Beijing has significantly enhanced the Company's market image as a developer of high-end properties and increased its brand influence. The excellent sales performance was attributable to the Company's strategy of "regional focus" and "high-end properties" as well as the superb sales performance of the sales team.

During 2011, abundant cash flow enabled the Company to grasp opportunities to acquire land and the Company successfully acquired 5 new projects in existing cities at suitable prices and expanded its land bank by approximately 2,116,276 square meters. The Company also introduced quality joint venture partners such as Poly China and Franshion Properties (China) Limited when the new projects were acquired.

2011 was a year of tremendous leap-forward development for the Company. The Company had achieved significant progress in both the development in scale and the enhancement of its brand image, thus laying a solid foundation for continuous sustainable growth in the future.

Vigorous growth in sales

For the year ended 31 December 2011, the Group and its associated project companies achieved a sales amount of approximately RMB19,209 million, representing approximately 1,193,734 sq.m in gross floor area ("GFA"), compared with sales amount of approximately RMB8,334 million achieved in 2010, representing approximately 728,644 sq.m. in GFA.

Project	**Location**	**Approximate GFA sold** *(sq.m)*	**Approximate value** *(RMB'000)*
Sunac Mind-Land International	Tianjin	84,800	2,253,117
Sunac Magnetic Capital	Tianjin	120,766	2,707,692
Sunac Central of Glorious	Tianjin	39,207	1,317,838
Sunac Glorious Mansion	Tianjin	60,760	661,670
Sunac Central Academy	Tianjin	54,201	600,300
Sunac Pl Du Pantheon	Tianjin	14,709	466,019
Sunac Swan Lake	Wuxi	159,387	1,531,093
Sunac Dream of City	Wuxi	125,623	1,000,550
Sunac 81	Suzhou	38,527	582,684
Sunac Royal Garden	Yixing	54,100	909,998
Sunac Olympic Garden	Chongqing	302,261	3,031,846
Sunac Asia Pacific Enterprise Valley	Chongqing	38,727	453,725
Sunac East Fairyland	Beijing	3,819	89,915
Sunac West Chateau	Beijing	83,487	3,331,521
Sunac Long Beach Mansion	Beijing	13,360	271,164
Total		1,193,734	19,209,132

Summary of principal properties

In 2011, the Group has engaged in a total of 19 property development projects. The following table sets forth certain details of the Group's projects based on actual data or estimates of the Group and associated project companies as of 31 December 2011 unless otherwise noted.

Project Summary as of 31 December 2011

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Interest attributable to the Group	Estimated completion time
Sunac Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	460,840	1,248,768	1,188,539	100%	December 2014
Sunac Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	809,386	749,414	100%	December 2012
Sunac Central of Glorious	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties and car parks	14,608	64,738	62,977	100%	October 2012
Sunac Joy Downtown	Tianjin	Retail properties	25,234	56,615	55,960	100%	Completed in June 2006
Sunac PL Du Pantheon	Tianjin	High-rise apartments, retail properties and car parks	70,600	246,982	241,636	100%	June 2015
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	305,088	303,036	100%	October 2013
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,425	722,407	704,243	100%	June 2016
Sunac Mian Er Project	Tianjin	High-rise apartments, town houses, retail properties, offices, serviced apartments and car parks	111,446	385,644	385,644	49%	September 2016
Sunac East Fairyland	Beijing	High-rise apartments, retail properties and car parks	54,502	166,481	144,276	100%	Completed in November 2010
Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	448,109	315,995	100%	December 2013

