SUNAC 融創中國

SUNAC CHINA HOLDINGS LIMITED
融創中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

	For the year ended 31 December (Audited)		
	2012	2011	**Up/(Down)**
	RMB'000	*RMB'000*	
Revenue	**20,842,592**	10,604,047	97%
Gross profit	**5,382,450**	3,566,473	51%
Operating profit	**4,687,289**	3,721,610	26%
Profit	**2,614,740**	2,383,072	10%
Profit attributable to owners of the Company	**2,607,300**	2,356,168	11%
Earnings per share			
– Basic (RMB)	**0.868**	0.785	11%
– Diluted (RMB)	**0.859**	0.784	10%
Cash	**12,262,739**	3,867,105	217%
Net gearing ratio	**78.89%**	104.07%	(24%)

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 2012 with comparative figures for the corresponding period in 2011, as follows:

CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

		Year ended 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**20,842,592**	10,604,047
Cost of sales	*4*	**(15,460,142)**	(7,037,574)
Gross profit		**5,382,450**	3,566,473
Gains from business combination	*5*	**154,916**	835,430
Selling and marketing costs	*4*	**(529,959)**	(314,090)
Administrative expenses	*4*	**(354,540)**	(301,079)
Other gains/(losses) – net		**20,467**	(75,900)
Other income		**15,849**	18,316
Other expenses		**(1,894)**	(7,540)
Operating profit		**4,687,289**	3,721,610
Finance income	*6*	**29,168**	18,687
Finance costs	*6*	**(113,101)**	(202,030)
Finance costs – net	*6*	**(83,933)**	(183,343)
Share of (loss)/profit of jointly controlled entities	*7*	**(30,438)**	97
Share of loss of associates	*8*	**(8,347)**	(10,072)
Gains from acquisition of associates	*8*	**119,957**	–
Profit before income tax		**4,684,528**	3,528,292
Income tax expenses	*9*	**(2,069,788)**	(1,145,220)
Profit for the year		**2,614,740**	2,383,072
Profit attributable to:			
– Owners of the Company		**2,607,300**	2,356,168
– Non-controlling interests		**7,440**	26,904
		2,614,740	2,383,072
Earnings per share attributable to owners of the Company (expressed in RMB per share):			
Basic earnings per share	*10*	**0.868**	0.785
Diluted earnings per share	*10*	**0.859**	0.784
Dividends	*15*		
– Proposed final dividends		**260,730**	235,617
– Payment of dividends		**236,438**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**2,614,740**	2,383,072
Other comprehensive income		
Change in value of available-for-sale financial assets	**–**	212
Redemption of available-for-sale financial assets	**(212)**	–
Total comprehensive income for the year	**2,614,528**	2,383,284
Attributable to:		
– Owners of the Company	**2,607,088**	2,356,380
– Non-controlling interests	**7,440**	26,904
Total comprehensive income for the year	**2,614,528**	2,383,284

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2012

		As at 31 December	
		2012	2011
	Note	***RMB'000***	*RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**48,947**	28,157
Investment properties	*11*	**570,500**	551,500
Intangible assets		**308,500**	313,841
Investments in jointly controlled entities	*7*	**1,081,184**	97
Investments in associates	*8*	**3,123,480**	979,753
Prepayments for property development projects		**85,000**	–
Deferred income tax assets		**885,135**	424,924
Available-for-sale financial assets		**–**	10,212
		6,102,746	2,308,484
Current assets			
Properties under development		**37,697,620**	19,999,293
Completed properties held for sale		**8,703,708**	5,651,306
Trade and other receivables	*12*	**415,920**	451,373
Amounts due from jointly controlled entities	*14(c)*	**1,289,920**	441,000
Amounts due from associates	*14(c)*	**1,772,488**	–
Prepayments	*13*	**2,689,111**	893,995
Restricted cash		**3,868,713**	1,103,719
Cash and cash equivalents		**8,394,026**	2,763,386
		64,831,506	31,304,072
Total assets		**70,934,252**	33,612,556
Equity and liabilities			
Equity attributable to owners of the Company			
Ordinary shares		**260,341**	259,112
Reserves			
– Proposed final dividend	*15*	**260,730**	235,617
– Others		**8,967,941**	6,556,258
		9,489,012	7,050,987
Non-controlling interests		**2,505,164**	354,728
Total equity		**11,994,176**	7,405,715

	Note	As at 31 December 2012 RMB'000	2011 RMB'000
Liabilities			
Non-current liabilities			
Borrowings	*18*	**9,942,480**	9,320,700
Long-term payable		**166,745**	–
Deferred income tax liabilities		**4,536,843**	2,258,287
		14,646,068	11,578,987
Current liabilities			
Trade and other payables	*16*	**7,115,809**	3,810,458
Advanced proceeds from customers		**15,145,978**	5,839,974
Amounts due to jointly controlled entities	*14(c)*	**428,925**	–
Amount due to associates	*14(c)*	**1,184,417**	66,150
Amount due to non-controlling interests	*17*	**3,540,126**	–
Current income tax liabilities		**5,096,206**	2,657,372
Borrowings	*18*	**11,782,547**	2,253,900
		44,294,008	14,627,854
Total liabilities		**58,940,076**	26,206,841
Total equity and liabilities		**70,934,252**	33,612,556
Net current assets		**20,537,498**	16,676,218
Total assets less current liabilities		**26,640,244**	18,984,702

NOTES

1 GENERAL INFORMATION

Sunac China Holdings Limited (the "Company") and its subsidiaries (together the "Group") are 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 Islands.

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

These financial statements are presented in Renminbi ("RMB") unless otherwise stated. These financial statements have been approved for issue by the board of directors of the Company on 25 March 2013.

2 REVENUE

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Sales of properties	**20,654,358**	10,433,205
Rental income	**16,857**	17,851
Property management service income	**171,377**	152,991
	20,842,592	10,604,047

3 SEGMENT INFORMATION

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

The executive directors of the Company assessed the performance of property development business and property management service business respectively. The performance of the operating segments is assessed based on a measure of profit/(loss) before income tax.

Segment assets primarily consist of all assets excluding deferred income tax assets and segment liabilities primarily consist of all liabilities excluding deferred income tax liabilities and current income tax liabilities.

The analysis of the Group's profit/(loss) before income tax by segment is as follows:

	Year ended 31 December 2012		
	Property development and investment	**Property management services**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Total segment revenue	**20,671,215**	**171,377**	**20,842,592**
Cost of sales	**(15,249,421)**	**(210,721)**	**(15,460,142)**
Gross profit	**5,421,794**	**(39,344)**	**5,382,450**
Gain from business combination	**154,916**	**–**	**154,916**
Selling and marketing costs	**(529,072)**	**(887)**	**(529,959)**
Administrative expenses	**(329,323)**	**(25,217)**	**(354,540)**
Other gains – net	**20,467**	**–**	**20,467**
Other income	**14,381**	**1,468**	**15,849**
Other expenses	**(1,213)**	**(681)**	**(1,894)**
Finance income	**29,168**	**–**	**29,168**
Finance costs	**(113,101)**	**–**	**(113,101)**
Share of loss of jointly controlled entities	**(30,438)**	**–**	**(30,438)**
Share of loss of associates	**(8,347)**	**–**	**(8,347)**
Gain from acquisition of associates	**119,957**	**–**	**119,957**
Segment results	**4,749,189**	**(64,661)**	**4,684,528**

	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)
Gross profit	3,553,500	12,973	3,566,473
Gain from business combination	835,430	–	835,430
Selling and marketing costs	(314,090)	–	(314,090)
Administrative expenses	(277,782)	(23,297)	(301,079)
Other losses – net	(75,900)	–	(75,900)
Other income	15,427	2,889	18,316
Other expenses	(7,279)	(261)	(7,540)
Finance income	18,687	–	18,687
Finance costs	(202,030)	–	(202,030)
Share of profit of jointly controlled entities	97	–	97
Share of loss of associates	(10,072)	–	(10,072)
Segment results	3,535,988	(7,696)	3,528,292

