

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

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

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014**

FINANCIAL HIGHLIGHTS

- Contract sales amount of RMB65,847.3 million was realized, representing a growth rate of approximately 29.6% compared to the same period of last year.
- Revenue was RMB25,072.0 million, representing a decrease rate of approximately 18.7% compared to the same period of last year.
- Profit attributable to owners of the Company was RMB3,222.1 million, representing a growth rate of approximately 1.4% compared to the same period of last year.
- Core profit attributable to owners of the Company was RMB3,729.7 million, representing a growth rate of approximately 5.9% compared to the same period of last year.
- The Company's cash on hand was RMB25,041.4 million, representing a growth rate of approximately 56.4% compared to that as at 31 December 2013.
- The net gearing ratio decreased to 44.5% from 69.7% as at 31 December 2013.
- The Board proposed to declare a final dividend of RMB0.19 per share for the year ended 31 December 2014.

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 2014 with comparative figures for the corresponding period in 2013, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014

		Year ended 31 December	
		2014	2013
	<i>Note</i>	RMB'000	RMB'000
Revenue	4	25,071,959	30,836,714
Cost of sales	10	(20,730,079)	(23,660,207)
Gross profit		4,341,880	7,176,507
Selling and marketing costs	10	(697,299)	(615,453)
Administrative expenses	10	(680,743)	(520,137)
Other income and gains		1,020,451	222,522
Other expenses and losses		(119,817)	(145,473)
Operating profit		3,864,472	6,117,966
Finance income	11	123,422	74,529
Finance costs	11	(1,267,380)	(580,277)
Finance costs - net		(1,143,958)	(505,748)
Share of profit of investments accounted for using equity method, net	5	2,181,283	72,231
Profit before income tax		4,901,797	5,684,449
Income tax expenses	12	(1,669,168)	(2,190,622)
Profit for the year		3,232,629	3,493,827
Other comprehensive income for the period		—	—
Total comprehensive income for the period		3,232,629	3,493,827
Profit and total comprehensive income attributable to:			
– Owners of the Company		3,222,070	3,178,403
– Non-controlling interests		10,559	315,424
		3,232,629	3,493,827
Earnings per share attributable to owners of the Company (expressed in RMB per share):			
– Basic earnings per share	13	0.96	0.96
– Diluted earnings per share	13	0.95	0.95
Dividends	14	644,414	635,681

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2014

		As at 31 December	
		2014	2013
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets			
Non-current assets			
Property, plant and equipment		61,815	65,381
Investment properties		239,000	252,000
Intangible assets		148,905	234,234
Investments accounted for using the equity method	5	12,048,789	7,908,864
Prepayment for equity investments	7	944,991	—
Deferred income tax assets		1,451,953	1,304,554
		14,895,453	9,765,033
Current assets			
Properties under development		35,700,545	40,694,597
Completed properties held for sale		13,682,451	17,411,712
Trade and other receivables	6	2,474,809	1,213,763
Amounts due from related companies		17,999,418	9,755,363
Prepayments	7	2,568,194	2,505,811
Restricted cash		4,384,145	2,594,666
Cash and cash equivalents		20,657,285	13,414,017
		97,466,847	87,589,929
Total assets		112,362,300	97,354,962
Equity And Liabilities			
Equity attributable to owners of the Company			
Ordinary shares		289,963	285,055
Reserves			
– Proposed final dividend	14	644,414	635,681
– Others		15,418,561	12,684,567
		16,352,938	13,605,303
Non-controlling interests		4,629,695	4,606,015
Total equity		20,982,633	18,211,318

		As at 31 December	
		2014	2013
	Note	RMB'000	RMB'000
Liabilities			
Non-current liabilities			
Borrowings	9	20,544,113	20,871,569
Deferred income tax liabilities		5,886,751	6,483,025
		<u>26,430,864</u>	<u>27,354,594</u>
Current liabilities			
Trade and other payables	8	11,615,723	16,900,347
Advanced proceeds from customers		12,270,841	13,647,124
Amounts due to related companies		20,713,919	6,894,723
Current income tax liabilities		6,508,638	6,512,135
Borrowings	9	13,839,682	7,834,721
		<u>64,948,803</u>	<u>51,789,050</u>
Total liabilities		<u>91,379,667</u>	<u>79,143,644</u>
Total equity and liabilities		<u>112,362,300</u>	<u>97,354,962</u>
Net current assets		<u>32,518,044</u>	<u>35,800,879</u>
Total assets less current liabilities		<u>47,413,497</u>	<u>45,565,912</u>

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 in the People’s Republic of China (the “PRC”).

The Company is a limited company incorporated in the Cayman Islands. The address of its registered office is Landmark Square, 3rd Floor, 64 Earth Close, P.O. Box 30592, Grand Cayman KY1-1203, Cayman Islands.

The Company’s 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 23 March 2015.

2 Significant accounting policies

These financial statements have been prepared under the historical cost basis except for investment properties, which are measured at fair values.

The accounting policies used in preparing the consolidated financial statements are consistent with those followed in the Group’s annual financial statements for the year ended 31 December 2013 except for the addition of certain standards and interpretations of Hong Kong Financial Reporting Standards (“HKFRS”) which have been issued and become effective in current year as described in note 3 “Adoption of new and revised HKFRSs”.

3 Adoption of new and revised HKFRSs

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2014:

Amendment to Hong Kong Accounting Standards (“HKAS”) 32, ‘Financial instruments: Presentation’ on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

Amendments to HKAS 36, ‘Impairment of assets’, on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of cash-generating units (“CGUs”) which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to HKAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS/HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria. The Group has applied the amendment and there has been no significant impact on the Group financial statements as a result.

HK(IFRIC) 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of HKAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised. The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements.

(I) Changes effective for annual periods beginning on or after 1 July 2014

Amendment to HKAS19 regarding defined benefit plans

Annual improvements 2012

Annual improvements 2013

(II) Changes effective for annual periods beginning on or after 1 January 2016

HKFRS 14 "Regulatory Deferral Accounts"

Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operation

Amendments to HKAS 16 and HKAS 38 on clarification of acceptable methods of depreciation and amortisation

Annual improvements 2014

(III) Changes effective for annual periods beginning on or after 1 January 2017

HKFRS15 "Revenue from Contracts with Customers"

(IV) Changes effective for annual periods beginning on or after 1 January 2018

HKFRS 9 "Financial Instruments"

None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKAS 9's full impact.

HKFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces HKAS 18 'Revenue' and HKAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of HKAS 15.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

4 Segment information

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources of the Group. The executive directors of the Company have determined the operating segments based on these reports. The executive directors assess the performance of property development, property investment business and property management business of the Group respectively. The performance of such 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 2014		
	Property development and investment RMB '000	Property management and others RMB '000	Total RMB '000
Total segment revenue	24,719,336	417,762	25,137,098
Inter-segment revenue	—	(65,139)	(65,139)
Revenue from external customers	24,719,336	352,623	25,071,959
Segment gross profit	4,326,524	15,356	4,341,880
Selling and marketing costs	(671,986)	(25,313)	(697,299)
Administrative expenses	(629,161)	(51,582)	(680,743)
Other income and gains	1,017,918	2,533	1,020,451
Other expenses and losses	(117,859)	(1,958)	(119,817)
Finance income	123,422	—	123,422
Finance costs	(1,267,380)	—	(1,267,380)
Share of profit of investments accounted for using equity method, net	2,181,283	—	2,181,283
Profit/(loss) before income tax	4,962,761	(60,964)	4,901,797

	As at 31 December 2014		
	Property development and investment RMB '000	Property management and others RMB '000	Total RMB '000
Total segment assets	110,725,396	184,951	110,910,347
Total segment liabilities	78,651,367	332,911	78,984,278

	Year ended 31 December 2013		
	Property development and investment <i>RMB '000</i>	Property management and others <i>RMB '000</i>	Total <i>RMB '000</i>
Total segment revenue	30,596,343	290,367	30,886,710
Inter-segment revenue	—	(49,996)	(49,996)
Revenue from external customers	30,596,343	240,371	30,836,714
Segment gross profit/(loss)	7,221,265	(44,758)	7,176,507
Selling and marketing costs	(605,671)	(9,782)	(615,453)
Administrative expenses	(481,628)	(38,509)	(520,137)
Other income and gains	216,931	5,591	222,522
Other expenses	(143,913)	(1,560)	(145,473)
Finance income	74,529	—	74,529
Finance costs	(580,277)	—	(580,277)
Share of profit of investment accounted for using equity method, net	72,231	—	72,231
Profit/(loss) before income tax	5,773,467	(89,018)	5,684,449

	As at 31 December 2013		
	Property development and investment <i>RMB '000</i>	Property management and others <i>RMB '000</i>	Total <i>RMB '000</i>
Total segment assets	95,909,375	141,033	96,050,408
Total segment liabilities	65,905,140	243,344	66,148,484

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

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Total segment assets	110,910,347	96,050,408
Deferred income tax assets	1,451,953	1,304,554
Total assets per balance sheet	112,362,300	97,354,962
Total segment liabilities	78,984,278	66,148,484
Deferred income tax liabilities	5,886,751	6,483,025
Current income tax liabilities	6,508,638	6,512,135
Total liabilities per balance sheet	91,379,667	79,143,644

5 Investments accounted for using the equity method

The amounts recognised in the balance sheet are as follows:

	31 December	31 December
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Joint ventures	7,927,863	4,925,337
Associates	4,120,926	2,983,527
	12,048,789	7,908,864

The share of profits/(losses) from investment recognised in the income statement were as follows:

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Joint ventures	1,043,884	(118,558)
Associates	1,137,399	190,789
	2,181,283	72,231

5.1 Investment in joint ventures

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	4,925,337	1,081,184
Investments in joint ventures	1,985,309	3,307,086
Dividend from a joint venture	(26,667)	(26,667)
Share of profit/ (loss) of joint ventures, net	1,043,884	(118,558)
An associate becoming a joint venture upon additional equity interest acquisition	—	706,482
Increase in investment in an existing joint venture	—	181,300
A joint venture becoming a subsidiary upon additional equity interest acquisition	—	(205,490)
At end of year	<u>7,927,863</u>	<u>4,925,337</u>

Except for Summer Sky Investments Limited, which is incorporated in Hong Kong, the remaining joint ventures of the Group are incorporated in the PRC. All joint ventures are non-listed companies.

5.2 Investment in associates

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

	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	2,983,527	3,123,480
Share of profit of associates, net	1,137,399	190,789
Investments in associates	—	22,500
An associate becoming a joint venture	—	(353,242)
At end of year	<u>4,120,926</u>	<u>2,983,527</u>

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

6 Trade and other receivables

	31 December 2014 RMB'000	31 December 2013 RMB'000
Amount due from non-controlling interests	1,392,778	—
Trade receivables (Note (c))	368,868	50,876
Receivables from disposal of properties under development ("PUD") (Note (d))	335,000	840,788
Notes receivables	4,110	2,400
Other receivables		
- Deposits	166,587	200,367
- On behalf of clients	140,171	60,984
- Others	94,973	58,348
Provision of other receivables	(27,678)	—
	<u>2,474,809</u>	<u>1,213,763</u>

Notes:

- (a) As at 31 December 2014 and 2013, the carrying amounts of trade receivables and other receivables approximated their fair value.
- (b) The carrying amounts of the Group's receivables are all denominated in RMB.
- (c) Trade receivables mainly arise from sales of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements. The ageing analysis of trade receivables at respective balance sheet dates is as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Within 90 days	243,987	50,876
90 - 180 days	52,477	—
181 - 365 days	72,404	—
	<u>368,868</u>	<u>50,876</u>

Trade receivables are analysed as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Fully performing under credit terms	351,422	50,876
Past due but not impaired	17,446	—
	<u>368,868</u>	<u>50,876</u>

During the year ended 31 December 2014, the Group allows a credit period of 90-365 days to certain customers with good credit standing.

As the Group normally holds collateral of the properties before collection of the outstanding balances and passing the titles to the purchasers, the Directors consider that the past due trade receivables would be recovered and no provision was made against past due receivables as at 31 December 2014.

- (d) In 2013, the Group disposed of a land use right under development in a project in Shanghai to the local government at the consideration of RMB800 million, of which RMB465 million was received in 2014. The remaining balance was received in January 2015.

7 Prepayments

	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current		
Prepayments for equity investment (Note (a))	<u>944,991</u>	—
Current		
Prepaid taxes		
- Land appreciation taxes (“LAT”)	985,483	754,616
- Business tax and surcharge	699,397	736,866
- Current income tax	499,671	482,034
Prepayments for land use rights acquisition	342,109	480,165
Prepayments for project development costs	<u>41,534</u>	<u>52,130</u>
	<u>2,568,194</u>	<u>2,505,811</u>

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

- (a) Shanghai Ronglv Ruijiang Real Estate Co., Ltd. (“Shanghai Ronglv Ruijiang”), a 75.5% owned subsidiary of the Group, entered into an equity transfer agreement with a third party (the “Seller”), pursuant to which Shanghai Ronglv Ruijiang has agreed to acquire the 47% equity interests in Shanghai Fuyuan Binjiang Development Co., Ltd (“Shanghai Fuyuan

Binjiang”), a company established in the PRC engaged in property development and hotel management, at a total consideration of RMB1,575 million, comprising (i) a transfer price of RMB977 million in relation to the 47% equity interests in Shanghai Fuyuan Binjiang; and (ii) a debt amount of RMB598 million owing by Shanghai Fuyuan Binjiang to the Seller.

