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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2016:

- Contracted sales amount of the Group was approximately RMB56,050 million, representing a growth rate of approximately 105.6% compared to the same period last year;
- Revenue of the Group was approximately RMB10,586.1 million, representing a growth rate of approximately 94.5% compared to the same period last year;
- Gross profit of the Group was approximately RMB1,406.1 million, representing a growth rate of approximately 127.5% compared to the same period last year;
- Profit of the Group was approximately RMB102.8 million, representing a decrease of approximately 91.8% compared to the same period last year;
- Profit attributable to owners of the Company was approximately RMB72.9 million, representing a decrease of approximately 92.3% compared to the same period last year;
- The weighted-average effective interest rate of the Group was approximately 6.36% per annum, representing a decrease of approximately 1.34 percentage points compared to the same period last year;
- Cash balance of the Group as at 30 June 2016 amounted to approximately RMB40,147.5 million; the net gearing ratio was approximately 85.1%.

INTERIM RESULTS WITH NOTES

The board (the "Board") of directors (the "Directors") of Sunac China Holdings Limited (the "Company" or "Sunac China") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016 with comparative figures for the corresponding period in 2015, as follows:

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2016

	Note	**Six months ended 30 June 2016 (Unaudited) RMB'000**	Six months ended 30 June 2015 (Unaudited) RMB'000
Revenue	3	**10,586,085**	5,442,722
Cost of sales	9	**(9,179,970)**	(4,824,671)
Gross profit		**1,406,115**	618,051
Other income and gains	10	**1,551,361**	2,220,585
Selling and marketing costs	9	**(318,512)**	(284,602)
Administrative expenses	9	**(421,530)**	(298,842)
Other expenses and losses		**(54,573)**	(102,379)
Operating profit		**2,162,861**	2,152,813
Finance income	11	**98,507**	83,095
Finance costs	11	**(1,578,739)**	(698,577)
Share of post-taxes (losses)/profits of investments accounted for using equity method, net	4	**(235,504)**	451,871
Profit before income tax		**447,125**	1,989,202
Income tax expense	12	**(344,355)**	(731,539)
Profit for the period		**102,770**	1,257,663
Other comprehensive income for the period		**—**	—
Total comprehensive income for the period		**102,770**	1,257,663
Attributable to:			
- Owners of the Company		**72,935**	951,399
- Holders of perpetual capital securities		**2,361**	—
- Non-controlling interests		**27,474**	306,264
		102,770	1,257,663
Earnings per share attributable to owners of the Company (expressed in RMB per share):	13		
- Basic earnings per share		**0.02**	0.28
- Diluted earnings per share		**0.02**	0.28
Dividend	14	**—**	—

Interim Condensed Consolidated Balance Sheet

As at 30 June 2016

	Note	**30 June 2016** **(*Unaudited*)** **RMB'000**	31 December 2015 (*Audited*) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**63,158**	68,959
Intangible assets		**238,089**	230,269
Investments accounted for using the equity method	4	**17,728,984**	15,260,581
Prepayments for investments	6	**3,230,375**	4,722,036
Deferred income tax assets		**1,663,467**	1,502,429
Total non-current assets		**22,924,073**	21,784,274
Current assets			
Properties under development		**48,923,225**	34,142,659
Completed properties held for sale		**15,148,069**	15,727,129
Trade and other receivables	5	**2,080,084**	970,481
Amounts due from related companies		**20,138,851**	11,660,049
Prepayments	6	**5,209,953**	4,166,080
Restricted cash		**11,809,911**	4,371,010
Cash and cash equivalents		**28,337,573**	22,687,280
Total current assets		**131,647,666**	93,724,688
Total assets		**154,571,739**	115,508,962
EQUITY			
Equity attributable to owners of the Company			
Share capital		**291,369**	291,329
Other reserves		**4,154,527**	4,104,442
Retained earnings		**14,682,553**	14,609,618
		19,128,449	19,005,389
Perpetual capital securities		**6,825,361**	—
Non-controlling interests		**661,345**	414,781
Total equity		**26,615,155**	19,420,170

	Note	30 June 2016 (Unaudited) RMB'000	31 December 2015 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	8	**38,150,191**	27,214,240
Derivative financial instruments		**10,209**	—
Deferred income tax liabilities		**5,317,308**	4,379,412
Total non-current liabilities		**43,477,708**	31,593,652
Current liabilities			
Trade and other payables	7	**10,919,393**	10,943,950
Advanced proceeds from customers		**20,118,326**	13,420,386
Amounts due to related companies		**22,176,869**	18,212,922
Current income tax liabilities		**6,615,962**	7,333,489
Borrowings	8	**24,648,326**	14,584,393
Total current liabilities		**84,478,876**	64,495,140
Total liabilities		**127,956,584**	96,088,792
Total equity and liabilities		**154,571,739**	115,508,962

1 General information

Sunac China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in property development and property management services 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 has its primary listing on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information had been approved for issue by the board of directors of the Company (the "Board") on 29 August 2016.

2 Significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2015, as described in those annual financial statements except for the adoption of amendments to HKFRSs effective for the financial year ending 31 December 2016.

(a) Amendments to HKFRSs effective for the financial year ending 31 December 2016 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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

(i) *HKFRS 9 Financial instruments*

HKFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption.

(ii) *HKFRS 15 Revenue from contracts with customers*

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and the rendering of services and HKAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

Management is currently assessing the effects of applying the new standards on the Group's financial statements and is not able to estimate the effect of the new rules at this stage. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to adopt the new standards before 1 January 2018.

3 Segment information

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

The executive directors assess 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.

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

	Six months ended 30 June 2016		
	Property development and investment	**Property management and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Total segment revenue	10,330,591	277,518	10,608,109
Inter-segment revenue	—	(22,024)	(22,024)
Revenue from external customers	10,330,591	255,494	10,586,085
Profit/(loss) before income tax	462,596	(15,471)	447,125

	As at 30 June 2016		
	Property development and investment	**Property management and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Total segment assets	152,577,978	330,294	152,908,272
Total segment liabilities	115,574,749	448,565	116,023,314

	Six months ended 30 June 2015		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment revenue	5,224,665	237,541	5,462,206
Inter-segment revenue	—	(19,484)	(19,484)
Revenue from external customers	5,224,665	218,057	5,442,722
Profit/(loss) before income tax	2,031,267	(42,065)	1,989,202

	As at 31 December 2015		
	Property development and investment RMB'000	Property management and others RMB'000	Total RMB'000
Total segment assets	113,644,985	361,548	114,006,533
Total segment liabilities	83,840,268	535,623	84,375,891

4 Investments accounted for using the equity method

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

	As at	
	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Joint ventures	**13,090,324**	10,691,975
Associates	**4,638,660**	4,568,606
	17,728,984	15,260,581

The amounts of the shares of the results of the investees recognised in the profit/(loss) using the equity method were as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Joint ventures	**(305,558)**	464,081
Associates	**70,054**	(12,210)
	(235,504)	451,871