Project Summary as of 31 December 2011

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Interest attributable to the Group	Estimated completion time
Sunac Long Beach Mansion	Beijing	Mid-rise apartments, retail properties and car parks	63,940	133,956	100,786	100%	December 2013
Sunac LaiGuangying Project	Beijing	High-rise apartments, retail properties and car parks	139,168	331,175	234,720	49%	2015
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, town houses, detached villas, retail properties, serviced apartments, offices and car parks	1,714,366	2,575,185	1,989,752	100%	December 2014
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, town houses, retail properties, serviced apartments and car parks	179,293	371,962	305,261	100%	December 2014
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, retail properties, serviced apartments, offices and car parks	118,912	759,515	607,205	85%	October 2014
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, service apartments and car parks	733,889	1,410,178	1,312,655	100%	June 2014
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	570,182	1,052,889	944,011	71%	December 2014
Sunac 81	Suzhou	Townhouses, detached villas and retail properties	133,434	100,340	82,581	100%	December 2012
Sunac Royal Garden	Yixing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	460,523	395,597	100%	December 2014
Total			5,737,362	11,649,939	10,124,290		

Land bank

For the year ended 31 December 2011, the Group has acquired five sites in total, among which three in Tianjin, one in Chongqing and one in Beijing. These acquisitions added an aggregate site area of approximately 819,744 sq.m. to its land bank. The planned GFA of these newly acquired projects was approximately 2,116,276 sq.m., of which 1,750,698 sq.m. was attributable to the Group. The Company believes that an expanded land bank in the main target regions of the Group is an essential key for the Group's future success in property development.

Outlook

Although initial success of real estate adjustment measures adopted by the Central Government has been achieved, we believe such adjustment measures will persist in 2012, thus creating a similar sales and financing environment for the whole industry as 2011. It will accelerate the pace of industry integration and bring about an opportunity to the excellent enterprises for further expansion. During the year of 2012, we will proactively respond to the changes on the market and capture the opportunity arising from it based on the security of cash flow, focus on the existing cities we selected meticulously and acquire quality land on premium location. At the same time, the Company also considers prudently entering into Shanghai market in order to seek optimization of resources allocation, strives to strengthen its position on the market and lays a solid foundation for its sustainable and steady development in future.

Financial Review

Revenue

For the year ended 31 December 2011, the Group still focused on development of real estate properties in six cities of the PRC, namely Beijing, Tianjin, Chongqing, Wuxi, Suzhou and Yixing. The Group continued to deliver a solid performance, achieving satisfactory growth in its core businesses. Revenue of the Group was substantially generated from sales of residential and commercial properties for the year. Only a minor portion of the Group's revenue was derived from rental of investment properties located in Tianjin and the income from property management services business.

Revenue of the Group for the year ended 31 December 2011 amounted to RMB10,604.0 million, which has an increase of 59.4% comparing with the total revenue for the year ended 31 December 2010.

The following table shows certain details of the revenues:

	For the year ended 31 December			
	2011		2010	
	RMB'000	**%**	*RMB'000*	*%*
Sales of properties	**10,433,205**	**98.4**	6,593,575	99.1
Property-management service income	**152,991**	**1.4**	40,952	0.6
Rental income from investment properties	**17,851**	**0.2**	19,233	0.3
Total	**10,604,047**	**100.0**	6,653,759	100.0
Total GFA delivered *(sq.m)*	**739,301**		711,521	
Average selling prices ("ASP") per sq.m sold *(RMB)*	**14,112**		9,267	

The increase in sales of properties was primarily due to a 52.3% increase in the ASP per sq.m. of the properties the Group delivered in the year ended 31 December 2011 from RMB9,267 per sq.m. in 2010 to RMB14,112 per sq.m. in 2011, which was mainly attributable to (i) the mix of different types of properties in different cities delivered in the year ended 31 December 2011; (ii) the proportion of the sale and delivery of properties with higher ASP for the year was 60%, representing a substantial increase of 17 percentage points from 43% in 2010 and (iii) the Group's property quality improvement in the properties delivered in the year ended 31 December 2011.

Cost of sales

Cost of sales comprises the costs the Group incurred in relation to its direct development activities for the properties delivered, as well as leasing and property management operations.