As at 31 December 2014, an aggregate payment of RMB945 million, representing 60% of the total consideration was paid by Shanghai Ronglv Ruijiang. This transaction has been completed in February 2015 and Shanghai Fuyuan Binjiang became an associate of the Group.

8 Trade and other payables

	31 December 2014 RMB'000	31 December 2013 RMB'000
Trade payables (Note (a))	6,258,615	9,498,028
Amount due to non-controlling interests (Note (b))	3,217,086	4,498,333
Notes payables	765,284	305,185
Interests payable	307,188	244,120
Advanced deed tax from customers	284,214	242,576
Other taxes payable	312,936	469,115
Payroll and welfare payables	186,778	153,987
Payables for acquisition consideration	48,026	1,234,867
Deposits from construction companies for tendering	34,754	68,304
Others	200,842	185,832
	11,615,723	16,900,347

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

	31 December 2014 RMB'000	31 December 2013 RMB'000
Within 90 days	3,382,318	5,863,430
90-180 days	285,542	648,115
181-365 days	744,725	1,957,057
Over 365 days	1,846,030	1,029,426
	6,258,615	9,498,028

- (b) 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 2014 and 2013, the amount due to non-controlling interests were non-interest bearing, unsecured and had no fixed terms of repayment.

9 Borrowings

	31 December 2014 RMB'000	31 December 2013 RMB'000
Non-current		
Secured,		
- Bank borrowings	16,608,622	14,397,410
- Other borrowings	5,150,000	7,736,084
- Senior notes	7,869,165	5,408,889
	<u>29,627,787</u>	<u>27,542,383</u>
Less: Current portion of long-term borrowings (Note (i))	<u>(9,083,674)</u>	<u>(6,670,814)</u>
	<u><u>20,544,113</u></u>	<u><u>20,871,569</u></u>
Current		
Secured,		
- Bank borrowings	1,514,708	45,000
- Other borrowings	3,195,300	1,000,100
	<u>4,710,008</u>	<u>1,045,100</u>
Unsecured, borrowed from:		
- Other borrowings	46,000	118,807
Current portion of long-term borrowings (Note (i))	<u>9,083,674</u>	<u>6,670,814</u>
	<u>13,839,682</u>	<u>7,834,721</u>
Total borrowings	<u><u>34,383,795</u></u>	<u><u>28,706,290</u></u>

- (i) As at 31 December 2014, included in long-term borrowing, RMB7,081 million (2013: RMB4,459 million) of borrowings for property development projects will be due for repayment upon an aggregated 20% - 80% pre-sale status in term of gross floor area of the respective projects were achieved. Based on the management's sales forecast, RMB1,756 million (2013: RMB1,616 million) of borrowings will be due for repayment in the year ending 31 December 2015 and are included in current liabilities.

(ii) The Group's long-term borrowings as at 31 December 2014 were repayable as follows:

	31 December 2014 RMB'000	31 December 2013 RMB'000
Between 1 and 2 years	4,683,192	11,211,104
Between 2 and 5 years	15,860,921	9,660,465
	<u>20,544,113</u>	<u>20,871,569</u>

The weighted-average effective interest rates for the year ended 31 December 2014 was 9.12% (2013: 10.00%).

(iii) Financial liabilities are not measured at fair value on a recurring basis (but fair value disclosures are required).

The carrying amounts of bank borrowings, borrowings from other financial institution are approximate their fair values. The fair values of senior notes as at 31 December 2014 amounted to RMB8,187 million, which were calculated based on the market price of the traded senior notes at the balance sheet date. The fair values of senior notes are within level 2 of the fair value hierarchy.

10 Expenses by nature

	2014 RMB'000	2013 RMB'000
Costs of completed properties sold	18,495,001	21,313,761
Business tax and related surcharges	1,389,572	1,657,791
Staff costs	625,892	467,026
Impairment charges	533,518	103,117
Advertisement and promotion costs	333,366	345,461
Consulting expenses	81,613	64,270
Depreciation and amortisation	24,684	23,921
Auditors' remuneration		
- Audit services	5,100	4,800
- Non-audit services	300	—

11 Finance income and costs

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Interest expenses	3,035,959	2,559,880
Other finance costs	—	8,709
	<u>3,035,959</u>	<u>2,568,589</u>
Less: capitalised finance costs	(1,776,914)	(1,947,641)
	<u>1,259,045</u>	<u>620,948</u>
Exchange loss/(gain)	8,335	(40,671)
	<u>1,267,380</u>	<u>580,277</u>
Finance income:		
- Interest income on bank deposits	(123,422)	(74,529)
	<u>(123,422)</u>	<u>(74,529)</u>
Net finance costs	<u>1,143,958</u>	<u>505,748</u>

The capitalisation rate used to determine the amount of the interests incurred eligible for capitalisation in 2014 was 9.12% (2013: 10.00%).

12 Income tax expenses

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Corporate Income Tax (“CIT”)		
- Current income tax	1,158,896	1,933,751
- Deferred income tax	(325,322)	(643,786)
	<u>833,574</u>	<u>1,289,965</u>
LAT	835,594	900,657
	<u>1,669,168</u>	<u>2,190,622</u>

(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:

	2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Profit before income tax	<u>4,901,797</u>	<u>5,684,449</u>
Income tax calculated at the domestic tax rates		
applicable to profits in the respective countries or regions	1,277,790	1,421,112
LAT deduction	(208,898)	(225,164)
Share of profit of investments accounted for using equity method, net	(524,350)	(18,058)
Income not subject to tax	(1,471)	(22,511)
Tax losses for which no deferred income tax assets was recognised	96,127	79,846
Tax timing differences for which no deferred income tax assets was recognised	82,536	—
Utilisation of tax losses which no deferred income tax was recognised	(4,085)	(3,971)
Write-back of timing differences which no deferred income tax was recognised	(17,056)	(24,864)
Non-deductible expenses	38,074	28,171
Withholding tax for distributable profits of PRC subsidiaries, joint ventures and associates	<u>94,907</u>	<u>55,404</u>
	<u>833,574</u>	<u>1,289,965</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

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%.

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 PRC. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in the PRC 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.

13 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.

	2014	2013
Profit attributable to owners of the parent company (RMB'000)	<u>3,222,070</u>	<u>3,178,403</u>
Weighted-average number of ordinary shares in issue (thousand)	<u>3,350,372</u>	<u>3,301,899</u>

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. 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 issued assuming the exercise of the share options.