4.1 Investments in joint ventures

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
At beginning of period	**10,691,975**	7,927,863
Additions:		
- Capital contributions to joint ventures established by the Group	**682,500**	202,500
- Acquisition of joint ventures	**1,693,430**	1,284,371
- Further investments in existing joint ventures	**589,008**	33,500
- Subsidiaries becoming joint ventures	**40,901**	325,474
- Interest in joint ventures owned by a newly acquired subsidiary	**37,758**	—
Disposals:		
- Disposal of investments in joint ventures	**(49,870)**	—
- Joint ventures becoming subsidiaries	**(28,417)**	(229,873)
Share of (losses)/profits of joint ventures, net	**(305,558)**	464,081
Dividends from joint ventures	**(261,403)**	(875,685)
At end of period	**13,090,324**	9,132,231

4.2 Investments in associates

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
At beginning of period	**4,568,606**	4,120,926
Share of profits/(losses) of associates, net	**70,054**	(12,210)
Investments in a new associate	**—**	977,375
An associate becoming a subsidiary	**—**	(86,975)
Disposal of an associate	**—**	(18,406)
Dividends from associates	**—**	(1,009,507)
At end of period	**4,638,660**	3,971,203

5 Trade and other receivables

	As at 30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Amounts due from non-controlling interests and their related parties	**663,491**	334,024
Trade receivables (Note (a))	**126,848**	92,011
Amounts due from a business partner relating to a joint arrangement	**332,637**	—
Notes receivables	**—**	200
Other receivables		
- Payments on behalf of customers	**229,806**	132,291
- Deposits	**535,176**	212,349
- Interests receivable	**59,612**	22,810
- Others	**181,578**	204,474
	2,129,148	998,159
Less: Bad debt provision for other receivables	**(49,064)**	(27,678)
	2,080,084	970,481

As at 30 June 2016 and 31 December 2015, the carrying amounts of the Group's trade and other receivables were all denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

(a) In the six months ended 30 June 2016, the Group provided a credit period of 90-365 days to certain customers having good credit standing.

Taking into account of the credit terms agreed in the property sale contract, the ageing analysis of trade receivables primarily arising from sales of properties is as follows:

	As at 30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Within 90 days	**101,960**	55,160
90 - 180 days	**1,166**	—
181 - 365 days	**16,416**	34,521
Over 365 days	**7,306**	2,330
	126,848	92,011

As the Group normally holds collateral of the properties before collection of the outstanding balances and passing the titles to the property purchasers, the Directors are of the view that the Group has no material bad debt risk on the trade receivables and no provision was made as at 30 June 2016 (31 December 2015: Nil).

6 Prepayments

	As at 30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Non-current -		
Prepayments for investments	**3,230,375**	4,722,036
Current -		
Prepaid taxes		
- Land appreciation tax	**1,412,850**	1,214,360
- Corporate income tax	**756,629**	725,876
- Business tax and surcharge	**976,482**	697,978
Prepayments for land use rights acquisition	**1,968,134**	1,465,969
Prepayments for project development costs	**95,858**	61,897
	5,209,953	4,166,080

7 Trade and other payables

	As at 30 June 2016	31 December 2015
	RMB'000	*RMB'000*
Trade payables	**6,934,092**	7,303,339
Deposits received	**1,370,243**	386,874
Notes payables	**235,592**	193,495
Payables for acquisition consideration	**582,279**	1,031,517
Amount due to non-controlling interests and their related parties	**267,886**	206,777
Other taxes payable	**242,906**	462,031
Interests payable	**847,901**	416,012
Advanced deed tax from customers	**193,503**	243,707
Payroll and welfare payables	**62,110**	210,160
Others	**182,881**	490,038
	10,919,393	10,943,950

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

	As at 30 June 2016 RMB'000	31 December 2015 RMB'000
Within 90 days	**2,310,618**	4,628,637
90-180 days	**580,678**	581,236
180-365 days	**1,952,204**	354,035
Over 365 days	**2,090,592**	1,739,431
	6,934,092	7,303,339

8 Borrowings

	As at 30 June 2016 RMB'000	31 December 2015 RMB'000
Non-current		
Secured,		
- Banks borrowings	**18,126,690**	23,094,089
- Other borrowings	**8,138,780**	1,520,000
- Senior notes	**4,614,288**	8,389,829
- Asset-backed securities	**905,456**	—
	31,785,214	33,003,918
Unsecured,		
- Corporate bonds	**5,970,600**	5,967,000
- Private domestic corporate bonds	**14,951,050**	—
	20,921,650	5,967,000
	52,706,864	38,970,918
Less: Current portion of long-term borrowings (Note (a))	**(14,556,673)**	(11,756,678)
	38,150,191	27,214,240
Current		
Secured,		
- Banks borrowings	**7,936,353**	1,481,715
- Other borrowings	**1,922,100**	1,300,000
- Asset-backed securities	**187,200**	—
	10,045,653	2,781,715

	As at 30 June 2016	31 December 2015
Unsecured,		
- Other borrowings	**46,000**	46,000
	10,091,653	2,827,715
Current portion of long-term borrowings (Note (a))	**14,556,673**	11,756,678
	24,648,326	14,584,393
Total borrowings	**62,798,517**	41,798,633

(a) As at 30 June 2016, RMB7,057 million (31 December 2015: RMB2,766 million) of borrowings for property development projects will be due for full 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, RMB3,804 million (31 December 2015: RMB491 million) of borrowings will be due for repayment during the twelve months ending 30 June 2017 and therefore were included in current liabilities as at 30 June 2016.

9 Expenses by nature

	Six months ended 30 June 2016 *RMB'000*	2015 *RMB'000*
Costs of completed properties delivered	**8,399,468**	4,319,723
Business tax and other levies	**489,503**	294,961
Staff costs	**305,237**	215,753
Advertisement and promotion costs	**148,513**	159,281
Provision for decline in value of properties	**71,602**	142,855
Impairment of receivables	**30,004**	—
Depreciation and amortisation	**16,213**	11,146

10 Other income and gains

	Six months ended 30 June 2016 *RMB'000*	2015 *RMB'000*
Gains from business combination	**560,379**	137,882
Gains from investments in joint ventures	**460,758**	—
Interest income	**421,642**	608,249
Gain on disposal of a subsidiary	**11,536**	1,129,390
Gain on disposal of joint ventures and associates	**22,705**	172,967
Gain on the debts assignment	**—**	150,000
Government grants	**8,647**	530
Others	**65,694**	21,567
	1,551,361	2,220,585

11 Finance income and finance costs

	Six months ended 30 June 2016 *RMB'000*	2015 *RMB'000*
Interest expenses	**1,645,474**	1,362,173
Other finance costs	**224,073**	—
Less: Capitalised finance costs	**(666,843)**	(668,030)
	1,202,704	694,143
Exchange loss	**376,035**	4,434
	1,578,739	698,577
Finance income:		
- Interest income on bank deposits	**(98,507)**	(83,095)
Net finance costs	**1,480,232**	615,482

12 Income tax expenses

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
Corporate income tax ("CIT") charge		
- Current income tax	**520,973**	899,165
- Deferred income tax	**(273,679)**	(197,116)
	247,294	702,049
Land appreciation tax ("LAT")	**97,061**	29,490
	344,355	731,539

(a) *CIT*

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% and the estimated assessable profits for the six months ended 30 June 2016 based on existing legislations, interpretations and practices.