Cost of sales of the Group increased to RMB7,037.6 million for the year ended 31 December 2011 from RMB3,775.6 million in the year ended 31 December 2010, which was primarily due to (i) a significant increase in the proportion of the sale and delivery of properties with higher unit value to total cost of sales from 38% in 2010 to 57% for the year; (ii) increase in development costs incurred in connection with the Group's improvement in property quality and a general rise in development costs because of inflation; and (iii) the impact of the equity interest acquisition.

In January 2011, the Group acquired additional 40% equity interest in the previous jointly controlled entity, Chongqing Yatai (previously named Chongqing Yuneng Sunac Real Estate Development Co., Ltd. Further, in September 2011, the Group acquired the outstanding 50% equity interest of the previous associate, Beijing Sunac Hengji. Upon completion of the acquisitions, Chongqing Yatai and Beijing Sunac Hengji became subsidiaries of the Group and were consolidated in the Company's consolidated financial statements. According to requirements of the HKFRSs, the properties of Chongqing Yatai and Beijing Sunac Hengji were remeasured at fair value at the respective acquisition dates in the Company's consolidated financial statements. The fair value of the properties in Chongqing Yatai and Beijing Sunac Hengji rose by approximately RMB1,026.5 million and RMB4,367.9 million respectively as compared with their carrying amounts and the amortization of their valuation surplus totaling RMB1,311.6 million in 2011 was included in the Group's cost of sales for the year.

Gross profit

Gross profit of the Group amounted to RMB3,566.5 million, or an increase of 23.9% compared with last year. Gross profit margin was 33.6% for the year or a decrease of 9.7 percentage points from last year, which was mainly due to the impacts of the equity interest acquisition (as mentioned in "Cost of sales" section). Excluding the impact of the equity interest acquisition, the gross profit margin was 46.0% in 2011.

Gain from re-measurement of previously held interests

The gain from re-measurement of previously held interests recognized in 2011 was due to our acquisitions of additional equity interests in our previous jointly controlled entity, Chongqing Yatai, and the previous associate, Beijing Sunac Hengji in 2011. The two entities became subsidiaries of the Company after the transactions. According to HKFRSs, the previously held equity interests are remeasured at the fair value of the related equity interests as at the acquisition dates. Therefore, gains of RMB181.3 million and RMB654.1 million were recognized respectively for the differences between the book values and the fair values of the previously held equity interests in Chongqing Yatai and Beijing Sunac Hengji.

The significant increase of the fair values of the equity interests was basically in line with the value increase of the real estate properties developed by the two entities. As we mentioned in the "Cost of Sales" section above, according to the HKFRSs, the properties are also remeasured at fair value, which results in an increased cost of sales for delivered properties subsequent to the transaction dates.

Loss from fair value of investment properties

For the year ended 31 December 2011, the Group had a net loss from fair value of investment properties of RMB75.9 million, comparing with nil in 2010. The fluctuation in loss from fair value of investment properties during the year was primarily due to the recategorization of certain completed properties held for sale to investment properties as we decided to change the designated use of such properties, the revaluation of our investment properties at Magnetic Capital, primarily as a result of changes in investment income receivable on such properties and changes in prevailing market conditions.

Selling and marketing costs

Selling and marketing costs of the Group rose to RMB314.1 million in 2011 from RMB108.8 million in 2010, which was primarily due to an increase of 7 (Chongqing Yatai and Beijing Sunac Hengji included) in the number of projects newly launched during the year. Additionally, during the year, the China property market was adversely affected by the controlling measures rolled out by the Central Government and the Group made greater effort on marketing and brand publicity activities to promote sales. The proportion of selling and marketing cost to the sales amount for the year ended 31 December 2011 was 1.6%, as compared with that of 1.3% in the year ended 31 December 2010.

Administrative expenses

The Group's administrative expenses increased to RMB301.1 million for the year ended 31 December 2011 from RMB155.8 million for the year ended 31 December 2010, which was mainly due to an increase of 7 (including Chongqing Yatai and Beijing Sunac Hengji) in the number of projects newly launched, resulting in an increase of relevant expenses. The proportion of administrative expenses to the sales amount in 2011 was 1.6%, comparing with that of 1.9% in the year ended 31 December 2010.