The analysis of the Group's assets and liabilities by segment is as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Total segment assets	**70,049,117**	33,187,632
Deferred income tax assets	**885,135**	424,924
Total assets per balance sheet	**70,934,252**	33,612,556
Total segment liabilities	**49,307,027**	21,291,182
Deterred income tax liabilities	**4,536,843**	2,258,287
Current income tax liabilities	**5,096,206**	2,657,372
Total liabilities per balance sheet	**58,940,076**	26,206,841

4 EXPENSES BY NATURE

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Costs of properties sold:		
– Land use rights costs	**5,350,179**	2,596,776
– Other development costs	**7,416,939**	3,394,763
– Business tax and related surcharges	**1,156,792**	592,133
– Capitalised finance costs	**1,051,176**	321,894
– Other costs	**302,188**	132,008
– Impairment provision for properties	**182,868**	–
Staff costs	**307,981**	225,208
Advertisement and promotion costs	**329,210**	223,919
Office and travel expenses	**91,081**	52,266
Other tax expenses	**53,013**	28,414
Consulting expenses	**39,235**	24,185
Entertainment expense	**36,414**	22,056
Depreciation and amortisation	**14,894**	13,644
Impairment provision for properties	**–**	9,843
Audit remuneration – audit services	**6,500**	3,000
Audit remuneration – non audit services	**600**	–
Others	**5,571**	12,634
Total costs of sales, selling and marketing costs and administrative expenses	**16,344,641**	7,652,743

5 BUSINESS COMBINATION

During the year ended 31 December 2012, the Group completed the following business combination transactions:

Acquiree	*Note*	Total consideration	Fair value of net assets acquired	Gain/(loss) from transactions	Goodwill	Attributable to owners of the Company
Sunac Greentown projects	*a*	2,428,294	2,551,623	123,329	–	61,664
Hubin Real Estate	*b*	51,000	82,684	31,684	–	31,684
APEV PM						
– re-measurement of previously held interest	*c*	(200)	(297)	(97)	–	(97)
– acquisition of further interest	*c*	500	(347)	–	847	847
		2,479,594	2,633,663	154,916	847	94,098

(a) On 22 June 2012, Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi"), a wholly owned subsidiary of the Company, entered into a Cooperation Framework Agreement with Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a third party of the Company, pursuant to which, Sunac Zhidi acquired an effective 50% of Greentown Real Estate's interests, including equity interest and loans, in eight property development companies, including six subsidiaries, one jointly controlled entity and one associate of Greentown Real Estate through a newly incorporated entity, Shanghai Sunac Greentown Real Estate Development Co., Ltd. ("Sunac Greentown") (hereafter the six subsidiaries, the investments in the jointly controlled entity and the associate are collectively referred to as "Sunac Greentown projects"), Sunac Zhidi and Greentown Real Estate hold 50% equity interest of Sunac Greentown respectively and Sunac Zhidi has the control in Sunac Greentown.

Further, as part of the transaction, Sunac Zhidi directly acquired a 50% interest in another project development entity, Shanghai Greentown Woods Golf Villa development Co., Ltd.("Shanghai Woods Golf"), which was previously wholly owned by Greentown Real Estate. After the transaction, Shanghai Woods Golf became an associate of the Company (Note 8(b)).

The total amount paid by the Company to Greentown Real Estate for the transaction was RMB3,358 million, in which RMB1,749 million was for the acquisition of equity interests and RMB1,609 million was for the acquisition of receivables. The Group has taken over the control of the related interests in these entities on 1 July 2012.

(b) On 5 January 2012, Sunac Zhidi acquired 51% equity interest in Wuxi Sunac Greentown Hubin Real Estate Co., Ltd. ("Hubin Real Estate") from Greentown Real Estate, at the consideration of RMB51 million. Hubin Real Estate then became a subsidiary of Sunac Zhidi.

(c) On 30 September 2012, another wholly owned subsidiary of the Company, Tianjin Sunac Property Management Co., Ltd. ("Tianjin Property") has acquired additional 60% equity interest in Chongqing APEV Property Management Co., Ltd. ("APEV PM") at a total consideration of RMB300,000. Before the transaction APEV PM was a 40% owned jointly controlled entity of the Group. Upon completion of the transaction, APEV PM became a wholly owned subsidiary of the Company.

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

	Sunac Greentown projects *RMB'000*	**Hubin Real Estate** *RMB'000*	**APEV PM** *RMB'000*	**Total** *RMB'000*
(1) *Fair value of net assets*				
Cash and cash equivalents	361,694	37,484	1,241	400,419
Property, plant and equipment	7,498	1,073	72	8,643
Investments in jointly controlled entity	214,122	–	–	214,122
Investment in associates	108,983	–	–	108,983
Properties under development and completed properties held for sale	18,114,166	4,188,000	–	22,302,166
Deferred tax assets	63,289	–	–	63,289
Other assets	824,665	116,763	1,666	943,094
Deferred tax liabilities	(2,354,863)	(268,318)	–	(2,623,181)
Trade and other payables	(6,084,507)	(1,776,205)	–	(7,860,712)
Borrowings	(5,103,650)	(1,290,000)	–	(6,393,650)
Other liabilities	(2,709,531)	(846,672)	(3,326)	(3,559,529)
Less: Non-controlling interests	(890,243)	(79,441)	–	(969,684)
Fair value of the net assets acquired	2,551,623	82,684	(347)	2,633,960
(2) *Cash and cash equivalent*				
Consideration settled by cash	(1,214,147)	(51,000)	–	(1,265,147)
Purchase consideration for liability	(1,608,518)	–	–	(1,608,518)
Consideration not yet settled (recorded as liability)	–	–	–	–
Cash and cash equivalents in the subsidiaries acquired	361,694	37,484	1,241	400,419
Net cash impact on acquisition	(2,460,971)	(13,516)	1,241	(2,473,246)

6 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Interest expenses:		
– bank borrowings	**928,790**	424,989
– borrowings from non-bank financial institutions	**740,523**	393,273
– borrowings from third parties	**81,629**	113,793
– bonds offering	**66,347**	–
	1,817,289	932,055
Other finance cost	**10,977**	20,547
	1,828,266	952,602
Less: Capitalised finance costs	**(1,717,393)**	(787,722)
	110,873	164,880
Exchange loss	**2,228**	37,150
	113,101	202,030
Finance income:		
– Interest income on bank deposits	**(29,168)**	(18,687)
Net finance costs	**83,933**	183,343

The capitalisation rate used to determine the amount of the interest incurred eligible for capitalisation in 2012 was 9.45% (2011: 7.2%).

7 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Equity investments in jointly controlled entities	**1,081,184**	97

An analysis of the movement of equity investments in jointly controlled entities is as follows:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
At beginning of year	**97**	178,540
Additions during the year *(Note (a))*	**1,111,822**	–
A jointly controlled entity becoming a subsidiary	**(297)**	(178,540)
Share of (losses)/profits of jointly controlled entities	**(30,438)**	97
At end of year	**1,081,184**	97

All jointly controlled entities of the Group are incorporated in the PRC and are non-listed companies.