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the group operates.

No Hong Kong profits tax has been provided as the Group has no profit derived in Hong Kong.

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.

Income tax expense is recognised based on management's estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2016 was 25% (2015: 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 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 profit or loss 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 period.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	**72,935**	951,399
Weighted-average number of ordinary shares in issue (thousand)	**3,399,661**	3,389,687

(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.

	Six months ended 30 June	
	2016	2015
Profit attributable to owners of the Company (RMB'000)	**72,935**	951,399
Weighted-average number of ordinary shares in issue (thousand)	**3,399,661**	3,389,687
Adjusted for share options (thousand)	**24,775**	46,074
	3,424,436	3,435,761

14 Dividends

No interim dividend for the six months ended 30 June 2016 was proposed by the Board (Six months ended 30 June 2015: Nil).

15 Events after the balance sheet date

(a) On 14 August 2016, Sunac Real Estate Group Co., Ltd. (“Sunac Real Estate”), an indirect wholly owned subsidiary of the Company, issued domestic corporate bonds with two types (“Type A Bonds” and ”Type B Bonds”), of which the Type A Bonds, having a term of five years with Sunac Real Estate’s option to raise the coupon rate after the end of the third year and the investors’ entitlement to sell back the bonds, shall have a coupon rate of 3.44% with an issue size of RMB1.2 billion; while the Type B Bonds, having a term of seven years with Sunac Real Estate’s option to raise the coupon rate after the end of the fifth year and the investors’ entitlement to sell back the bonds, shall have a coupon rate of 4.0% with an issue size of RMB2.8 billion.

(b) On 22 August 2016, Hainan Sunac Properties Co., Ltd.(“Hainan Sunac”), an indirect wholly owned subsidiary of the Company, entered into an equity acquisition with a third party, pursuant to which Hainan Sunac agreed to acquire 50% equity interest of Hangzhou Heming Investment Co., Ltd., Zhejiang Yuecheng Investment Co., Ltd. and Hangzhou Rongyue Investment Co., Ltd. (collectively, the “Target Companies”) from a third party at the equity consideration of RMB1,954.72 million , and an amount of RMB99.12 million due by Target Companies. The Target Companies engage in developing a project in Qionghai City of Hainan Province. Up to the date of this announcement, the acquisition has yet to be completed. Upon completion of the transaction, the Target Companies will become joint ventures of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

Revenue of the Group for the six months ended 30 June 2016 was generated substantially from sales of residential and commercial properties of the Group. Only a small portion of the Group's revenue was derived from the income from property management services.

For the six months ended 30 June 2016, the Group mainly focused on the development of real estate properties in the core first- and second-tier cities of the PRC, including the Beijing region (covering cities such as Beijing, Jinan and Taiyuan), the Tianjin region (covering cities such as Tianjin, Xi'an and Zhengzhou), the Shanghai region (covering cities such as Shanghai, Nanjing, Suzhou, Wuxi and Changzhou), the Chengdu and Chongqing region (covering cities such as Chongqing and Chengdu), the Southeast region (covering cities such as Hangzhou, Hefei and Ningbo), the Guangzhou and Shenzhen region (covering cities such as Guangzhou, Shenzhen, Foshan and Dongguan), Wuhan and Hainan.

Total revenue of the Group for the six months ended 30 June 2016 amounted to approximately RMB10,586.1 million, representing an increase of approximately 94.5% comparing with the total revenue of approximately RMB5,442.7 million for the six months ended 30 June 2015.

For the six months ended 30 June 2016, the total revenue from subsidiaries, joint ventures and associates of the Group was approximately RMB19,963.5 million (for the six months ended 30 June 2015: approximately RMB15,725.2 million), of which approximately RMB15,224.6 million was attributable to owners of the Company, representing an increase of approximately 78.6% as compared to approximately RMB8,524.0 million for the six months ended 30 June 2015.

The following table sets forth certain details of the revenue:

	Six months ended 30 June			
	2016		**2015**	
	RMB'000	%	*RMB'000*	%
Revenue from sales of properties	10,330,591	97.59	5,221,649	95.94
Property management service income and others	255,494	2.41	218,058	4.00
Rental income from investment properties	—	—	3,015	0.06
Total	10,586,085	100.00	5,442,722	100.00
Total gross floor area ("GFA") delivered (sq.m.)	629,364		283,574	
Average selling prices sold (RMB per sq.m.)	16,414		18,414	

Revenue from sales of properties for the six months ended 30 June 2016 increased by approximately RMB5,108.9 million (or approximately 97.8%) as compared with the amount for the six months ended 30 June 2015. Total area of properties delivered for the six months ended 30 June 2016 increased by approximately 345,790 square metres (or approximately 121.9%), which was the major reason for the increase in revenue from sales of properties. This was mainly attributed to the commencement of the delivery of properties in the Hangzhou and Chengdu regions by the Group to property purchasers.

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.

For the six months ended 30 June 2016, cost of sales of the Group amounted to approximately RMB9,180.0 million, representing an increase of approximately RMB4,355.3 million (or approximately 90.3%) as compared with approximately RMB4,824.7 million for the six months ended 30 June 2015. The increase in cost of sales was primarily in line with the increase in GFA delivered by the Group.

GROSS PROFIT

For the six months ended 30 June 2016, gross profit of the Group was approximately RMB1,406.1 million, representing an increase of approximately RMB788.0 million as compared with gross profit of approximately RMB618.1 million for the six months ended 30 June 2015. The increase in gross profit was primarily due to the increase in GFA delivered by the Group and the increase in sales revenue.

For the six months ended 30 June 2016, gross margin of the Group was approximately 13.3%, representing an increase of approximately 1.9 percentage points as compared with gross margin of approximately 11.4% for the six months ended 30 June 2015. Excluding the impact of fair value re-measurement and provision for impairment of the properties, the Group's gross margin was approximately 20.9% for the six months ended 30 June 2016, representing a decrease of approximately 2.7 percentage points as compared with approximately 23.6% for the six months ended 30 June 2015. This was mainly attributed to a decrease in the proportion of revenue from properties with relatively high gross margins in Beijing and Shanghai to total revenue from properties for the six months ended 30 June 2016.

In addition, for the six months ended 30 June 2016, the total gross profit of subsidiaries, joint ventures and associates of the Group was approximately RMB2,465.0 million, of which approximately RMB1,967.3 million was attributable to owners of the Company. For the six months ended 30 June 2015, the total gross profit of subsidiaries, joint ventures and associates of the Group was approximately RMB2,972.0 million, of which approximately RMB1,445.3 million was attributable to owners of the Company.

SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

Selling and marketing costs of the Group increased by approximately 11.9% to approximately RMB318.5 million for the six months ended 30 June 2016 from approximately RMB284.6 million for the six months ended 30 June 2015. This was mainly attributed to the expanded scale of sales of the Group for the period and the relevant expenses and costs newly incurred by the Group in newly developed regions.

Administrative expenses of the Group increased by approximately 41.1% to approximately RMB421.5 million for the six months ended 30 June 2016 from approximately RMB298.8 million for the six months ended 30 June 2015. Apart from the increase in administrative expenses resulting from expansion to new areas by the Group, the increase was mainly attributed to the provision for bad debts of receivables of approximately RMB30.0 million made by the Group out of prudence, and an increase in staff costs in the form of share options for the six months ended 30 June 2015.

OTHER INCOME AND GAINS

Other income and gains of the Group decreased by approximately RMB669.2 million to approximately RMB1,551.4 million for the six months ended 30 June 2016 from approximately RMB2,220.6 million for the six months ended 30 June 2015, which was mainly attributable to the following:

(i) a decrease of approximately RMB1,418.1 million in gain from disposal of equity interest in subsidiaries and equity interest and debt interest in associates, and an increase of approximately RMB883.3 million in gain from business combination and acquisition of equity interest in joint ventures; and

(ii) a decrease in interest income from joint ventures and associates of the Group in the amount of approximately RMB186.6 million.

OTHER EXPENSES AND LOSSES

The Group's other expenses and losses decreased by approximately RMB47.8 million to approximately RMB54.6 million for the six months ended 30 June 2016 from approximately RMB102.4 million for the six months ended 30 June 2015, primarily attributable to the loss of approximately RMB81.3 million resulting from the disposal of investment properties included in other expenses and losses for the six months ended 30 June 2015.

OPERATING PROFIT

As a result of the analysis above, the Group's operating profit increased by approximately RMB10.1 million to approximately RMB2,162.9 million for the six months ended 30 June 2016 from approximately RMB2,152.8 million for the six months ended 30 June 2015, which was primarily due to:

(i) an increase in gross profit of approximately RMB788.0 million;

(ii) a decrease in other income and gains of approximately RMB669.2 million and a decrease in other expenses and losses of approximately RMB47.8 million; and

(iii) an increase in operating expenses of approximately RMB156.6 million.

FINANCE COSTS

The Group's finance costs increased by approximately RMB880.1 million to approximately RMB1,578.7 million for the six months ended 30 June 2016 from approximately RMB698.6 million for the six months ended 30 June 2015, which was mainly attributed to:

(i) the impact of exchange rate fluctuations in the market, leading to substantial increase in the net exchange loss of the Group from approximately RMB4.4 million for the six months ended 30 June 2015 to approximately RMB376.0 million for the six months ended 30 June 2016;

(ii) a decrease in the capitalization ratio of finance cost, leading to an increase in expensed finance cost of approximately RMB508.6 million (including other financing costs of approximately RMB224.1 million incurred in relation to the early redemption of senior notes and expensed interest expenses of approximately RMB284.5 million) from approximately RMB694.1 million for the six months ended 30 June 2015 to approximately RMB1,202.7 million for the six months ended 30 June 2016. The decrease in the capitalization ratio of finance cost was mainly attributed to the fact that cash inflows generated from operations were used by the Group for making payments in respect of the acquisition of equity interests and the operational input to the joint ventures and associates of the Group and were not used to reduce the size of borrowings. Although the decrease in the interest capitalization ratio will increase the amount of interest expenses for the current period, it will reduce the finance cost contained in the cost of sales during future periods, thereby increasing the gross profit for future periods.

In addition, the total interest cost increased by approximately RMB283.3 million from approximately RMB1,362.2 million for the six months ended 30 June 2015 to approximately RMB1,645.5 million for the six months ended 30 June 2016, mainly due to the increase in the amount of borrowings of the Group.

The weighted-average effective interest rate of the Group decreased from approximately 7.7% for the six months ended 30 June 2015 to approximately 6.36% for the six months ended 30 June 2016. The weighted-average effective interest rate of newly increased borrowings was approximately 6.06%. The Group realised continued optimization of debt structure and continued decline in weighted-average effective interest rate through diversification of financing channels, control of refinancing costs and replacement of existing high-cost borrowings.

SHARE OF POST-TAX PROFITS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD, NET

The Group recognised a share of net loss from investments accounted for using equity method of approximately RMB235.5 million for the six months ended 30 June 2016 as compared to a net post-tax profit of approximately RMB451.9 million for the six months ended 30 June 2015. The decrease was mainly attributed to a decline in the proportion of the sales revenue recorded by joint ventures and associates for properties with relatively high gross margins (mainly including Beijing Jinmao Residence and Jinmao Palace, Tianjin Horizon Capital) to the overall sales revenue from properties of joint ventures and associates for the six months ended 30 June 2016 resulting in a decrease in the overall operating profit recorded by the joint ventures and associates of the Group as compared to the six months ended 30 June 2015. In addition, for the six months ended 30 June 2016, the Group established relatively large number of new joint ventures and associates. These companies did not record any sales revenue as they had not reached the property delivery stage and suffered from losses as they only recorded operating expenses, which resulted in a decrease in share of net post-tax profits of investments accounted for using equity method of the Group.

PROFIT

Because of a substantial increase in finance costs resulting from the deterioration of exchange losses and a decreased capitalization ratio, the Group's profit attributable to owners of the Company decreased to approximately RMB72.9 million for the six months ended 30 June 2016 from approximately RMB951.4 million for the six months ended 30 June 2015.

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

	Six months ended 30 June	
	2016	**2015**
	RMB'000	*RMB'000*
Profit for the period	102,770	1,257,663
Attributable to:		
Owners of the Company	72,935	951,399
Holders of perpetual capital securities	2,361	—
Non-controlling interests	27,474	306,264
	102,770	1,257,663

Excluding the impact of the gain from acquisition of equity interests, net exchange loss and impairment provision for properties, the Group's core profit attributable to owners of the Company amounted to a loss of approximately RMB394.9 million for the six months ended 30 June 2016 as compared with a profit of approximately RMB1,003.0 million for the six months ended 30 June 2015.

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 48.4% to approximately RMB40,147.5 million as at 30 June 2016 from approximately RMB27,058.3 million as at 31 December 2015, of which non-restricted cash increased to approximately RMB28,337.6 million as at 30 June 2016 from approximately RMB22,687.3 million as at 31 December 2015.

The increase in non-restricted cash was principally attributable to:

(i) the net cash outflow of approximately RMB2,785.1 million from operating activities, which was attributed to the increase in purchases of land by the Group for the expansion of the business scale;

(ii) the net cash outflow of approximately RMB11,343.8 million from investing activities which was mainly attributable to the new projects in Beijing, Shanghai, Suzhou, Nanjing, Wuhan and Zhengzhou obtained by the Group through direct investment and the acquisition of equity interests;

(iii) the net cash inflow of approximately RMB19,838.2 million from financing activities which was primarily due to the net inflow (inclusive of the conversion of non-restricted cash to restricted cash as a result of borrowings) of approximately RMB22,528.1 million from borrowings.