	2014	2013
Profit attributable to owners of the parent company (RMB'000)	<u>3,222,070</u>	<u>3,178,403</u>
Weighted-average number of ordinary shares in issue (thousand)	<u>3,350,372</u>	<u>3,301,899</u>
Adjusted for share options (thousand)	<u>34,455</u>	<u>59,757</u>
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	<u>3,384,827</u>	<u>3,361,656</u>

14 Dividends

The dividends paid in 2014 and 2013 were RMB635.7 million (RMB0.191 per share) and RMB260.7 million (RMB0.079 per share) respectively. A dividend in respect of the year ended 31 December 2014 of RMB0.190 per share, amounting to a total dividend of RMB644.4 million, is to be proposed at the annual general meeting on 19 May 2015. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend paid of RMB0 (2013:nil) per ordinary share	—	—
Proposed final dividend of RMB0.190 (2013:RMB0.191) per ordinary share	644,414	635,681

15 Events after the balance sheet date

- (1) Acquisition of equity interests and debts in target companies from Kaisa Group Holdings Limited (“Kaisa”)

On 30 January 2015, Tianjin Tengyao Property Company Limited (“Tianjin Tengyao”), a wholly-owned subsidiary of the Company, as the purchaser and Shanghai Xinwan Investment Development Company Limited (“Shanghai Xinwan”), a wholly-owned subsidiary of Kaisa, as the vendor have respectively entered into acquisition agreements with respect to the acquisition of 51% equity interests and debt in Shanghai Chengwan Zhaoye Property Development Company Limited, 51% equity interests and debt in Shanghai Yingwan Zhaoye Property Development Company Limited, 100% equity interests and debt in Shanghai Qingwan Zhaoye Property Development Company Limited and 100% equity interests and debt in Shanghai Rongwan Zhaoye Property Development Company Limited (together, “Target Companies”) from the Kaisa at a total consideration of RMB2,374.9 million (the “Consideration”), including RMB2,289.4 million for acquiring the outstanding shareholder’s loan owing by the Target Companies to Shanghai Xinwan.

Pursuant to the term of the acquisition agreements, subject to there being no change in control of Shanghai Xinwan, Shanghai Xinwan has an option to, within 12 months from the date of the acquisition agreements, repurchase the equity interests and debts acquired by Tianjin Tengyao. The option to repurchase is subject to, among other things, (a) written approval of creditors, partner (if any) and other stakeholders required for the consummation of such option to repurchase; and (b) a repurchase price of not less than the sum of: (i) the Consideration and all other reasonable related costs; (ii) the amount of capital injected by Tianjin Tengyao and its associates into the Target Companies since the date of the acquisition agreements; and (iii) 10% of the sum of (i) and (ii).

For details, please refer to the announcement of the Company dated 1 February 2015.

The acquisition has yet to be completed up to the date of this announcement.

- (2) Proposed acquisition of 49.25% issued share in capital of Kaisa (the “First Share Offer”) and possible conditional mandatory cash offers to acquire all the issued shares in capital of Kaisa

On 30 January 2015, Ease Success Holdings Limited (“Ease Success”), a wholly owned subsidiary of the Group, entered into a share purchase agreement (the “Share Purchase Agreement”) with certain shareholders of Kaisa, who are independent third parties of the Group. Pursuant to the agreement, the Group will acquire an aggregate of 2,529,196,133 shares, approximately 49.25% of the issued share capital of Kaisa at the purchase price of HK\$1.80 per share, for a total consideration of HK\$4,552.6 million (equivalent to RMB3,604 million). Completion of the Share Purchase Agreement shall take place subject to certain conditions precedent (the “Conditions”) as set out in the Share Purchase Agreement, details of which were summarised in the joint announcement (the “Joint Announcement”) by the Company and Kaisa published on 6 February 2015. Either party may exercise their discretionary power to terminate the Share Purchase Agreement if the Conditions are not satisfied or otherwise waived (as applicable) by 31 July 2015 or such other time as agreed between the parties to the Share Purchase Agreement. Payment of the consideration was in accordance with the term set out in the Joint Announcement.

Pursuant to Rule 26.1 of the Takeovers Code, Ease Success, upon completion of the Share Purchase Agreement, and the Group will then make the share offer in cash for all the issued shares (“General Share Offer”) at HK\$1.80 per share in cash, which excluding (i) shares already owned by or agreed to be acquired by the Ease Success and its concert parties at the time when the share offer is made; and (ii) the 1,537,696,106 shares representing approximately 29.94% of the total issued share capital of Kaisa held by a beneficial owner, who undertook not to accept the General Share Offer. There will be an aggregate 1,068,535,671 shares in the issued capital of Kaisa subject to the General Share Offer. Pursuant to Rule 13.5 of the Takeovers Code, Ease Success will also make the possible conditional mandatory conditional cash offer by Ease Success to Kaisa option holders for the cancellation of all outstanding share options (the “Option Offer”), and the possible conditional cash offer to be made by Ease Success to Kaisa convertible bonds holders (the “CB Offer”). Details of the Option Offer and CB Offer are set out in the Joint Announcement.

For details, please refer to the Joint Announcement of the Company and Kaisa dated 6 February 2015.

The above proposed transactions will be subject to the Company’s shareholders’ approval at a special general meeting which will be held after the date of approval of the announcement.

- (3) Acquisition of 37.855% equity interests and debts in Shanghai Fengden Lishe Real Estate Development Co., Ltd. (“Shanghai Fengdan”)

On 16 February 2015, Shanghai Sunac Ruifeng Investment Co., Ltd. (“Shanghai Sunac Ruifeng”), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with four independent third parties (“Four Independent Third Parties”), pursuant to which, Shanghai Sunac Ruifeng agreed to acquire 37.855% equity interests and debts in Shanghai Fengdan at a total consideration of RMB1,324.9 million, including RMB151 million for acquiring the outstanding shareholder’s loan owing by Shanghai Fengdan to the Four Independent Third Parties. Shanghai Fengdan is a company established in the PRC engaged in property development and investment. Upon completion of the acquisition, Shanghai Fengdan will become a joint venture of the Group.

For details, please refer to the announcement of the Company dated 17 February 2015. The acquisition was completed in February 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group for the year ended 31 December 2014 was substantially generated from sales of residential and commercial properties. Only a minor portion of the Group's revenue was derived from the income from property management services and rental of investment properties located in Tianjin.

For the year ended 31 December 2014, the Group remained focusing on the development of real estate properties in five main regions of the PRC, namely Beijing, Tianjin, Shanghai, Chongqing and Hangzhou, and continued to deliver a solid performance, achieving satisfactory growth in its core businesses.