Other income

The Group's other income decreased by RMB6.1 million from RMB24.4 million in 2010 to RMB18.3 million in 2011, which was primarily due to a decrease of RMB13.1 million in investment income as a result of the collection of entrusted loans to the Group's associates for the year ended 31 December 2011. Such decrease was partially offset by an increase of RMB7.7 million in government grants.

Other expenses

The Group's other expenses increased by RMB5.7 million from RMB1.8 million for the year ended 31 December 2010 to RMB7.5 million for the year ended 31 December 2011, which was primarily due to donations of RMB4.7 million during the year ended 31 December 2011.

Operating profit

As a result of the foregoing, the Group's operating profit increased significantly by RMB1,085.5 million from RMB2,636.1 million in 2010 to RMB3,721.6 million in 2011, which was primarily due to (i) gross profit increased by RMB688.3 million; and (ii) gain from re-measurement of previously held interests increased by RMB835.4 million which was primarily attributable to the acquisitions of additional equity interests in a jointly controlled entity, Chongqing Yatai and an associate, Beijing Sunac Hengji, although the Group's operating expenses had increased by RMB438.2 million.

Finance costs, net

The Group's net finance costs amounted to RMB183.3 million for the year ended 31 December 2011, or a growth of RMB15.0 million comparing with last year and the capitalized interest increased from RMB236.2 million in 2010 to RMB787.7 million in 2011, which was mainly attributable to an increase in interest expenses on the Group's total borrowings from RMB366.2 million in 2010 to RMB932.1 million in 2011. This increase was due primarily to (i) an increase of borrowings to finance our expanded property development activities for the year ended 31 December 2011; and (ii) a rise of interest rates under the tighten monetary policy of central bank of the PRC.

Share of profit of jointly controlled entities

The Group's share of profit of jointly controlled entities decreased to RMB0.1 million for the year ended 31 December 2011 from RMB49.8 million in 2010, which was primarily due to the impact of equity interest acquisition. On 1 January 2011, the Group acquired an additional 40% equity interest in Chongqing Yatai (previous jointly controlled entity) and a 40% equity interest in APEV Property Management Co., Ltd. ("APEV"). Upon completion of the acquisitions, Chongqing Yatai became an 85% owned subsidiary of the Group and APEV became a jointly controlled entity of the Group. APEV was mainly engaged in property management service with low profits and only 40% of the net profit from APEV was attributable to the Group, which resulted in the substantial decrease in share of profit of jointly controlled entities for the year.

Share of profit/(loss) of associates

The Group's share of loss of associates amounted to RMB10.1 million for the year ended 31 December 2011, as compared with a share of profit of RMB79.4 million in 2010. This change was primarily attributable to the acquisition of additional equity interests in associates Beijing Sunac Hengji and Beijing Shouchi Yuda Real Estate Development Co., Ltd. ("Shouchi Yuda") in September 2011, both of which became subsidiaries of the Group. The Sunac East Fairyland developed by Shouchi Yuda had completed most of its sales and delivery by the end of 2010 and the delivery of Sunac West Chateau developed by Beijing Sunac Hengji had not yet occurred before the acquisition.

Income tax expenses

Income tax expenses represent current and deferred PRC corporate income tax ("CIT") and land appreciation tax ("LAT") payments made and provisions payable by the Group's PRC subsidiaries. Income tax expenses of the Group amounted to RMB1,145.2 million in 2011, or an increase of 8.4% from RMB1,056.1 million in 2010, which was primarily attributable to an increase in the Group's profit before income tax for the year ended 31 December 2011 compared to that for the year ended 31 December 2010.