Currently, the Group has sufficient working capital which is at a healthy and safe level with adequate ability to resist risks and is sufficient to support the business growth in foreseeable future.

BORROWINGS AND COLLATERALS

The Group had total borrowings of approximately RMB62,798.5 million as at 30 June 2016, representing an increase of approximately RMB20,999.9 million from approximately RMB41,798.6 million as at 31 December 2015. The increase was mainly attributable to the issuance of new corporate bonds during the period leading to an increase of approximately RMB14,951.1 million in total borrowings, while other borrowings led to an increase of approximately RMB6,048.8 million in total borrowings.

As at 30 June 2016, approximately RMB41,831.0 million of the Group's total borrowings (as at 31 December 2015: approximately RMB35,785.6 million) were secured or jointly secured by the Group's properties under development and completed properties held for sale (totaling approximately RMB34,372.0 million (as at 31 December 2015: approximately RMB23,841.5 million)), and 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 30 June 2016, the net debt to total assets ratio of the Group was approximately 14.7%, as compared to approximately 12.8% as of 31 December 2015.

Gearing ratio is calculated as net debt divided by total capital. Total capital is calculated as total equity plus net debt. As at 30 June 2016, the gearing ratio of the Group is approximately 46.0%, as compared to approximately 43.2% as at 31 December 2015.

Net gearing ratio is calculated as net debt divided by total equity. As at 30 June 2016, the net gearing ratio of the Group was approximately 85.1% as compared with approximately 75.9% as at 31 December 2015.

The Group considers the above financial ratios remain at a healthy, safe and controllable level, and will continue 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.

	As at 30 June 2016 *RMB' million*	As at 31 December 2015 *RMB' million*
Floating rates		
Less than 12 months	9,554	5,751
1 to 5 years	6,029	12,182
Sub-total	15,583	17,933
Fixed rates		
Less than 12 months	15,094	8,833
1 to 5 years	32,121	15,033
Sub-total	47,215	23,866
Total	62,798	41,799

As at 30 June 2016, the Group did not use any interest rate swaps to hedge its exposure to interest rate risk. The Group monitors 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 Renminbi, since all of the operating entities are based in the PRC. As the Group has some bank deposits, senior notes and foreign syndicated loans denominated in US dollars, Euro or HK dollars, the Group faces foreign exchange risk. Affected by the exchange rate fluctuations in the market, the Group recorded net exchange loss of approximately RMB376.0 million for the six months ended 30 June 2016 (for the six months ended 30 June 2015: approximately RMB4.4 million). However, the Group's operating cash flow and liquidity are not subject to significant effect from fluctuations in exchange rates. The Group has continued to closely track and manage its exposure to fluctuation in foreign exchange rates and has adopted certain currency hedging arrangements against exchange rate fluctuation risks during the six months ended 30 June 2016. In addition, the Group reduced the borrowing balance denominated in foreign currencies as a percentage of the total borrowing balance from 46% as at 31 December 2015 to 18% as at 30 June 2016 through the continued optimization of its debt structure during the six months ended 30 June 2016, thereby reducing the foreign exchange risk to which it is exposed.

CONTINGENT LIABILITIES

The Group provides 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 30 June 2016, the amount was approximately RMB7,649.6 million as compared to approximately RMB4,879.8 million as at 31 December 2015. Such guarantees are terminated 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 purchaser. 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 30 June 2016, the Group has been engaging in a total of 132 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 30 June 2016.