Revenue of the Group for the year ended 31 December 2014 amounted to RMB25,072.0 million, representing a decrease of 18.7% as compared with the total revenue of RMB30,836.7 million for the year ended 31 December 2013.

The following table sets forth certain details of the revenues:

	For the year ended December 31			
	2014		2013	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
Sales of properties	24,708,739	98.55	30,572,525	99.14
Property management service income and others	352,623	1.41	247,153	0.80
Rental income from investment properties	10,597	0.04	17,036	0.06
Total	<u>25,071,959</u>	<u>100.00</u>	<u>30,836,714</u>	<u>100.00</u>
Total gross floor area ("GFA") delivered (square meters "sq.m.")	1,647,104		1,745,326	
Average selling prices ("ASP") sold (RMB per sq.m.)	15,001		17,517	

The revenue from the sales of properties decreased by RMB5,863.8 million or approximately 19.2% for the year ended 31 December 2014, as compared with that for the year ended 31 December 2013, which was primarily due to:

- (i) the decrease by approximately 5.6% to 1,647,104 sq.m. for total GFA of properties delivered for the year ended 31 December 2014 from 1,745,326 sq.m. for the year ended 31 December 2013, which was mainly due to the decrease in total GFA of properties delivered for Shanghai Bund House, Suzhou Majestic Mansion, Shanghai Magnolia Garden, Shanghai Dynasty on the Bund and Beijing West Chateau in 2014; and
- (ii) the decrease of 14.4% in average selling price of RMB17,517 per sq.m. for 2013 to RMB15,001 per sq.m. for 2014, which was mainly due to the relatively high base of average selling price for 2013 as more properties were delivered for Shanghai Bund House, Suzhou Majestic Mansion, Shanghai Magnolia Garden, Shanghai Dynasty on the Bund and Beijing West Chateau which had an average selling price of RMB44,045 per sq.m. and contributed approximately 38.1% of total revenue from property sales in 2013, as compared to only approximately 25.3% in 2014.

However, revenue of subsidiaries, joint ventures and associates of the Group was increasing year by year, which was mainly due to the increase in the number of property projects developed by the Group's subsidiaries, joint ventures and associates on a year-over-year basis, as well as the increase in the property delivery from these projects accordingly. For the years ended 31 December 2011, 2012, 2013 and 2014, revenue of subsidiaries, joint ventures and associates of the Group was RMB10,604.0 million, RMB21,327.4 million, RMB33,167.6 million and RMB57,334.8 million, respectively, of which RMB10,402.8 million, RMB19,394.4 million, RMB27,644.1 million and RMB36,555.5 million was attributable to owners of the Company, respectively.

Cost of sales

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

For the year ended 31 December 2014, cost of sales of the Group amounted to RMB20,730.1 million (including valuation surplus for properties acquired of RMB1,512.3 million), representing a decrease of RMB2,930.1 million, or approximately 12.4%, as compared with that of RMB23,660.2 million for the year ended 31 December 2013, which was primarily due to the decrease in the total GFA of delivered properties.

Gross profit

For the year ended 31 December 2014, the gross profit of the Group amounted to RMB4,341.9 million, representing a decrease of approximately 39.5% as compared with RMB7,176.5 million for the year ended 31 December 2013.

However, gross profit of subsidiaries, joint ventures and associates of the Group was increasing year by year, which was mainly due to the increase in revenue recognized by the Group's subsidiaries, joint ventures and associates on a year-over-year basis. For the years ended 31 December 2011, 2012, 2013 and 2014, gross profit of subsidiaries, joint ventures and associates of the Group was RMB3,566.5 million, RMB5,439.1 million, RMB7,396.6 million and RMB12,874.9 million, respectively, of which RMB3,545.4 million, RMB5,411.9 million, RMB6,555.0 million and RMB8,173.5 million was attributable to owners of the Company.

Gross margin was 17.3% for the year ended 31 December 2014 as compared with that of 23.3% for the year ended 31 December 2013. The decrease in gross margin was mainly due to the increase of the impairment provision for properties in projects including Sunac Royal Garden, Suzhou Majestic Mansion, Comphorwood Mansion, Sunac Glorious Mansion by RMB505.8 million by the Group for the sake of prudence. Although the impairment provision for these properties lowered the Group's gross profit margin for 2014, they will increase the Group's gross profit margin for the period when the properties are completed and delivered. In addition, excluding the impact of remeasurement of fair value and the impairment provision for properties, the Group's gross margin would have been 25.4% for the year ended 31 December 2014.

Selling and marketing costs and administrative expenses

Selling and marketing costs of the Group rose to RMB697.3 million for the year ended 31 December 2014 from RMB615.5 million for the year ended 31 December 2013.

Administrative expenses of the Group increased to RMB680.7 million for the year ended 31 December 2014 from RMB520.1 million for the year ended 31 December 2013.

The changes in selling and marketing costs and administrative expenses were primarily due to the increase of relevant costs and expenses as a result of more efforts made by the Group amidst the tough real estate market.

Other income and gains

The Group's other income and gains increased by RMB798.0 million from RMB222.5 million for the year ended 31 December 2013 to RMB1,020.5 million for the year ended 31 December 2014, which was primarily due to the increase of RMB784.4 million in the interest income from joint ventures and associates of the Group.

Other expenses and losses

The Group's other expenses and losses decreased by RMB25.7 million from RMB145.5 million for the year ended 31 December 2013 to RMB119.8 million for the year ended 31 December 2014, which was primarily due to the decrease of RMB38.5 million in impairment provision for goodwill, which was partially offset by the loss of RMB13.0 million from revaluation of investment properties.

Operating profit

As a result of the sectors analyzed above, the Group's operating profit decreased by RMB2,253.5 million from RMB6,118.0 million for the year ended 31 December 2013 to RMB3,864.5 million for the year ended 31 December 2014, which was primarily due to:

- (i) a decrease of RMB2,834.7 million in gross profit;
- (ii) an increase of RMB798.0 million in other income and gains and a decrease of RMB25.7 million in other expenses and losses; and
- (iii) an increase of RMB242.5 million in operating expenses.

Finance costs

The Group's finance costs increased by RMB687.1 million to RMB1,267.4 million for the year ended 31 December 2014 from RMB580.3 million for the year ended 31 December 2013, and total interest cost increased by RMB476.1 million to RMB3,036.0 million for the year ended 31 December 2014 from RMB2,559.9 million for the year ended 31 December 2013, mainly attributable to the increase of borrowings to finance the Group's expanded property development activities for the year ended 31 December 2014. Capitalised interest decreased by RMB170.7 million to RMB1,776.9 million for the year ended 31 December 2014 from RMB1,947.6 million for the year ended 31 December 2013.