(a) During the year ended 31 December 2012, the Group has established the following jointly controlled entities with third parties. A brief summary of the additions is as follows:

	Equity interest attributable to the Group *(%)*	**Investments amount** *RMB'000*
Acquired through business combination *(Note5(a)):*		
– Changzhou Greentown Real Estate Co. Ltd. ("Changzhou Greentown") *(Note (i))*	18.5	214,122
Newly incorporated:		
– Shanghai Poly Hongrong Real Estate Co., Ltd. ("Poly Hongrong") *(Note (i))*	24.5	798,700
– Tianjin Beitang Sunac Investment Co., Ltd. ("Beitang Sunac") *(Note (ii))*	50	50,000
– Beijing Franshion Sunac Real Estate Development Co., Ltd. ("Franshion Sunac") *(Note (ii))*	49	49,000
		897,700
Total		1,111,822

Note:

(i) These two jointly controlled entities were directly invested by Sunac Greentown. Sunac Greentown was incorporated by the Group during a business combination transaction (Note 5).

(ii) These two jointly controlled entities were directly invested by wholly owned subsidiaries of the Company.

(b) A summary of the Group's interests in its jointly controlled entities as at 31 December 2012 and for the year then ended is as follows:

	Equity interest attributable to the Group %	**Direct equity interest controlled by the Group** %	**Assets** *RMB'000*	**Liabilities** *RMB'000*	**Revenue** *RMB'000*	**Profit/(loss) included in the consolidate income statement** *RMB'000*	**Profit/(loss) attributable to the owners of the Company** *RMB'000*
31 December 2012							
Poly Hongrong	24.5	49	735,749	336,473	–	(148)	(74)
Changzhou Greentown	18.5	37	447,440	344,695	–	(8,632)	(4,316)
Franshion Sunac	49	49	2,068,419	2,039,088	–	(19,671)	(19,671)
Beitang Sunac	50	50	312,918	265,106	–	(2,187)	(2,187)
Chongqing APEV Property Management Co., Ltd. ("APEV PM")*	–	–	–	–	–	200	200
			3,564,526	2,985,362	–	(30,438)	(26,048)
31 December 2011							
APEV PM*	40	40	1,100	1,438	3,105	97	97

* On 30 September 2012, APEV PM became a wholly owned subsidiary.

8 INVESTMENTS IN ASSOCIATES

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Equity investments in associates	**3,123,480**	979,753

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

	Year ended 31 December	
	2012 *RMB'000*	2011 *RMB'000*
At beginning of year	**979,753**	459,315
Investments in new associates	**2,152,074**	980,000
Share of loss of associates	**(8,347)**	(10,072)
Collection of loan from associates	**–**	(161,540)
Dividend received from associates	**–**	(181,090)
Transfer to subsidiaries	**–**	(106,860)
At end of year	**3,123,480**	979,753

All associates of the Group are incorporated in the PRC and are all non-listed companies.

During the year ended 31 December 2012, the Group has invested in the following new associates:

	Note	**Equity interest attributable to the Group** *(%)*	**Investments amount** *RMB'000*
Associate acquired through business combination *(Note 5 (a))*:			
– Wuxi Taihu Greentown Real Estate Co., Ltd. ("Wuxi Taihu")	*(a)*	19.5	108,983
Other acquired associates:			
– Shanghai Woods Golf	*(b)*	50	650,851
– Tianjin TEDA City Development Co., Ltd. ("TEDA City")	*(c)*	23.5	353,240
			1,004,091
Associates incorporated:			
– Beijing Poly Sunac Real Estate Development Co., Ltd. ("Beijing Poly Sunac")	*(d)*	49.5	990,000
– Shanghai Gezhouba Greentown Sunac Real Estate Co., Ltd. ("Gezhouba")	*(e)*	24.5	49,000
			1,039,000
Total			2,152,074

Note:

(a) Wuxi Taihu was acquired by the Group as part of a business combination transaction with Greentown Real Estate as disclosed in Note 5. Wuxi Taihu was directly invested by Sunac Greentown a 50% owned subsidiary of the Company.

(b) Shanghai Woods Golf's 50% interest was acquired by the Group as part of a business combination transaction with Greentown Real Estate as disclosed in details in Note 5. The acquisition contributed a gain of RMB115.6 million to the Group.

(c) On 21 December 2012, the Company announced that one of its wholly owned subsidiaries has entered into an equity transfer agreement with a third party (the "Seller") to acquire 23.5% equity interest in TEDA City owned by the Seller at the consideration of RMB348.8 million and will enter into another agreement with the Seller on 7 January 2013 to acquire a further 23.5% equity interest in TEDA City at the consideration of RMB348.9 million and a receivable of RMB124.3 million due from TEDA City by the Seller at a consideration of the same amount.

    As at 31 December 2012, the Group has completed the acquisition of the first 23.5% equity interest in TEDA City at the consideration of RMB348.8 million. The Group has paid RMB220 million at 31 December 2012 and the remaining balance of RMB128.8 million was subsequently paid in January 2013. The Group accounted for this investment in associate at the fair value of RMB353.2 million as at 31 December 2012 and accordingly a gain of RMB4.4 million was recognized in the consolidated income statement for the year ended 31 December 2012.

(d) Beijing Poly Sunac was established by the Group and a third party in September 2012.

(e) Gezhouba was established by the Group and a third party in September 2012.

A summary of the Group's interests in the associates as at 31 December 2012 and for the year then ended is as follows:

	Equity interest attributable to the Group	Direct equity interest controlled by the Group	Assets	Liabilities	Revenue	Profit/(loss) included in the consolidate income statement	Profit/(loss) attributable to the owners of the Company
	%	*%*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2012							
Tianjin Poly Sunac Investment Company Limited ("Tianjin Poly Sunac")	49	49	1,779,073	808,311	–	(8,991)	(8,991)
Shanghai Woods Golf	50	50	1,808,622	1,154,493	242,379	3,278	3,278
Wuxi Taihu	19.5	39	414,154	360,329	–	(1,332)	(666)
Beijing Poly Sunac	49.5	49.5	1,528,548	539,672	–	(1,124)	(1,124)
TEDA City	23.5	23.5	1,412,939	1,050,821	–	–	–
Gezhouba	24.5	49	446,531	422,120	–	(178)	(89)
			7,389,867	4,335,746	242,379	(8,347)	(7,592)
31 December 2011							
Tianjin Poly Sunac	49	49	1,156,153	176,400	–	(247)	(247)

9 INCOME TAX EXPENSES

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
CIT		
– Current income tax	**1,552,488**	1,009,987
– Deferred income tax	**(614,939)**	(299,809)
	937,549	710,178
LAT	**1,132,239**	435,042
	2,069,788	1,145,220

(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	
	2012	2011
	RMB'000	*RMB'000*
Profit before income tax	**4,684,528**	3,528,292
Income tax calculated at statutory rate of 25%	**1,171,132**	882,073
LAT deduction	**(283,060)**	(108,760)
Share of (loss)/profit of jointly controlled entities	**(7,610)**	24
Share of loss of associates	**(2,087)**	(2,518)
Income not subject to tax	**(69,583)**	(198,887)
Tax losses for which no deferred income tax assets was recognised	**13,730**	–
Non-deductible expenses	**31,638**	67,556
Others	**83,389**	70,690
	937,549	710,178

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 year ended 31 December 2012 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.