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Completion time/estimated completion time	Interest attributable to the Group
Sunac West Chateau	Beijing	Mid-rise apartments, retail properties and car parks	190,665	447,804	334,892	October 2015	100.0%
Yaao Jinmao Residence	Beijing	High-rise apartments, retail properties and car parks	84,684	253,074	169,941	September 2014	49.0%
Wangjing Jinmao Palace	Beijing	High-rise apartments, retail properties and car parks	54,485	154,156	125,220	July 2017	49.0%
Fontainebleau Chateau	Beijing	High-rise apartments, townhouses, retail properties and car parks	131,629	403,441	340,987	January 2016	49.5%
Glory Chateau	Beijing	High-rise and mid-rise apartments, townhouses, detached villas and car parks	183,531	467,888	346,581	December 2017	51.0%
Beijing One Sino Park	Beijing	Mid-rise apartments and car parks	25,210	100,843	72,980	December 2016	81.9%
Chang'an Image	Beijing	High-rise apartments, serviced apartments, retail properties and car parks	101,831	490,251	370,479	October 2019	48.0%
Mentougou New Town	Beijing	Serviced apartments, retail properties and car parks	33,987	151,815	129,787	June 2017	71.0%
One Central	Beijing	High-rise apartments, retail properties, offices and car parks	14,297	118,964	109,675	December 2016	40.0%
Beijing One Sino Manor	Beijing	Detached villas, retail properties and car parks	596,029	415,140	371,198	June 2019	51.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area (*sq.m.*)	Estimated aggregate GFA (*sq.m.*)	Estimated saleable/ rentable GFA (*sq.m.*)	Completion time/estimated completion time	Interest attributable to the Group
Yanqihu Project	Beijing	Detached villas	359,309	259,471	117,870	October 2021	49.0%
Fortune Center	Jinan	High-rise and mid-rise apartments, retail properties and car parks	156,081	649,255	639,610	September 2020	60.0%
Sino-Singapore	Jinan	High-rise apartments, retail properties and car parks	258,586	772,247	770,806	December 2019	60.0%
Fortune Peak	Jinan	High-rise apartments, retail properties, offices, serviced apartments and car parks	106,913	479,717	479,717	January 2021	60.0%
Cambridge Mansion	Jinan	High-rise apartments, retail properties and car parks	33,421	148,681	139,941	March 2017	60.0%
B3 Project	Jinan	Retail properties, offices, serviced apartments and car parks	17,604	131,695	127,387	July 2021	60.0%
Metro One	Taiyuan	High-rise apartments, retail properties, serviced apartments	80,399	467,699	320,958	December 2017	70.0%
Sunac Xuefu Yihao	Taiyuan	High-rise apartments, retail properties	98,379	413,247	323,774	December 2018	100.0%
Sunac Magnetic Capital	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	460,840	1,247,860	1,188,679	December 2013	100.0%
Sunac Mind-Land International	Tianjin	High-rise apartments, detached villas, retail properties and car parks	497,501	813,704	751,224	December 2012	100.0%
Sunac Glorious Mansion	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	121,412	304,032	304,032	December 2013	100.0%
Sunac Central Academy	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	268,421	761,621	703,812	December 2016	100.0%
Sunac PL Du Pantheon	Tianjin	High-rise apartments, townhouses, retail properties and car parks	70,600	244,491	226,986	December 2014	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
Horizon Capital	Tianjin	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	111,446	391,085	384,916	October 2017	49.0%
Tianjin Dream of Mansion	Tianjin	Mid-rise apartments, townhouses, detached villas, retail properties, offices and car parks	120,059	241,876	220,371	April 2018	50.0%
Sunac Binhai Center	Tianjin	Retail properties, offices, serviced apartments and car parks	17,161	209,687	202,501	December 2019	80.0%
Orchid Garden	Tianjin	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	15,742	95,697	84,841	September 2016	47.0%
R3 Project	Tianjin	Retail properties, serviced apartments and car parks	121,214	447,919	447,919	June 2021	47.0%
River and Sea	Tianjin	High-rise apartments, retail properties and car parks	59,660	282,864	282,864	March 2019	47.0%
Sunac Bay Island	Tianjin	High-rise and mid-rise apartments, townhouses, retail properties, offices, serviced apartments and car parks	248,119	602,656	568,740	September 2019	54.0%
Sunac Top Mansion of the Dongting	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	109,537	269,124	244,166	December 2015	100.0%
Tiantuo Project	Tianjin	High-rise apartments, retail properties, offices, serviced apartments and car parks	370,698	1,323,601	1,270,083	December 2018	80.0%
Tiantuo North Project	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	56,791	294,209	292,367	March 2018	80.0%
Tianjin Majestic Mansion	Tianjin	Mid-rise apartments and car parks	60,088	97,634	95,092	December 2016	40.8%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Completion time/estimated completion time	Interest attributable to the Group
The National Village	Tianjin	High-rise and mid-rise apartments, retail properties, townhouses and car parks	321,417	942,054	866,997	December 2019	39.2%
Sunac City	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	261,350	668,671	650,993	October 2019	75.0%
Sunac Tianjin Glorious Garden	Tianjin	High-rise and mid-rise apartments, retail properties and car parks	164,957	470,420	423,233	June 2019	60.0%
Master Classic	Xi'an	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	20,141	258,240	241,502	June 2018	54.5%
Xi'an Dream of Mansion	Xi'an	High-rise and mid-rise apartments, retail properties and car parks	99,491	312,361	277,501	October 2018	56.0%
Xi'an Orchid Garden	Xi'an	High-rise and mid-rise apartments, retail properties and car parks	15,588	111,642	102,479	July 2018	56.0%
Lanyuefu Kaicheng	Xi'an	High-rise and mid-rise apartments, townhouses, retail properties and car parks	144,502	284,201	255,433	October 2020	11.2%
Lanyuefu Kairui	Xi'an	High-rise apartments, townhouses, retail properties and car parks	53,067	173,917	156,029	July 2018	53.2%
Lanyuefu Kaiyueshangye	Xi'an	Retail properties, serviced apartments and car parks	33,271	87,640	82,179	September 2021	16.8%
Gaoxin Glorious Garden	Xi'an	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	38,371	207,070	186,163	June 2018	56.0%
Elephant Lake King Mansion	Zhengzhou	High-rise and mid-rise apartments, townhouses, retail properties and car parks	258,139	839,266	676,179	December 2019	70.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Completion time/estimated completion time	Interest attributable to the Group
Sunac One Guanland	Zhengzhou	High-rise and mid-rise apartments, townhouses, retail properties and car parks	142,854	506,290	487,042	November 2018	80.0%
Zhengzhou Master Classic	Zhengzhou	High-rise and mid-rise apartments, retail properties and car parks	116,082	486,101	365,629	March 2019	51.0%
Dahe Chenyuan	Zhengzhou	High-rise and mid-rise apartments, townhouses, retail properties and car parks	60,427	129,200	126,440	September 2018	36.7%
Zhengdongxinqu Land Plot	Zhengzhou	High-rise apartments	13,340	40,140	40,140	May 2018	20.0%
Sunac Olympic Garden	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, offices, serviced apartments and car parks	1,713,641	2,576,975	2,074,048	December 2015	100.0%
Sunac Eton Manor	Chongqing	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	179,204	405,901	303,940	December 2014	100.0%
Sunac Guardian Manor	Chongqing	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	159,793	563,089	382,715	December 2015	100.0%
Versails	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties and car parks	397,844	1,370,245	972,580	June 2018	81.0%
Sunac Asia Pacific Enterprise Valley	Chongqing	High-rise apartments, serviced apartments, retail properties, offices and car parks	118,912	744,236	576,236	December 2013	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area (sq.m.)	Estimated aggregate GFA (sq.m.)	Estimated saleable/ rentable GFA (sq.m.)	Completion time/estimated completion time	Interest attributable to the Group
Sunac The European Garden for City -West	Chongqing	High-rise and mid-rise apartments, townhouses, serviced apartments, retail properties and car parks	499,325	1,292,900	944,553	December 2021	100.0%
Powpre Fontainebleau	Chongqing	Townhouses, detached villas, retail properties and car parks	147,400	147,946	126,019	June 2019	90.0%
Hastin Avenue	Chongqing	High-rise apartments, retail properties and car parks	75,258	484,125	328,405	June 2019	51.0%
The European Garden for City -East	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, retail properties, serviced apartments and car parks	834,509	2,119,885	1,527,128	December 2024	51.0%
Chongqing Rose Garden	Chongqing	Detached villas, retail properties and car parks	135,179	169,678	129,736	December 2018	90.0%