The Group realised the continued decline in weighted-average effective interest rate through continued optimisation of the debt structure, control of the refinance costs and the replacement of the existing high cost borrowings. The Group's weighted-average effective interest rate dropped to 9.1% for the year ended 31 December 2014 from 10.0% for the year ended 31 December 2013, of which weighted-average effective interest rate of newly increased borrowings dropped to 7.6% for the year ended 31 December 2014 from 8.3% for the year ended 31 December 2013.

Share of profit of investments accounted for using equity method, net

For the year ended 31 December 2014, the Group recognised a share of profit of RMB2,181.3 million from investments accounted for using equity method, a significant increase of RMB2,109.1 million as compared to RMB72.2 million for the year ended 31 December 2013. This change was mainly attributable to the increase in share of profit of joint ventures and associates of the Group as recognition of revenue commenced following delivery of newly completed properties.

Profit

Benefited from the rapid growth in the sales results and the high quality balanced development in operation scale of the Group, the Group's profit attributable to owners of the Company for the year ended 31 December 2014 increased to RMB3,222.1 million as compared with that of RMB3,178.4 million for the year ended 31 December 2013.

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	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	3,232,629	3,493,827
<i>Attributable to:</i>		
Owners of the Company	3,222,070	3,178,403
Non-controlling interests	10,559	315,424
	3,232,629	3,493,827

As a result of the growth of the Group's profit attributable to owners of the Company, excluding the impact of the gain from acquisition of equity interests, 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 2014 increased by approximately 5.9% to RMB3,729.7 million as compared with that of RMB3,522.7 million for the year ended 31 December 2013.

Cash position

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

The Group's cash and cash equivalents (including restricted cash) increased by approximately 56.4% to RMB25,041.4 million as at 31 December 2014 from RMB16,008.7 million as at 31 December 2013.

The increase was principally attributable to:

- (i) the net cash inflow of RMB16,624.4 million in operating activities (excluding cash inflow of RMB93.0 million from decrease in restricted cash) benefited from the significant increase of the proceeds from the pre-sale and sale of properties;
- (ii) the net cash outflow of RMB8,885.0 million in investing activities which was mainly due to obtaining new projects by the Group in Beijing, Shanghai and Hangzhou respectively and acquiring equity interests; and
- (iii) the net cash inflow of RMB1,299.8 million in financing activities (excluding cash outflow of RMB1,882.5 million from increase in restricted cash) primarily due to the net inflow of RMB3,258.7 million from the borrowing, issue of senior notes and the payment of interest costs, net outflow of RMB1,449.0 million from repayment of investments from non-controlling interest, net inflow of RMB125.8 million from the issuance of additional shares upon exercise of options, and net outflow of RMB635.7 million from distribution of dividends.

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

Borrowing and collateral

The Group had total borrowings of RMB34,383.8 million as at 31 December 2014, representing an increase of RMB5,677.5 million from RMB28,706.3 million as at 31 December 2013, which was primarily due to the net increase of RMB1,552.5 million from foreign syndicated loans obtained in June 2014, the net increase of RMB2,451.2 million from senior notes issued in December 2014 and the net increase of RMB1,673.8 million from loans obtained from banks and other parties.

As at 31 December 2014, RMB34,337.8 million of the Group's total borrowings (as at 31 December 2013: RMB28,587.5 million) were secured or jointly secured by the Group's properties under development and completed properties held for sale totaling RMB32,182.7 million (as at 31 December 2013: RMB43,148.4 million), and certain equity interests of the Group's subsidiaries.

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 2014, the net debt to total assets ratio of the Group was 8.3%, as compared to 13.0% as at 31 December 2013.

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 2014, the gearing ratio of the Group was 30.8%, as compared to 41.1% as at 31 December 2013.

Net gearing ratio is calculated as net debt divided by total equity. As at 31 December 2014, the net gearing ratio decreased to 44.5% from 69.7% as at 31 December 2013. The Group continues to pay attention to and manage its financial structure and potential risks during its course of development.

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 stated at carrying amounts, categorized by maturity dates.

	At 31 December 2014 <i>RMB' million</i>	At 31 December 2013 <i>RMB' million</i>
Floating rates		
Less than 12 months	5,406	2,762
1 to 5 years	9,258	8,225
Sub-total	14,664	10,987
Fixed rates		
Less than 12 months	8,434	5,072
1 to 5 years	11,286	12,647
Sub-total	19,720	17,719
Total	34,384	28,706

As at 31 December 2014, 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 conducts its business principally in RMB, since all of the operating entities are based in the PRC. As the Group has some bank deposits denominated in foreign currencies and the senior notes and foreign syndicated loans denominated in US dollars or HK dollars, the Group faces foreign exchange risk. However, the Group's operating cash flow and liquidity are not subject to significant effect from fluctuations in exchange rates. No currency hedging arrangements were made as at 31 December 2014. The Group will continue to closely monitor and manage its exposure to fluctuation in foreign exchange rates.

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 2014, the amount was RMB5,090.8 million as compared with RMB7,241.9 million as at 31 December 2013. 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; or (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

As at 31 December 2014, the Group has engaged in a total of 71 property development projects. The following table sets forth certain details of the Group's projects based on actual data or estimates of the Company, subsidiaries and associates as of 31 December 2014.

Project Summary as of 31 December 2014							
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	Completion time/ estimated completion time
Sunac East Fairyland	Beijing	High-rise apartments, retail properties and car parks	54,502	166,481	144,276	100%	November 2010
Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	447,803	334,892	100%	June 2013
Sunac Long Beach Mansion	Beijing	Mid-rise apartments, retail properties and car parks	63,940	133,956	104,289	100%	December 2013
Yao Jinmao Residence	Beijing	High-rise apartments, retail properties and car parks	84,684	253,074	169,941	49%	September 2014
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	154,156	125,078	49%	June 2015
Fontainebleau Chateau	Beijing	High-rise apartments, townhouses, retail properties and car parks	131,629	403,441	340,009	50%	November 2015

Project Summary as of 31 December 2014

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	Completion time/ estimated completion time
Glory Chateau	Beijing	High-rise and mid-rise apartments, townhouses, detached villas and car parks	183,531	515,518	281,145	51%	December 2017
One Sino Park	Beijing	Mid-rise apartments and car parks	25,210	100,843	58,560	51%	February 2016
Chang'an Image	Beijing	High-rise apartments, retail properties, serviced apartments and car parks	101,831	489,951	370,205	48%	December 2016
Mentougou New Town	Beijing	High-rise apartments, retail properties, serviced apartments and car parks	33,987	152,446	119,903	51%	December 2016
Xiangheyuan Project	Beijing	High-rise apartments, offices and car parks	14,297	122,534	110,186	40%	December 2016
Sunac Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	460,840	1,247,860	1,188,902	100%	December 2013
Sunac Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	813,704	749,202	100%	December 2012
Sunac Central of Glorious	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties and car parks	14,608	64,738	64,150	100%	October 2012
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	307,706	307,706	100%	December 2013
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,425	710,902	702,483	100%	December 2017
Sunac Joy Downtown	Tianjin	Retail properties	25,234	56,615	55,960	100%	June 2006
Sunac PL Du Pantheon	Tianjin	High-rise apartments, townhouses, retail properties and car parks	70,600	244,491	227,187	100%	December 2014