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2012	2011
Profit attributable to owners of the parent *(RMB'000)*	**2,607,300**	2,356,168
Weighted average number of ordinary shares in issue *(thousand)*	**3,004,581**	3,000,000

(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	
	2012	2011
Profit attributable to owners of the parent *(RMB'000)*	**2,607,300**	2,356,168
Weighted average number of ordinary shares in issue *(thousand)*	**3,004,581**	3,000,000
Adjusted for Share options *(thousand)*	**31,555**	3,509
Weighted-average number of ordinary shares for diluted earnings per share *(thousand)*	**3,036,136**	3,003,509

11 INVESTMENT PROPERTIES

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
At fair value		
At beginning of year	**551,500**	583,500
Transfer from completed properties held for sale	**–**	43,900
Gain/(loss) from valuation	**19,000**	(75,900)
At end of year	**570,500**	551,500

(a) Amounts recognised in profit and loss from investment properties

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Rental income	**16,857**	17,851
Operating expenses	**(2,877)**	(3,139)
	13,980	14,712

(b) Valuation basis

The Group obtains independent valuations DTZ Debenham Tie Leung Ltd. ("DTZ") for its investment properties annually. At the end of each reporting period, the directors of the Company (the "Directors") update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available the Directors consider information from a variety of sources including:

(i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;

(ii) discounted cash flow projections based on reliable estimates of future cash flows;

(iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

At the end of the reporting period the key assumptions used by the Directors in determining fair value were in the following ranges for the Group's portfolio of properties:

	Year ended 31 December	
	2012	2011
Discount rate	**4%~8.5%**	4%~8.5%

The following tables show the sensitivity of the fair value of the investment properties to the key assumption of discount rate that should the director's estimates to increase or decrease by 10%.

	Year ended 31 December 2012	
	Favourable change by 10%	Unfavourable change by 10%
	RMB'000	*RMB'000*
Fair value	**46,000**	(46,000)

All of the above key assumptions have been taken from the last independent valuation report of the assets in the portfolio.

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

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**570,500**	551,500

12 TRADE AND OTHER RECEIVABLES

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Trade receivables *(Note (c))*	**32,066**	39,058
Notes receivables *(Note (c))*	**105,293**	49,991
Other receivables		
– Deposits for projects	**184,318**	238,863
– Deposits for guarantee to customers' bank loans	**35,340**	32,447
– Others	**58,903**	91,014
	415,920	451,373

Note:

(a) As at 31 December 2012 and 2011, the fair value of trade and other receivables approximated their carrying amounts.

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

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

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Within 90 days		
– Trade receivables	**32,066**	39,058
– Notes receivables	**105,293**	49,991

The Group normally has no credit term to the customer. The trade receivables as at 31 December 2012 was a timing difference of bank funds transfer. The amount has been received in early January 2013.

Notes receivable were bank acceptance paid by certain customers, which are due within 3 months as at 31 December 2012.

13 PREPAYMENTS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Prepaid taxes		
– Business tax and surcharge	**832,329**	368,776
– LAT	**456,059**	141,729
– Current income tax	**430,268**	277,184
Prepayments for land use rights acquisition	**943,966**	100,000
Prepayments of project development costs	**26,489**	6,306
	2,689,111	893,995

The carrying amounts of the Group's prepayments are all denominated in RMB.

14 RELATED PARTY TRANSACTIONS

The Group is controlled by Sunac International Investment Holdings Ltd. ("Sunac International"), which owns 51.59% of the Company's shares and is controlled by Mr. Sun Hongbin. The ultimate controlling party of the Group is Mr. Sun Hongbin. The remaining 48.41% of the shares are widely held.

(a) Name and relationship with related parties

Name	Relationship
Mr. Sun Hongbin	The controlling shareholder and the director of the Company
Sunac International	Equity holder of the Company and controlled by Mr. Sun Hongbin
APEV PM	Jointly controlled entity prior to August 2012
Franshion Sunac	Jointly controlled entity
Beitang Sunac	Jointly controlled entity
Changzhou Greentown	Jointly controlled entity
Poly Hongrong	Jointly controlled entity
Gezhouba	Associate
Wuxi Taihu	Associate
Beijing Poly Sunac	Associate
Shanghai Woods Golf	Associate
TEDA City	Associate
Tianjin Poly Sunac	Associate

(b) Related party transactions

During the year ended 31 December 2012, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
(i) Receiving/(provision) of funds		
– Gezhouba	**(1,227,031)**	–
– Beijing Poly Sunac	**(544,350)**	–
– Poly Hongrong	**(249,114)**	–
– Franshion Sunac	**(155,404)**	–
– Beitang Sunac	**(163,752)**	–
– Tianjin Poly Sunac	**(56,839)**	66,150
– Shanghai Woods Golf	**1,141,314**	–
– Changzhou Greentown	**148,275**	–
– Wuxi Taihu	**33,792**	–
– Beijing Sunac Hengji Real Estate Co., Ltd. ("Beijing Sunac Hengji")	**–**	161,540
– Others	**(1,107)**	–

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
(ii) Interest income		
– Beijing Sunac Hengji	**–**	5,887

In the opinion of the Directors, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

(c) Related party balances

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Amounts due from jointly controlled entities		
– Franshion Sunac	**596,404**	441,000
– Poly Hongrong	**339,764**	–
– Changzhou Greentown	**190,000**	–
– Beitang Sunac	**163,752**	–
	1,289,920	441,000
Amounts due from associates		
– Gezhouba	**1,227,031**	–
– Beijing Poly Sunac	**544,350**	–
– Others	**1,107**	–
	1,772,488	–

As at 31 December 2012, amounts due from associates and jointly controlled entities were unsecured, have no fixed terms of repayment, and are cash advances in nature. Among the balances, RMB1,645 million (2011: RMB441 million) are interest free and RMB1,417 million (2011: nil) are bearing interests at 7.5% to 10.98% per annum.

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Amount due to a jointly controlled entities		
– Changzhou Greentown	**338,275**	–
– Poly Hongrong	**90,650**	–
	428,925	–
Amounts due to associates		
– Shanghai Woods Golf	**1,141,314**	–
– Wuxi Taihu	**33,792**	–
– Tianjin Poly Sunac	**9,311**	66,150
	1,184,417	66,150

As at 31 December 2012, amounts due to associates and jointly controlled entities were unsecured, have no fixed terms of repayment, and are cash advances in nature. Among the balance, RMB1,241 million (2011: RMB66 million) are interest free and RMB372 million are bearing interests at 10% to 10.98% per annum.

15 DIVIDENDS

The actual dividends paid in the year ended 31 December 2012 were RMB236.4 million (RMB0.0788 per share) which was proposed in the annual general meeting of the Company (RMB0.0785 per share, amounting to total dividend of RMB235.6 million). No dividends had been paid in the year ended 31 December 2011.

A final dividend in respect of the year ended 31 December 2012 amounting to a total dividend of RMB260,730,000, is to be proposed at the annual general meeting of the Company expected to be held on 16 May 2013.

	Year ended 31 December	
	2012	2011
	RMB'000	*RMB'000*
Proposed final dividend	**260,730**	235,617
Payment of final dividend for last year	**236,438**	–

16 TRADE AND OTHER PAYABLES

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**5,193,012**	3,132,703
Notes payables	**242,301**	–
Other taxes payable	**454,606**	217,764
Payable for consideration of equity acquisition	**387,778**	152,415
Interests payable	**184,342**	22,680
Payroll and welfare payables	**107,233**	88,597
Guarantee deposits for bidding	**130,350**	38,191
Advanced deed tax from customers	**113,900**	64,190
Current portion of long-term payable	**23,000**	–
Others	**279,287**	93,918
	7,115,809	3,810,458

Note (a):

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

	31 December 2012	31 December 2011
	RMB'000	*RMB'000*
Within 90 days	**4,221,977**	1,656,060
90-180 days	**111,435**	636,329
180-365 days	**434,656**	208,961
Over 365 days	**424,944**	631,353
	5,193,012	3,132,703

17 AMOUNT DUE TO NON-CONTROLLING INTERESTS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Amount due to non-controlling interests	**3,540,126**	–

The amount due to non-controlling interests was mainly due to the Group and the non-controlling interests provided funds to certain related property development subsidiaries through shareholders' loan according to the respective equity interests share. As at 31 December 2012, the amount due to non-controlling interests was non-interest bearing, unsecured and had no fixed terms of repayment.