Profit

As a result of the foregoing, the Group's profit for the year ended 31 December 2011 increased 54.6% to RMB2,383.1 million against RMB1,541.0 million last year. Between these periods, net profit margin of the Group decreased slightly from 23.2% to 22.5%.

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

	For the year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit for the year	**2,383,072**	1,540,991
Attributable to:		
Owners of the Company	**2,356,168**	1,542,161
Non-controlling interests	**26,904**	(1,170)
	2,383,072	1,540,991

Non-controlling interests

As at 31 December 2011, the non-controlling interests of the Group amounted to RMB354.7 million (as at 31 December 2010: nil). The increase in non-controlling interests was primarily due to the impacts of the following:

(1) Upon acquisition of additional 40% equity interest in Chongqing Yatai in January 2011, Chongqing Yatai became an 85% owned subsidiary of the Group. As at 31 December 2011, the equity attributable to the non-controlling interests of Chongqing Yatai amounted to RMB141.7 million.

(2) On 27 May 2011, an independent third party, United Trust Company Limited 國聯信託股份有限公司 ("United Trust") acquired 28.57% equity interest of a former wholly owned subsidiary of the Group, Wuxi Sunac City Construction Co. Ltd. ("Wuxi Sunac City"), by a registered capital increase of RMB200.0 million. As at 31 December 2011, the equity attributable to the non-controlling interests of Wuxi Sunac City amounted to RMB213.0 million.

Cash position

The Group operates in a capital intensive industry and have historically financed, and expect to continue to finance, its working capital, capital expenditures and other capital requirements through proceeds from the pre-sale and sale of properties, borrowings from commercial banks and other parties, capital contributions from shareholders and new share issuances. The Group's short-term liquidity requirements relate to servicing its debt and funding its working capital requirements, and the Group's sources of short-term liquidity include cash balances, proceeds from pre-sales and sales of properties and new loans. The Group's long-term liquidity requirements relate to funding the development of its new property projects and repaying its long-term debt, and the Group's sources of long-term liquidity include loans, capital contributions from shareholders and share issuances.

The Group's cash and cash equivalents (including restricted cash) was RMB3,867.1 million as at 31 December 2011, or a decrease of 9.0% against RMB4,249.0 million as of 31 December 2010.

This decrease was principally attributable to (i) the net cash outflow of RMB2,079.0 million in operating activities because it was not enough for the proceeds from the pre-sale and sale of properties to completely offset the payment for land grant fees of projects newly launched, taxes, construction cost and the other operating expenditure in relation to our increased property development activities; (ii) the net cash outflow of RMB1,479.1 million in investing activities which was mainly due to the net outflow of RMB378.1 million from the acquisition of Chongqing Yatai and Beijing Sunac Hengji, and the net outflow of RMB1,078.4 million in investing associates; and (iii) the net cash inflow of RMB3,176.1 million in financing activities primarily because of the net increase of RMB3,178.2 million in borrowings.

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

Borrowing and collateral

The Group had total borrowings of RMB11,574.6 million as at 31 December 2011 compared to RMB5,692.7 million as of 31 December 2010. The increase of RMB5,881.9 million was mainly due to the increase of the loans obtained from banks and other non-bank financial institutions.

As at 31 December 2011, the Group's borrowings totaling RMB11,528.6 million (as at 31 December 2010: RMB5,643.0 million) were secured or jointly secured by the Group's properties under development, completed properties held for sale and investment properties totaling RMB14,658.0 million (as at 31 December 2010: RMB3,757.0 million), certain equity interests of the Group's subsidiaries (including those legally transferred as collateral) and guarantee by a third party.

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 31 December 2011, the net debt to total assets ratio of the Group is 22.9%, as compared with 9.2% as of 31 December 2010.

Gearing ratio is calculated as net debt divided by total capital. Total capital is calculated as total equity plus net debt. As at 31 December 2011, the gearing ratio of the Group is 51%, as compared with 24% as at 31 December 2010.