Project Summary as of 31 December 2014

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	Completion time/ estimated completion time
Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	391,128	386,022	49%	October 2018
Dream of Mansion	Tianjin	Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	120,059	241,876	219,935	50%	December 2017
Sunac Azure Coast	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,687	190,152	40%	December 2018
Orchid Garden	Tianjin	High-rise and mid-rise apartments, retail properties, offices and car parks	15,742	95,652	85,194	47%	June 2017
R3 project	Tianjin	Retail properties, offices, serviced apartments and car parks	121,214	537,620	535,620	47%	September 2020
River and Sea	Tianjin	High-rise apartments, retail properties and car parks	59,660	286,234	282,468	47%	December 2017
Sunac Bay and Island	Tianjin	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	248,119	599,831	562,991	54%	December 2018
Sunac Top Mansion of the Dongting	Tianjin	High-rise apartments, retail properties and car parks	109,537	269,124	251,428	100%	December 2015
Tiantuo Project	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	370,698	1,329,626	1,301,853	51%	June 2018
Tiantuo North Project	Tianjin	High-rise apartments, retail properties and car parks	56,791	230,900	230,900	51%	December 2018
Majestic Mansion	Tianjin	Mid-rise apartments and car parks	60,088	93,786	79,375	51%	December 2016

Project Summary as of 31 December 2014

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	Completion time/ estimated completion time
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	1,713,641	2,576,533	2,083,397	100%	December 2015
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	179,204	405,901	303,940	100%	December 2014
Sunac Guardian Manor	Chongqing	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	159,793	563,089	449,719	100%	December 2015
Jardins de Versailles	Chongqing	High-rise apartments, townhouses, detached villas, retail properties and car parks	397,844	1,369,929	1,164,999	80%	December 2017
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, serviced apartments, retail properties, offices and car parks	118,912	744,688	616,518	100%	June 2014
Sunac The European Garden for City -West	Chongqing	High-rise apartments, townhouses, serviced apartments, retail properties and car parks	469,927	1,266,413	1,062,022	100%	June 2019
Powpre Fontainebleau	Chongqing	Townhouses and retail properties	147,400	163,375	128,662	90%	January 2016
Hastin Avenue	Chongqing	High-rise apartments, retail properties, serviced apartments and car parks	75,258	478,664	388,573	51%	December 2018
The European Garden for City -East	Chongqing	High-rise apartments, townhouses, detached villas, retail properties, offices and car parks	846,150	2,115,572	1,736,581	51%	June 2022

Project Summary as of 31 December 2014

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	Completion time/ estimated completion time
Chongqing Rose Garden	Chongqing	Townhouses, detached villas, retail properties and car parks	135,179	193,087	167,947	90%	December 2016
Yuelai Project	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, serviced apartments, retail properties and car parks	583,136	1,505,465	1,254,216	51%	December 2019
Sunac Shanghai Magnolia Garden	Shanghai	High-rise and mid-rise apartments and car parks	58,163	126,092	116,739	50%	June 2013
Shanghai Magnolia Garden-Glorious Garden	Shanghai	Mid-rise apartments, retail properties and car parks	72,803	162,914	146,754	25%	May 2015
Magnolia Mansion	Shanghai	Mid-rise apartments, retail properties and car parks	60,206	118,731	98,138	25%	October 2015
Sunac Bund House	Shanghai	High-rise apartments and car parks	65,758	350,271	228,040	26%	November 2018
Shanghai Rose Garden	Shanghai	Detached villas	803,353	240,040	144,969	50%	November 2014
Shanghai Francais Demeure	Shanghai	High-rise and mid-rise apartments retail properties and car parks	75,091	167,384	153,502	25%	October 2015
Sunac Dynasty on the Bund	Shanghai	High-rise apartments, retail properties, offices, serviced apartments and car parks	105,045	656,865	581,097	50%	March 2019
Hongkou Project	Shanghai	Retail properties, serviced apartments and car parks	10,239	57,866	50,039	26%	September 2016
Central Garden	Shanghai	High-rise apartments, retail properties, serviced apartments, offices and car parks	211,626	608,429	507,055	50%	December 2018
Gucun Project	Shanghai	High-rise apartments, retail properties and car parks	66,170	170,403	150,329	26%	May 2017

Project Summary as of 31 December 2014

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	Completion time/ estimated completion time
Caobaolu Project	Shanghai	High-rise apartments, retail properties and car parks	45,710	165,400	107,700	25%	June 2017
Fuyuan Binjiang Project	Shanghai	High-rise apartments, serviced apartments, retail properties and car parks	36,988	113,690	113,690	35%	December 2016
Sunac Changzhou Magnolia Square	Changzhou	High-rise apartments, retail properties and car parks	413,252	1,399,967	1,325,392	49%	March 2020
Fairy Land	Suzhou	Detached villas	213,852	263,090	126,533	28%	December 2018
Sunac Suzhou Majestic Mansion	Suzhou	Mid-rise apartments, detached villas	155,664	218,340	121,345	50%	December 2013
Suanc Land Plot G58	Suzhou	Mid-rise apartments, and car parks	104,401	183,562	147,026	50%	June 2017
Sunac Wuxi Magnolia Garden	Wuxi	High-rise apartments retail properties and car parks	180,826	564,591	543,538	43%	December 2015
Wuxi Magnolia Garden West	Wuxi	High-rise apartments, retail properties and car parks	171,572	549,607	518,065	20%	June 2018
Sunac Royal Garden	Wuxi	High-rise apartments, townhouses, detached villas, retail properties and car parks	268,946	462,314	400,321	100%	June 2017
Sunac Comphorwood Mansion	Wuxi	High-rise apartments, detached villas, retail properties and car parks	203,070	761,526	640,819	51%	June 2019
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	706,889	1,392,554	1,251,457	100%	December 2016