18 BORROWINGS

	31 December 2012 *RMB'000*	31 December 2011 *RMB'000*
Non-current		
Secured, borrowed from:		
– Banks	**9,314,430**	7,098,600
– Other financial institutions	**4,996,710**	3,650,000
– Third parties	**500,000**	530,000
Senior notes	**2,459,390**	–
	17,270,530	11,278,600
Less: Current portion of long-term borrowings *(Note)*	**(7,328,050)**	(1,957,900)
	9,942,480	9,320,700
Current		
Secured, borrowed from:		
– Banks	**255,000**	–
– Other financial institutions	**1,750,690**	250,000
– Third parties	**50,000**	–
Unsecured, borrowed from:		
– Banks	**–**	–
– Other financial institutions	**318,807**	46,000
– Third parties	**2,080,000**	–
Current portion of long-term borrowings *(Note)*	**7,328,050**	1,957,900
	11,782,547	2,253,900
Total borrowings	**21,725,027**	11,574,600

Note: As at 31 December 2012, RMB1,657 million of borrowings for property development projects will be due for full repayment upon an aggregated 50% – 80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB1,400 million (2011: nil) of borrowings will be due for repayment in the year ending 31 December 2013 and are included in current liabilities.

19 EVENTS AFTER THE BALANCE SHEET DATE

(1) Acquisition of additional equity interests in two associates

(a) On 1 January 2013, Sunac Greentown, acquired an additional 20% equity interest of its jointly controlled entity, Changzhou Greentown, from a third party shareholder at a consideration of RMB160 million. Changzhou Greentown became a subsidiary of the Company.

(b) On 7 January 2013, pursuant to the agreement as disclosed in Note 8(c), the Group has completed the second acquisition of further 23.5% equity interest in TEDA City and the receivable of approximately RMB124.3 million due from TEDA City by the Seller at a total consideration of approximately RMB473.2 million.

(2) Investment in a property project in Hangzhou

On 17 January 2013, one of the subsidiaries of the Company, Jujin Property Investment Holdings Ltd. ("Jujin Property"), entered into an agreement with a third party company (the "Business Partner"), pursuant to which, Jujin Property and the Business Partner will jointly develop a property project in Hangzhou, the PRC, for which the land use right was secured by the Business Partner in December 2012. According to the agreement, the Group will invest RMB560 million and share 50% of interest in the property project.

(3) Placing Shares

On 21 January 2013, the Company issued 300 million new shares at HK$6.7 per share. The net proceed is recorded as share capital and share premium.

(4) Transfer of 25% interest of a subsidiary to a third party without losing control

On 31 January 2013, another wholly owned subsidiary of the Group, Zhuoyue Property Investment Holdings Ltd. ("Zhuoyue Property"), signed an agreement with Greentown Real Estate, pursuant to which, Zhuoyue Property will transfer 25% equity interest of its wholly owned subsidiary to Greentown Real Estate at a consideration of USD25.5 million (equivalent to RMB160.5 million). The subsidiary of Zhuoyue Property is developing a property project in Hangzhou, the PRC.

(5) Acquisition of 49% interest in a property project in Hangzhou

On 14 March 2013, a wholly owned subsidiary of the Company, Yingzi Real Estate Investment Holdings Ltd. ("Yingzi Real Estate"), entered into an agreement with Summer Sky Investment Limited ("Summer Sky") and Shimao Property Holdings Limited (an independent third party), pursuant to which, Yingzi Real Estate agreed to subscribe 49 new shares of Summer Sky at a consideration of HK$49 in cash. Summer Sky has secured a land use right for property development in Hangzhou. According to the plan, the Group will invest approximately RMB907 million and will share 49% interests in this project.

(6) Intention of acquisition of 50% interest in property projects in Shanghai

On 16 March 2013, the Company and Greentown China Holdings Limited (collectively, the "Purchasers") and China Gold Associates Limited (the "Vendor", an independent third party) entered into a Cooperative Development Intention Agreement, pursuant to which the Purchasers intend to acquire, conditionally through their equally-shared company, the entire issued share capital of Golden Regal Limited at a consideration of RMB9,019 million. The consideration of RMB9,019 million will be invested by the Company and Greentown China Holdings Limited in equal share. Golden Regal Limited indirectly owns 100% of the equity interest in three project companies which develop property projects located in Shanghai, the PRC. According to the current plan, upon the completion of this acquisition, Golden Regal Limited and its subsidiaries (including the three project companies) will become subsidiaries of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

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.

For the year ended 31 December 2012, the Group continued to deliver a solid performance, achieving satisfactory growth in its core businesses, and through the cooperation with Greentown Real Estate and new land acquisitions in Hangzhou, the Group has strategically penetrated into Shanghai and Hangzhou, and then commenced its strategic layout in Yangtze River Delta. Accordingly, the Group will focus on development of real estate properties in five zones of the PRC, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou.

Revenue of the Group for the year ended 31 December 2012 amounted to RMB20,842.6 million, which has an increase by 96.6% comparing with the total revenue for the year ended 31 December 2011.

The following table sets forth certain details of the revenues:

	For the year ended 31 December			
	2012		2011	
	RMB'000	*%*	*RMB'000*	*%*
Sales of properties	**20,654,358**	**99.10**	10,433,205	98.39
Property-management service income	**171,377**	**0.82**	152,991	1.44
Rental income from investment properties	**16,857**	**0.08**	17,851	0.17
Total	**20,842,592**	**100.0**	10,604,047	100.0
Total GFA delivered (sq.m)	**1,193,651**		739,301	
Average selling prices ("ASP") sold (RMB per sq.m)	**17,304**		14,112	

The revenue from the sales of properties increased by RMB10,221.2 million for the year ended 31 December 2012, primarily due to the revenue increase of RMB3,451.9 million and RMB2,761.0 million from the delivered properties of newly completed projects and projects acquired from the Greentown Real Estate, respectively.

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 RMB15,460.1 million for the year ended 31 December 2012 from RMB7,037.6 million for the year ended 31 December 2011, which was primarily due to

(i) the significant increase of GFA delivered;

(ii) the increase of the proportion of the delivered properties for the year ended 31 December 2012 which were remeasured at fair value due to the impacts of the acquisition of property projects. For the year ended 31 December 2012, the Group's cost of sales included RMB1,722.6 million related to the valuation surplus of the properties acquired, of which RMB519.5 million was attributable to the Company.

Overall, the Group's cost of sales was basically proportionate to the revenue recorded for the year ended 31 December 2012.

Gross margin

For the year ended 31 December 2012, gross profit of the Group amounted to RMB5,382.5 million, or an increase of 50.9% compared with RMB3,566.5 million of last year. Gross margin was 25.8% for the year or a decrease of 7.8 percentage points over last year, mainly due to

(i) the increase of the proportion of the delivered properties for the year ended 31 December 2012 which were remeasured at fair value due to the acquisition of property projects. Excluding the impact of remeasurement of fair value, the Group's gross margin was 34.1%;

(ii) the delivery of the properties from part of original projects under the management of Sunac Greentown, which had lower gross margin and accounted for a relatively higher proportion of the total revenue recorded for the year ended 31 December 2012 than last year.

Gain from business combination and gain from acquisition of associates

For the year ended 31 December 2012, the Group recognized a gain of RMB154.9 million from business combination and a gain of RMB120.0 million from acquisition of associates as a result of measuring at fair value of the equity interests in the companies acquired before the business combination and the acquisition and the excess of fair value of net assets acquired over cost of acquisition of interests in the companies was recorded as the Group's gain.