EXPO City	Chongqing	High-rise and mid-rise apartments, townhouses, detached villas, serviced apartments, offices, retail properties and car parks	583,136	1,514,317	1,044,934	December 2019	51.0%
Camb Garden	Chongqing	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	138,735	483,101	317,890	December 2018	49.0%
Binjiang Yihao	Chongqing	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	95,974	503,193	340,311	December 2019	50.1%
Sunac Sky Villa	Chengdu	High-rise apartments, retail properties and car parks	108,166	454,893	410,003	June 2016	100.0%
Sunac Sky Villa Condominiums	Chengdu	High-rise apartments, retail properties and car parks	29,592	123,210	116,879	June 2016	100.0%
Sunac Guanghua Center	Chengdu	High-rise apartments, retail properties, offices and car parks	76,089	366,892	343,183	April 2015	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Completion time/estimated completion time	Interest attributable to the Group
Sunac Villa Royale	Chengdu	Townhouses, detached villas, retail properties and car parks	205,254	271,819	270,127	September 2018	100.0%
Sunac Nano Residence	Chengdu	High-rise apartments, retail properties, offices and car parks	16,833	112,590	103,086	January 2020	100.0%
Sunac Residence du Lac	Chengdu	High-rise apartments, retail properties and car parks	99,893	398,797	374,737	September 2018	100.0%
Sunac Resicence Du Paradis	Chengdu	High-rise apartments, retail properties and car parks	99,609	814,951	753,955	December 2018	100.0%
Sunac Fairview House	Chengdu	High-rise apartments, retail properties and car parks	11,851	87,032	79,763	March 2016	100.0%
Sunac Dianxin Road Project	Chengdu	High-rise apartments, retail properties and car parks	11,858	91,205	84,100	September 2019	100.0%
Dream Of Mansion	Chengdu	High-rise apartments, retail properties and car parks	37,757	215,156	202,977	December 2017	70.0%
Sunac Kaixuan Dongan	Chengdu	High-rise and mid-rise apartments, retail properties and car parks	56,735	225,834	202,963	March 2018	60.0%
Sunac Shanghai Magnolia Garden	Shanghai	High-rise and mid-rise apartments and car parks	58,163	126,092	116,738	June 2013	100.0%
Shanghai Magnolia Garden-Glorious Garden	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	72,803	162,914	146,726	June 2015	49.0%
Shanghai Magnolia Mansion	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	60,206	117,715	98,172	January 2016	50.0%
Sunac Shanghai Rose Garden	Shanghai	Detached villas	803,353	240,040	138,413	September 2014	100.0%
Shanghai Francais Demeure	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	75,091	182,469	146,413	December 2015	49.0%
Sunac Shanghai One Sino Park	Shanghai	High-rise and mid-rise apartments, retail properties, offices, serviced apartments and car parks	105,045	656,865	580,283	May 2019	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area	Estimated aggregate GFA	Estimated saleable/ rentable GFA	Completion time/estimated completion time	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*		
Sunac The Bund 188	Shanghai	Retail properties, serviced apartments and car parks	10,239	57,866	49,823	November 2016	100.0%
Sunac Central Garden	Shanghai	High-rise apartments, retail properties, serviced apartments, offices and car parks	211,626	608,157	529,357	December 2018	100.0%
Sunac Daning North Magnolia Mansion	Shanghai	High-rise apartments and car parks	66,170	178,903	151,491	June 2017	100.0%
Rose Mansion	Shanghai	High-rise apartments and car parks	45,710	126,100	81,980	December 2018	50.0%
Fortune Riverside	Shanghai	Mid-rise apartments, offices and car parks	36,988	165,530	106,663	June 2019	47.0%
Huafeng Project	Shanghai	High-rise and mid-rise apartments, retail properties and car parks	608,512	1,183,640	1,075,033	December 2025	42.3%
Pujiangzhen Project	Shanghai	Detached villas and car parks	131,112	149,467	95,060	December 2018	40.0%
Sunac Songjiang Sijing Project	Shanghai	Mid-rise apartments and car parks	45,710	126,100	108,794	September 2018	60.0%
Sunac Puxing Project	Shanghai	Serviced apartments, retail properties and car parks	21,253	55,552	55,552	December 2017	100.0%
Nanjing Fairy Land	Nanjing	Mid-rise apartments, townhouses, detached villas	212,900	111,900	70,455	October 2019	51.0%
Sunac Nanjing Glorious Garden	Nanjing	Mid-rise apartments, retail properties and car parks	62,234	147,134	129,241	November 2017	100.0%
Nanjing Magnolia Mansion	Nanjing	High-rise apartments, retail properties and car parks	68,021	255,222	253,071	June 2018	58.8%
Jiangning Taowu Villa	Nanjing	Townhouses, detached villas	113,198	69,995	50,672	June 2018	51.0%
Sunac Magnolia Square	Changzhou	High-rise and mid-rise apartments, townhouses, retail properties and car parks	413,253	1,031,766	942,748	November 2019	97.0%
Suzhou Fairy Land	Suzhou	Detached villas	213,852	263,930	126,730	December 2018	56.7%
Sunac Suzhou Majestic Mansion	Suzhou	Mid-rise apartments, detached villas	155,664	215,266	122,117	December 2013	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area	Estimated aggregate GFA	Estimated saleable/ rentable GFA	Completion time/estimated completion time	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*		
Sunac Shishan Majestic Mansion	Suzhou	Mid-rise apartments and car parks	104,401	180,514	134,043	December 2017	100.0%
Sunac Shihu Fairy Land	Suzhou	Mid-rise apartments	74,473	133,111	79,917	December 2017	95.0%
Sunac Taihu Town	Suzhou	High-rise apartments, retail properties	26,905	110,757	79,767	December 2017	100.0%
Sunac Suzhou The One Park	Suzhou	High-rise apartments, retail properties, serviced apartments	71,842	407,471	296,381	December 2021	100.0%
Suzhou Fontainebleau	Suzhou	High-rise apartments, mid-rise apartments	169,971	425,588	307,197	December 2020	50.0%
Sunac Wuxi Magnolia Garden	Wuxi	High-rise apartments, retail properties and car parks	180,826	564,911	543,538	December 2015	100.0%
Wuxi Magnolia Garden West	Wuxi	High-rise apartments, retail properties, offices and car parks	171,572	533,068	511,409	December 2018	39.0%
Sunac Royal Garden	Yixing	High-rise apartments, townhouses, detached villas, retail properties and car parks	268,945	465,986	404,480	May 2018	100.0%
Comphorwood Mansion	Wuxi	High-rise and mid-rise apartments, detached villas, retail properties and car parks	203,070	680,580	569,026	December 2019	51.0%
Sunac Swan Lake	Wuxi	High-rise and mid-rise apartments, detached villas, retail properties, serviced apartments and car parks	706,889	1,392,554	1,283,905	December 2016	100.0%
Sunac Dream of City	Wuxi	High-rise and mid-rise apartments, townhouses, retail properties, serviced apartments and car parks	449,808	889,889	788,145	June 2014	100.0%
Sunac Baiqugang Project	Wuxi	High-rise apartments, retail properties and car parks	100,539	293,912	279,397	December 2019	100.0%
Sunac Melodious Manor	Hangzhou	Mid-rise apartments, townhouses and car parks	59,360	123,527	82,345	December 2014	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area	Estimated aggregate GFA	Estimated saleable/ rentable GFA	Completion time/estimated completion time	Interest attributable to the Group
			(sq.m.)	*(sq.m.)*	*(sq.m.)*		
Above the West Lake	Hangzhou	High-rise apartments, retail properties, offices, serviced apartments and car parks	58,184	280,197	156,589	June 2018	49.0%
Wonderful Mansion	Hangzhou	High-rise apartments, retail properties and car parks	20,480	89,184	65,533	May 2015	50.0%
Sunac In Hangzhou	Hangzhou	Retail properties, offices, serviced apartments and car parks	10,418	154,055	108,374	June 2016	60.0%
Sunac Fuchun Chateau	Hangzhou	Mid-rise apartments, townhouses, retail properties and car parks	98,024	167,198	122,979	December 2017	100.0%
Riverside City Ⅰ	Hangzhou	High-rise apartments, retail properties and car parks	62,760	220,617	168,615	June 2016	65.0%
Sunac Riverside City Ⅱ	Hangzhou	High-rise apartments, retail properties and car parks	80,587	256,457	189,487	June 2016	100.0%
Marquis Mansion	Hangzhou	High-rise apartments, retail properties and car parks	32,220	126,765	92,687	June 2017	50.0%
Sunac The Times	Hangzhou	High-rise apartments, retail properties and car parks	61,871	221,496	184,165	December 2018	100.0%
Sunac Wealth Mansion	Hangzhou	High-rise apartments, retail properties and car parks	18,844	75,891	52,646	December 2019	80.0%
Sunac Jiuzhangtai	Hangzhou	High-rise and mid-rise apartments, retail properties and car parks	53,770	176,664	132,436	September 2019	100.0%
Sunac Xijiantang	Hangzhou	Mid-rise apartments, townhouses	20,680	53,894	30,584	June 2018	100.0%
Ningbo Mansion	Ningbo	High-rise and mid-rise apartments, retail properties and car parks	104,789	324,152	238,710	August 2018	50.0%
Sunac Hefei One Central	Hefei	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	56,747	236,426	188,300	May 2018	100.0%