Project Summary as of 31 December 2014

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	Completion time/ estimated completion time
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties and car parks	555,861	1,023,538	914,904	100%	November 2017
Sunac 81	Suzhou	Townhouses, detached villas, retail properties	133,434	99,288	82,608	100%	December 2012
Sunac Melodious Manor	Hangzhou	Mid-rise apartments, townhouses and car parks	59,360	123,527	82,336	75%	December 2014
Above the West Lake	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	58,184	278,554	158,899	49%	December 2016
Wonderful Mansion	Hangzhou	High-rise apartments, retail properties and car parks	20,480	89,259	65,441	50%	May 2015
First Class	Hangzhou	High-rise apartments, retail properties and car parks	190,143	601,988	454,550	25%	June 2016
Sunac In Hangzhou	Hangzhou	Retail properties, offices, serviced apartments and car parks	10,418	153,400	108,374	60%	October 2016
Sunac Fuchun Chateau	Hangzhou	Mid-rise apartments, townhouses, retail properties and car parks	98,024	167,218	123,813	100%	December 2016
Riverside City I	Hangzhou	High-rise apartments, retail properties and car parks	62,760	221,976	170,070	65%	June 2016
Sunac Riverside City II	Hangzhou	High-rise apartments, retail properties and car parks	80,587	262,457	195,345	100%	June 2016
Total			<u>13,813,213</u>	<u>33,809,241</u>	<u>28,765,467</u>		

As at 31 December 2014, the Group's land bank was approximately 21.62 million sq.m., among which, attributable land bank was approximately 12.80 million sq.m..

Review of 2014

In 2014, as the economic growth rate continued to slow down in the PRC, the real estate industry also entered into a period of correction, especially in the first half of the year when the overall market was confronted with great pressure. From the second half, with the injection to market liquidity from the government and the cancellation of house purchase restriction policies, the whole real estate market maintained stable as a result of the rebound of demands. In particular, the real estate market still presented a sound development trend in the Tier 1 and 2 core cities with stable demands.

Despite the overall pressure on the real estate industry, the Company continued to maintain satisfactory growth in operating results by virtue of its development strategy focusing on the development in tier 1 and 2 core cities for a long run. In 2014, the Company's core profit was RMB3,730 million, representing an increase of approximately 5.9% as compared to the same period of last year. The Company's contract sales amounted to RMB65,847 million in the full year, representing a growth rate of approximately 29.6% on a year-over-year basis. According to independent third party research, the Company's industry ranking in terms of contract sales climbed to No. 10. Furthermore, the Company established a market leadership in its focused cities as its sales amount ranked the first in Tianjin, Shanghai, Chongqing and Wuxi, the fourth in Beijing and the fifth in Hangzhou and Suzhou. While the operation results remained stable, the Company continued to improve its liquidity conditions. As of 31 December 2014, the Company had a carrying value of RMB25,041.4 million in cash while its net gearing ratio dropped to 44.5%.

In 2014, as many peer companies came to a consensus regarding the potential of the real estate market in the Tier 1 and 2 core cities, more funds concentrated in these cities, and thus the competition for prime land was getting intense, and the Company has been emphasised its development in selected Tier 1 and 2 cities over the years. Leverage on our outstanding position in those cities and accumulative intensive experiences, the Company prudently acquired 12 parcels of prime land, adding approximately 3.49 million sq.m. to its land bank. As of 31 December 2014, the Company's total land bank and total attributable land bank were 21.62 million sq.m. and 12.80 million sq.m., respectively. The breakdown of the land bank by region is as follows:

Region	Total land bank (sq.m.)	Proportion	Attributable land bank (sq.m.)	Proportion
Beijing	1,838,348	9%	912,563	7%
Tianjin	4,707,309	22%	2,823,192	22%
Shanghai Region (including Suzhou, Wuxi and Changzhou)	5,745,104	26%	2,662,786	21%
Chongqing	7,727,526	36%	5,452,812	43%
Hangzhou	1,598,410	7%	951,005	7%
Total	21,616,697	100%	12,802,358	100%

Outlook for 2015

The Company believes that adjustment and transformation of economy at present will provide better protection and support to the long-term and health development of China's economy. The Company considers that, in 2015, in order to maintain the continuity and stability of its policies, the government will continue to implement the prudent monetary policy, which will further improve the credit environment with continued declining in financing costs. This will be beneficial to the stable development of the real estate industry. The Company still holds the view that, due to balanced supply and demand and strong population aggregation capacities, the real estate market in Tier 1 and 2 core cities will remain stable and healthy, and it will be more attractive. Over years, the Company's strategy of focusing on these regions for in-depth development and the established advantages will help the sound development of the Company.

In 2015, the Company will enter into a new development stage. In terms of replenishment of new land reserve, on the one hand, the Company will focus on completing the acquisition of equity interests in part of the joint venture projects with Greentown. Such transaction, if completed, will enlarge the Company's attributable land bank in Shanghai rapidly and enhance its leading position in the region. On the other hand, subject to the satisfaction of certain conditions precedent, the Company will complete the acquisition of equity interests of Kaisa, which will enable the Company to tap into Guangzhou and Shenzhen regions with existing edges over others, thus establishing its presence in the most core cities in the PRC, which will provide a wider space for the further development of the Company in the future. In 2015, The Company will also continue to insist on strict cash flow management to guarantee the safety of its cash flow, and further improve the Company's financing structure and decrease of overall financing costs. In comparison with the growth of overall sales, from 2015, the Company will pay more attention to the growth of equity, and put more emphasis on the full and balanced development and improvement.

FINAL DIVIDEND

The Board proposed to declare a final dividend of RMB0.19 per share, approximately RMB644 million in aggregate, for the year ended 31 December 2014, which is expected to be paid on 6 August 2015 to shareholders whose names appear on register of members of the Company as at 26 May 2015, subject to shareholders' approval in the forthcoming annual general meeting of the Company expected to be held on 19 May 2015 (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 RMB to Hong Kong dollars as at 19 May 2015.

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 15 May 2015 to 19 May 2015 (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 p.m. on 14 May 2015.

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 2015 to 26 May 2015 (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 p.m. on 22 May 2015.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year ended 31 December 2014, 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 for the directors' dealings in the securities of the Company. Following specific enquiries of all directors of the Company, each of them confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2014 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 2014, complied with all applicable code provisions under the Corporate Governance Code, save and except for the deviations from code provisions A.2.1 and E.1.2.

Code provision A.2.1 of the Corporate Governance Code 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 both 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. Accordingly, the Board is of view that there are adequate balance of power and safeguards in place. Nevertheless, the Board will continue to monitor and review the Company's current structure and to make necessary changes at appropriate time.

Code provision E.1.2 of the Corporate Governance Code 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 Company's annual general meeting held on 19 May 2014 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 recognises and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the 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 other 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 2014 and has agreed with the auditor of the Company on the annual results for the year ended 31 December 2014.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of HKEx news (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's 2014 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, 23 March 2015

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 director is 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.