Other gains/(losses) – net

For the year ended 31 December 2012, the Group recorded other gains of RMB20.5 million which was mainly attributable to the gain from fair value change of investment properties of RMB19.0 million, comparing with net loss of RMB75.9 million from fair valve change of investment properties for the year ended 31 December 2011. The fluctuation in profit/loss from fair value of investment properties during the year was primarily due to the fair value change of the Group's investment properties at Sunac 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 RMB530.0 million for the year ended 31 December 2012 from RMB314.1 million for the year ended 31 December 2011, which was primarily due to the increase of the quantity of projects newly acquired and launched for the year ended 31 December 2012. However, the proportion of selling and marketing cost to the sales amount for the year ended 31 December 2012 dropped to 1.49% from 1.64% for the year ended 31 December 2011.

Administrative expenses

The Group's administrative expenses increased to RMB354.5 million for the year ended 31 December 2012 from RMB301.1 million for the year ended 31 December 2011, which was mainly due to the increase of the quantity of projects newly acquired and launched, resulting in an increase of relevant expenses. However, the proportion of administrative expenses to the sales amount for the year ended 31 December 2012 decreased to 0.99% from 1.57% for the year ended 31 December 2011.

Other income

The Group's other income slightly decreased by RMB2.5 million from RMB18.3 million in year ended 31 December 2011 to RMB15.8 million for the year ended 31 December 2012, which was primarily due to a decrease of RMB5.6 million in investment income as a result of the collection of entrusted loans to the Group's associates for the year ended 31 December 2012. Such decrease was partially eliminated by an increase of RMB2.7 million in government grants.

Other expenses

The Group's other expenses decreased by RMB5.6 million from RMB7.5 million for the year ended 31 December 2011 to RMB1.9 million for the year ended 31 December 2012, which was primarily due to the decrease of donations.

Operating profit

As a result of the sectors above analyzed, the Group's operating profit increased significantly by RMB965.7 million from RMB3,721.6 million for the year ended 31 December 2011 to RMB4,687.3 million for the year ended 31 December 2012, which was primarily due to

(i) an increase of RMB1,816.0 million in gross profit;

(ii) a decrease of RMB680.5 million in gain from business combination;

(iii) an increase of RMB169.8 million in operating expenses.

Finance costs, net

The Group's net finance costs amounted to RMB83.9 million for the year ended 31 December 2012, or a decrease of RMB99.4 million comparing with last year and the capitalized interest increased from RMB787.7 million for the year ended 31 December 2011 to RMB1,717.4 million for the year ended 31 December 2012, which was mainly attributable to an increase in interest expenses on the Group's total borrowings from RMB932.1 million for the year ended 31 December 2011 to RMB1,817.3 million for the year ended 31 December 2012. This increase was due primarily to an increase of borrowings to finance our expanded property development activities for the year ended 31 December 2012;

Share of (loss)/profit of jointly controlled entities

For the year ended 31 December 2012, the Group recorded share of loss of RMB30.4 million from the newly established and acquired jointly controlled entities which had not yet recorded the revenue for the year ended 31 December 2012, compared to share of profit of RMB0.1 million for the year ended 31 December 2011 which was totally attributed by Chongqing APEV Property Management Co., Ltd., which became a wholly owned subsidiary of the Company on 30 September 2012.

Share of loss of associates

For the year ended 31 December 2012, the Group recorded share of loss of RMB8.3 million from Tianjin Poly Sunac Investment Co., Ltd., and the other newly established and acquired associated companies, compared to share of loss of RMB10.1 million for the year ended 31 December 2011.

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 RMB2,069.8 million for the year ended 31 December 2012 from RMB1,145.2 million for the year ended 31 December 2011, which was primarily attributable to a remarkable increase in the Group's profit before income tax for the year ended 31 December 2012 compared to that for the year ended 31 December 2011.

Profit

As a result of the sectors above analyzed, the Group's profit attributable to owners of the Company for the year ended 31 December 2012 increased 11% to RMB2,607.3 million against RMB2,356.2 million last year. Moreover, excluding the impact of fair value remeasurement of the acquired properties, the fair value change of the investment properties and impairment provision for properties, the Group's core profit attributable to owners of the Company for the year ended 31 December 2012 increased 51.6% to RMB2,735.9 million from RMB1,804.5 million for the year ended 31 December 2011.

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	
	2012	2011
	RMB'000	*RMB'000*
Profit for the year	**2,614,740**	2,383,072
Attributable to:		
Owners of the Company	**2,607,300**	2,356,168
Non-controlling interests	**7,440**	26,904
	2,614,740	2,383,072

Non-controlling interests

The following table sets out certain details of the non-controlling interests:

	At 31 December	At 31 December
	2012	2011
	RMB'million	*RMB'million*
Shanghai Sunac Greentown Real Estate Development Co., Ltd. (including its subsidiaries)	**1,939.6**	–
Wuxi Sunac Greentown Hubin Real Estate Co., Ltd.	**(43.5)**	–
Tianjin Sunac Mingxiang Investment Development Co., Ltd.	**373.8**	–
Wuxi Sunac City Construction Co. Ltd.	**231.3**	213.0
Chongqing Sunac Yatai Shiye Co., Ltd.	**–**	141.7
Chongqing Yejin Real Estate Development Co., Ltd.	**4.0**	–
Beijing Xishanhui Business Club Management Co., Ltd.	**0.01**	–
Total	**2,505.2**	354.7

Cash position

The Group operates in a capital intensive industry and has 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 RMB12,262.7 million as at 31 December 2012, surging 217.1% from RMB3,867.1 million as of 31 December 2011.

The increase was principally attributable to

(i) the net cash inflow of RMB10,588.3 million (including restricted cash) in operating activities benefited from the significant increase of the proceeds from the pre-sale and sale of properties;

(ii) the net cash outflow of RMB5,259.6 million in investing activities which was mainly due to the net outflow of RMB2,473.2 million from the acquisition of Greentown projects and the net outflow of RMB2,777.0 million in investing new projects;

(iii) the net cash inflow of RMB3,067.9 million (including restricted cash) in financing activities primarily due to the net inflow of RMB3,756.8 million in borrowings, the net inflow of RMB1,341.3 million from the non-controlling interests' investments, the net outflow of RMB1,817.3 million in the payment of interest costs, and the net outflow of RMB236.4 million in the payment of dividend.

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 RMB21,725.0 million as at 31 December 2012, increasing by RMB10,150.4 million from RMB11,574.6 million as of 31 December 2011, which was primarily due to the net increase of RMB2,459.4 million from senior notes issued on 9 October 2012 and the another net increase of RMB7,691.0 million from the loans obtained from banks and other parties.

As at 31 December 2012, the RMB19,326.2 million of the Group's total borrowings (as at 31 December 2011: RMB11,528.6 million) were secured or jointly secured by the Group's properties under development, completed properties held for sale and investment properties totaling RMB27,578.4 million (as at 31 December 2011: RMB14,658.0 million), certain equity interests of the Group's subsidiaries (including those legally transferred as collateral).

Net debt to total assets ratio, gearing ratio and net gearing ratio

Net debt to total assets ratio is calculated as net debt divided by total assets. Net debt is calculated as total borrowings (including current and long-term borrowings) less cash and cash equivalents (including restricted cash). As at 31 December 2012, the net debt to total assets ratio of the Group is 13%, as compared to 23% as of 31 December 2011.

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 2012, the gearing ratio of the Group is 44%, as compared to 51% as at 31 December 2011.

Net gearing ratio is calculated as net debt divided by total equity. As at 31 December 2012, the net gearing ratio significantly decreased to 78.89% from 104.07% as at 31 December 2011, which indicated that amidst a rapid growth in business, the Group still possessed a sound financial structure and was capable to respond to various kinds of potential risks.

Interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the tables are the liabilities at carrying amounts, categorized by maturity dates.

	At 31 December 2012 *RMB'million*	At 31 December 2011 *RMB'million*
Floating rates		
Less than 12 months	**8,149**	1,067
1 to 5 years	**3,509**	6,083
Sub-total	**11,658**	7,150
Fixed rates		
Less than 12 months	**3,634**	1,187
1 to 5 years	**6,433**	3,238
Sub-total	**10,067**	4,425
Total	**21,725**	11,575

As at 31 December 2012, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group analyzes its interest rate exposure monthly by considering refinancing, renewal of existing positions and alternative financing.