Both increases were due to increased borrowings as a result of an increase in the number of projects newly developed for the year ended 31 December 2011. With consideration of the current situation, the Group plans to continue to maintain a steady financial management policy, discipline prudent control over expenditures, closely monitor the changes of the ratios and endeavor to keep the ratio at a reasonable level.

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, categorized by maturity dates.

	At 31 December 2011	At 31 December 2010
	RMB'million	*RMB'million*
Floating rates		
Less than 12 months	**1,067**	519
1 to 5 years	**6,083**	2,536
Sub-total	**7,150**	3,055
Fixed rates		
Less than 12 months	**1,187**	549
1 to 5 years	**3,238**	2,089
Sub-total	**4,425**	2,638
Total	**11,575**	5,693

As at 31 December 2011, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group analyze its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

Foreign exchange risk

The Group conduct its business principally in Renminbi, since all of the operating entities are based in the PRC. As at 31 December 2011, 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. The Group will closely monitor and manage its exposure to fluctuation in foreign exchange rates.

Contingent liabilities

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure the obligations of such purchasers for repayment of their mortgage loans. As at 31 December 2011 the amount is RMB1,975.7 million compared with RMB3,769.6 million as at 31 December 2010.

Such guarantees terminate upon the earlier of (i) the issuance of the Property Ownership Certificate and the property encumbrance certificate, which generally takes place within an average period of two to three years after completion of the guarantee registration; and (ii) the satisfaction of obligations under the mortgage loans by the purchasers. The Group's guarantee period starts from the dates of grant of the mortgage.

FINAL DIVIDENDS

The Board proposes to declare a final dividend of RMB7.85 cents per share in cash, approximately RMB235.6 million in aggregate, for the year ended 31 December 2011, which are expected to be paid on 8 August 2012 to shareholders whose names appear on register of members of the Company as at 25 May 2012, subject to shareholders' approval in the forthcoming AGM of the Company expected to be held on 18 May 2012. The proposed final dividend will be paid in Hong Kong dollars, such amount to be calculated by reference to the middle rate published by the People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at 18 May 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the AGM, the register of members of the Company will be closed from 14 May 2012 to 18 May 2012 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 11 May 2012.

For the purpose of determining the shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 24 May 2012 to 25 May 2012 (both days inclusive), during which period no transfer of shares will be registered. To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 23 May 2012.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices (the "Corporate Governance Code")

The Company has adopted the code provisions in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code on corporate governance practices and has, throughout the year ended 31 December 2011, complied with all applicable code provisions under the Corporate Governance Code, save and except for the only deviation from code provision A.2.1 of the Corporate Governance 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 to monitor the duties and performance of the Board, whereas the role of Chief Executive Officer is to manage the Group's business. The Board believes that at the current stage of development of the Group, vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

The Board recognizes and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the business strategies and performance of the Group and have regular trainings on Listing Rules and regulatory requirements provided by the legal adviser of the Company from time to time together with the relevant senior executives. The Company has an established internal reporting practice throughout the Group in monitoring the operation and business development of the Company.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as the guidelines for the directors' dealings in the securities of the Company. The Company has made specific enquiry to all the Directors and all of the Directors confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year ended 31 December 2011, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' BUSINESSES COMPETING WITH THE GROUP

None of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business of the Group.

AUDIT COMMITTEE

The Company has 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 Corporate Governance Code. The audit committee consists of three independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Li Qin and Mr. Ma Lishan, and is chaired by Mr. Poon Chiu Kwok who has possessed appropriate accounting and related financial management expertise. The primary duties of the audit committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control system of the Company and to perform other duties and responsibilities as assigned by the Board.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the Group's audited annual results for the year ended 31 December 2011 and has agreed with the auditor the annual results.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of HKExnews (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's 2011 annual report will be dispatched to shareholders along with the AGM circular, the notice of AGM and the proxy form, and such documents will be published on the aforementioned websites in due course.

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

Hong Kong, 29 March 2012

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