Foreign exchange risk

The Group's normal operating activities are principally conducted in RMB since all of the operating entities are based in the PRC. The foreign currency balances as at 31 December 2012 were primarily the proceeds from the global bonds offering denominated in USD. Considering the increase trend of RMB value in recent years, the Group has converted most of the funds held in USD into RMB to minimize the exchange loss risk. Accordingly, as at 31 December 2012, most of the operating entities' assets and liabilities were denominated in RMB. The equivalent of RMB800 million was denominated in USD as at 31 December 2012. The Group will closely monitor and manage its exposure to fluctuation in foreign exchange rates.

No currency hedging arrangements were made as at 31 December 2012.

Contingent Liabilities

The Group provided guarantees to banks for mortgage facilities granted to certain purchasers of the Group's properties to secure the obligations of such purchasers for repayment of their mortgage loans. As at 31 December 2012, the amount was RMB5,124.2 million compared with RMB1,975.7 million as at 31 December 2011. Such guarantees terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which generally takes place within an average period of six months of the properties delivery date; 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.

BUSINESS REVIEW AND OUTLOOK

Business Highlights

Summary of Principal Properties

The Group has engaged in a total of 41 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 2012.

Project Summary as of 31 December 2012

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	1,247,672	1,193,228	100%	December 2014
Sunac Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	809,386	749,250	100%	Completed in 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%	Completed in 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, townhouses, retail properties and car parks	70,633	241,770	227,382	50.4%	December 2014
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	303,037	306,659	100%	December 2013
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,425	687,939	693,801	100%	December 2016

Project Summary as of 31 December 2012

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
Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	381,059	383,080	49%	May 2017
Dream of Mansion	Tianjin	Mid-rise apartments, townhouses and detached villas, retail properties, offices and car parks	120,058	193,728	193,967	50%	June 2014
Yongji Phase 2	Tianjin	High-rise apartments, retail properties, offices and car parks	20,842	89,060	82,610	23.5%(1)	June 2015
R3 Project	Tianjin	Retail properties, offices, serviced apartments and car parks	121,214	471,288	471,288	23.5%(1)	June 2017
R5 Project	Tianjin	High-rise apartments, retail properties and car parks	77,588	284,101	278,765	23.5%(1)	June 2016
Tianjin Azure Coast	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,688	200,257	40%	November 2017
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	439,901	334,657	100%	December 2013
Sunac Long Beach Mansion	Beijing	Mid-rise apartments, retail properties and car parks	63,940	133,956	103,326	100%	June 2013

Note (1) As at 25 March 2013, interest attributable to the Group is 47%.

Project Summary as of 31 December 2012

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
Yaao Jinmao Residence	Beijing	High-rise apartments, retail properties and car parks	84,684	247,174	138,253	49%	November 2014
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	148,657	97,951	49%	December 2015
Yizhuang Project	Beijing	High-rise and mid-rise apartments, retail properties and car parks	132,792	420,821	365,932	49.5%	December 2014
Shanghai Magnolia Garden	Shanghai	High-rise and mid-rise apartments, car parks	58,163	120,063	113,978	50%	June 2013
Shanghai Bund House	Shanghai	High-rise apartments, car parks	65,758	370,184	224,162	25.5%	November 2017
Shanghai Rose Garden	Shanghai	Detached villas, retail properties	803,353	243,035	144,590	50%	June 2015
Shanghai Magnolia Garden Phase 2	Shanghai	High-rise and mid-rise apartments, retail properties, car parks	72,803	176,718	148,018	24.5%	June 2015
Shanghai Wujiefang Project	Shanghai	High-rise and mid-rise apartments, retail properties, car parks	60,206	80,768	67,290	25%	June 2015
Shanghai Senglan Project	Shanghai	High-rise and mid-rise apartments, retail properties, car parks	75,091	179,946	117,832	24.5%	October 2015
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	1,647,343	2,620,468	2,067,031	100%	December 2014

Project Summary as of 31 December 2012

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 Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties and car parks	179,204	401,616	299,798	100%	December 2014
Central Park Project	Chongqing	High-rise and mid-rise apartments, townhouses and car parks	159,802	518,562	441,834	100%	December 2015
Zhao Mu Shan Project	Chongqing	High-rise apartments, townhouses, detached villas, retail properties and car parks	397,822	1,228,504	1,039,340	60%	December 2017
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, retail properties, offices, serviced apartments and car parks	118,912	759,495	619,318	100%	December 2014
Xi Xi Project	Hangzhou	Mid-rise apartments, townhouses and car parks	89,685	123,166	76,183	100%[(1)]	November 2014
Sunac 81	Suzhou	Townhouses, detached villas, retail properties	133,434	100,340	82,608	100%	Completed in December 2012
Suzhou Rose Garden	Suzhou	Detached villas	213,852	249,302	127,090	33.3%	June 2016
Suzhou Majestic Garden	Suzhou	Mid-rise apartments, detached villas and car parks	155,664	218,340	123,070	50%	December 2013
Camphorwood Mansion	Wuxi	High-rise apartments, detached villas, retail properties and car parks	203,070	706,473	646,706	51%	December 2017

Note (1) As at 25 March 2013, interest attributable to the Group is 75%.

Project Summary as of 31 December 2012

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 Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	706,889	1,400,636	1,293,909	100%	June 2014
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	570,182	1,052,907	955,591	71.4%	December 2015
Wuxi Magnolia Garden	Wuxi	High-rise apartments, retail properties, car parks	180,826	569,290	537,043	42.5%	September 2015
Wuxi Magnolia West Project	Wuxi	High-rise apartments, serviced apartments, retail properties, car parks	171,572	493,074	455,453	19.5%	December 2016
Sunac Royal Garden	Yixing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	469,734	394,438	100%	December 2014
Changzhou Magnolia Square	Changzhou	High-rise apartments, retail properties, car parks	413,252	1,480,924	1,398,748	18.5%(1)	December 2017
Total			**9,253,858**	**20,160,616**	**17,457,650**		

As at 31 December 2012, the land bank of the Group was approximately 13,600,000 sq. m., of which attributable land bank amounted to approximately 8,290,000 sq. m.

Note (1) As at 25 March 2013, interest attributable to the Group is 28.5%.

Review of 2012

In 2012, the government's control policies on real estate industry remained tight. Against such background, through adherence to its strategy of regional focus and high-end properties and with support from a team with superior execution, the Company remarkably achieved its 2012 operational tasks, enabling a continuously steady and fast growth in its results. While over-fulfilling various operational targets, the Company seized market opportunities to replenish its land bank with high-quality lands at suitable prices. While consolidating its existing regional advantages, the Company strategically penetrated into Shanghai and Hangzhou in 2012, with an aim to optimize its regional coverage. In 2012, with success in various aspects of the Company, the management has faith in enabling the Company to achieve a continuously steady and fast growth in future so as to ensure better shareholders returns.

Operating revenue and profit highlight

In 2012, the revenue and profit of the Company increased significantly as compared with the corresponding period in 2011, of which, the revenue increased by RMB10,238.5 million as compared with the corresponding period of last year to RMB20,842.6 million and the profit increased by RMB231.7 million as compared with the corresponding period of last year to RMB2,614.7 million.

Sales highlights

In 2012, the Company, through adherence to strategy of focusing on regional development and pursuing high-end property, over-fulfilled its planned objectives for 2012. The Group's contractual sales amount was RMB35.64 billion for 2012. Selling expenses and administrative expenses were also maintained at reasonable levels. The proportions of the above expenses to sales amount were 1.49% and 0.99% respectively. The Company believes all of our projects are located in premium locations of various cities and occupy valuable resources. With clear positioning and targeting at high-income customer groups in the cities, the Company would be able to implement its sales plan.

Land acquisitions

In 2012, other than its close cooperation with Greentown Real Estate, the Company also has cooperations on projects with prominent enterprises such as Poly (Beijing) Real Estate Development Co., Ltd. ("Poly"), the Wharf (Holdings) Limited ("Wharf"), China Gezhouba Group Real Estate Co., Ltd. and Tianjin TEDA Group Company Ltd. ("TEDA").

Penetrating into Shanghai through joint efforts with Greentown Real Estate and in-depth cooperation with the well complemented strengths beginning at a high starting point

In January 2012, the Company jointly developed Camphorwood Mansion Project in Wuxi with Greentown Real Estate. In June 2012, they joined forces again to develop 9 projects in regions such as Shanghai and South Jiangsu, which added 3,451,000 sq. m. into the land bank. The Company invested RMB3.36 billion and holds a 50% of interest in these 9 property projects from Greentown Real Estate.

This cooperation allows the Company to penetrate into Shanghai at a high starting point, thereby optimizing the Company's strategic coverage and strengthening its strategy of delivering high-end products as well as enabling the Company to enhance its systematic abilities in creating high-end properties.

Meanwhile, through seizing opportunities from the Shanghai land market, the Company acquired three new projects including Phase 2 of Shanghai Magnolia Garden, Wujiefang and Senglan with its partners such as Gezhouba, the Wharf and Poly at an aggregate consideration of RMB4.6 billion. The aggregate above ground floor area of these projects is approximately 302,000 sq. m.

Strategically penetrating into Hangzhou

In November 2012, the Company made its debut in Hangzhou by winning the bid for the land parcel of Xixi Wetland at Yuhang District at an aggregate consideration of RMB620 million. This land parcel, with site area of 59,000 sq. m. and above ground floor area of 77,000 sq. m., is situated in the famous scenic spot of Xixi Wetland with prime location and low volume rate, and suitable to create high-quality products, helping to build the brand of "Sunac" in Hangzhou;

Hangzhou is the financial and administrative center of Zhejiang, China's most economically developed province, where the economy is developed with a strong population aggregation. Moreover, Greentown Real Estate, the Company's partner, has spent years in cultivating this area, which the Group believes that will also facilitate the Company's development therein. In future, the Company will regard Hangzhou as an integral part of its regional coverage to cultivate this market.

Continuously strengthening the Company's advantages in Beijing, Tianjin and Chongqing

Beijing: In September 2012, the consortium formed by a subsidiary of the Company and Poly (Beijing) Real Estate Development Co., Ltd. acquired two land parcels at Yi Zhuang Xin Cheng, Daxing District through the listing-for-sale process, at an aggregate consideration of RMB3.08 billion, the total site area of which is 137,000 sq. m. and floor area of 309,000 sq. m.. These two land parcels are for residential use and owned as to 49.5% by the Company;

Tianjin: In December 2012, a wholly-owned subsidiary of the Company entered into an equity acquisition agreement with Beijing Vantone Real Estate Ltd., Co. ("Beijing Vantone"), pursuant to which, 23.5% of Tianjin TEDA City Development Co., Ltd. ("TEDA City") was acquired from Beijing Vantone at a consideration of RMB349 million. TEDA City is currently engaging in the development of Yongji Phase 2, Lot R3 and Lot R5. The total site area and the GFA of these three projects are approximately 220,000 sq. m. and approximately 850,000 sq. m. of which Yongji Phase 2 is located at the core area of Nankai District, a premium parcel of land while Lot 3 and Lot 5 are located at Hongqiao District, enjoying an excellent sea-and-river view.

Chongqing: In November and December 2012, a wholly-owned subsidiary of the Company acquired the land parcels for Central Park Project, Zhao Mu Shan Project and New District of North Area. The aggregate consideration of these three parcels of land was RMB3.82 billion, with the total site area of approximately 649,000 sq. m. and the GFA of approximately 1,527,000 sq. m. All these land parcels are located in the core area of Liangjiang New District, an area developed by the Chongqing Municipal Government with great emphasis.

Outlook for 2013

We expect that the central government's control policies on real estate industry in 2013 will remain tight, although new policies will be more targeted and flexible. The Company believe this will be conducive to the industry's healthy development in long run. The property market mainly depends on regional supply and demand as well as customers' expectations. The Company estimate that the overall market in 2013 will maintain steady, while that market differentiation will further exacerbate and performance of different cities, property developers and projects will show clear difference.

In 2013, the Company will continue to keep an eye on the land market, and seize all opportunities therein, to take advantage of the opportunities arising from different cities and parcels of lands. The Company will strictly follow the Company's rules on land acquisition to replenish our land bank provided that we has sufficient cash flows and the prices are suitable. In respect of selection of the cities, the Company will focus on consolidating our existing cities and, under prudent consideration, taking suitable chances to further optimize regional coverage.

In 2013, the Company will consistently emphasize on the build-up of its management capabilities so as to continuously improve the Company's comprehensive and integrated management and control platform, and enhance its management capabilities before scaling up, to well guarantee the steady and fast development of the Company's business.

FINAL DIVIDENDS

The Board proposes to declare a final dividend of approximately RMB260.7 million in aggregate, for the year ended 31 December 2012, which are expected to be paid on 8 August 2013 to shareholders whose names appear on register of members of the Company as at 24 May 2013, subject to shareholders' approval in the forthcoming annual general meeting of the Company expected to be held on 16 May 2013 (the "AGM"). 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 16 May 2013.

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 12 May 2013 to 16 May 2013 (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 10 May 2013.

For the purpose of determining the shareholders' entitlement to the final dividend, the register of members of the Company will also be closed from 23 May 2013 to 24 May 2013 (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 22 May 2013.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year ended 31 December 2012, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as the guidelines of the directors of the Company (the "Directors") for the dealings in the securities of the Company. Following specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2012 in relation to their securities dealings, if any.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and has, throughout the year ended 31 December 2012, complied with all applicable code provisions under the Corporate Governance Code, save and except for the only deviations from code provisions A.2.1, A.6.7 and E.1.2.

Code provision A.2.1 provided that, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are performed by Mr. Sun Hongbin. 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.

Code provision A.6.7 provided that, independent non-executive Directors and other non-executive Directors should attend general meetings. Mr. Li Qin and Mr. Ma Lishan (independent non-executive Directors) as well as Mr. Zhu Jia and Ms. Hu Xiaoling (non-executive Directors) were unable to attend the annual general meeting of the Company held on 18 May 2012 (the "2012 AGM") due to conflicting schedules. Accordingly, the Company was unable to fully comply with code provision A.6.7 of the Corporate Governance Code. However, Mr. Poon Chiu Kwok ("Mr. Poon"), an independent non-executive Director, attended the 2012 AGM and answered questions from shareholders. Mr. Poon is also the chairman of the audit committee, chairman of the remuneration committee and member of the nomination committee of the Company.

Code provision E.1.2 provided that, the chairman of the Board should attend the annual general meeting and be available to answer questions at the meeting. Mr. Sun Hongbin (chairman of the Board of the Company) was unable to attend the 2012 AGM as he had to attend certain business matters in the PRC on the same day. Accordingly, the Company was unable to fully comply with code provision E.1.2 of the Corporate Governance Code.

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

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the Corporate Governance Code. The audit committee consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Li Qin, Mr. Ma Lishan and Mr. Tse Chi Wai, and is chaired by Mr. Poon Chiu Kwok who 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 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 2012 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 2012 annual report will be dispatched to shareholders along with the AGM circular, the notice of AGM and 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, 25 March 2013

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