Project Summary as of 30 June 2016

Project	Location	Type of property product	Total site area *(sq.m.)*	Estimated aggregate GFA *(sq.m.)*	Estimated saleable/ rentable GFA *(sq.m.)*	Completion time/estimated completion time	Interest attributable to the Group
Zhengwu District No.1 Project	Hefei	High-rise and mid-rise apartments, retail properties, serviced apartments and car parks	70,543	318,518	240,666	June 2018	50.0%
One Park	Wuhan	High-rise apartments, retail properties, serviced apartments, offices and car parks	251,765	1,176,581	1,157,112	June 2020	69.0%
Sunac Wuhan Dream Of Mansion	Wuhan	High-rise apartments, retail properties and car parks	83,300	339,763	327,977	November 2018	90.0%
Wuhan Sunac Center	Wuhan	High-rise apartments, retail properties, serviced apartments, offices and car parks	202,542	1,388,469	1,388,469	December 2024	34.0%
Riyuewan Project	Hainan	High-rise apartments, townhouses, retail properties, serviced apartments and car parks	424,952	625,468	538,845	June 2021	50.0%
Zengcheng Zhucun Project	Guangzhou	High-rise apartments, townhouses, retail properties and car parks	266,540	782,382	752,382	May 2020	50.0%
Sunac Lake Mansion	Foshan	High-rise and mid-rise apartments, retail properties and car parks	74,014	274,389	273,129	May 2019	95.0%
Sunac Majestic Mansion	Foshan	High-rise apartments, retail properties and car parks	62,097	266,973	265,864	December 2018	51.0%
Chancheng Dafu Project	Foshan	High-rise apartments, retail properties and car parks	89,182	345,046	343,821	December 2020	50.0%
Dashacun Project	Dongguan	High-rise apartments, retail properties and car parks	34,839	88,845	83,810	December 2018	60.0%
Sunac Qingxi Manor	Dongguan	High-rise apartments, retail properties, offices and car parks	32,571	92,536	89,032	May 2018	100.0%
		Total	**21,263,295**	**55,525,089**	**47,235,896**		

Review of the first half of 2016

In the first half of 2016, China's macroeconomic growth and economic structural adjustment were still confronted with great pressures. Given the continued easing monetary environment and industrial policies, the real estate industry revived gradually, particularly in the core first- and second-tier cities with a balanced supply and demand, both the trading volume and price increased remarkably.

The overall operating results of the Company remained stable in the first half of 2016. Although profit attributable to owners of the Company declined in short term due to periodic reasons, revenue of the Company reached approximately RMB10,586.1 million, a year-on-year increase of approximately 94.5%; gross profit reached approximately RMB1,406.1 million, a year-on-year increase of approximately 127.5%; gross margin began to rebound, reflecting a positive turnaround of the Company's business operations. In the first half of the year, contracted sales reached approximately RMB56,050 million, a year-on-year increase of approximately 105.6%; interest-based sales reached approximately RMB36,298 million, a year-on-year increase of approximately 149%. The financial position of the Company continued to remain sound with sufficient liquidity. As of 30 June 2016, carrying amount of cash of the Company reached approximately RMB40,147.5 million. In addition, the Company continued to capture opportunities arising from the domestic corporate bond market and replaced its historical financing at higher cost with corporate bonds at lower cost, effectively lowering the overall debt cost and enhancing the debt structure of the Company. As of 30 June 2016, the percentage of long-term financing due between two and five years reached approximately 45%, and the weighted average effective interest rate decreased from approximately 7.7% in 2015 to approximately 6.36%, particularly weighted average effective interest rate for new borrowings decreased to approximately 6.06% in the first half of the year. Meanwhile, the Company proactively managed its exposure to foreign exchange rates. On one hand, with the advanced repayment of borrowings denominated in foreign currencies and the control of the size of foreign currency refinancing to reduce the balance of such financing, foreign currency financing as a percentage of the total financing of the Company decreased from approximately 46% at the end of 2015 to approximately 18% as at 30 June 2016; on the other hand, the Company conducted certain hedging arrangements against its exposure to fluctuation in foreign exchange rates through financial instruments in respect of foreign exchange.

Regarding the land market, the Company has been focusing on a few core first- and second-tier cities for many years. From the second half of 2015 to the first half of 2016, the Company captured opportunities arising from recovery of the market, and quickly completed its deployment in the major first- and second-tier cities in China through rapid judgments and careful decisions. The Company also supplemented its land bank with a large quantity of high-quality lands at reasonable prices, which will provide strong support for the sustainable and steady development of the Company in the future. As of 30 June 2016, the Company had projects in 21 core first- and second-tier cities with land bank of approximately 37.76 million sq.m. and attributable land bank of approximately 24.72 million sq.m. The breakdown of land bank by city is as follows:

	As at 30 June 2016			
Region	**Total Land Bank (sq.m.)**	**Proportion**	**Attributable Land Bank (sq.m.)**	**Proportion**
Beijing Region (including Beijing, Jinan, Taiyuan)	5,018,148	13.3%	3,071,833	12.4%
Tianjin Region (including Tianjin, Xi'an, Zhengzhou)	9,082,672	24.1%	5,525,335	22.3%
Shanghai Region (including Shanghai, Suzhou, Nanjing, Wuxi, Changzhou)	6,994,686	18.5%	5,131,645	20.8%
Chongqing and Chengdu Region (including Chongqing, Chengdu)	9,091,286	24.1%	6,385,039	25.8%
Southeast Region (including Hangzhou, Hefei, Ningbo)	2,188,660	5.7%	1,596,072	6.5%
Guangzhou and Shenzhen Region (including Guangzhou, Foshan, Dongguan)	1,850,171	4.9%	1,106,383	4.5%
Wuhan	2,904,813	7.7%	1,589,707	6.4%
Hainan	625,468	1.7%	312,734	1.3%
Total	**37,755,904**	**100%**	**24,718,748**	**100%**

Outlook for the second half of 2016

In the second half of 2016, the Company expects that the Chinese economy will still be faced with relatively great pressures. The government will continue to adopt positive fiscal policies and monetary policies to stabilize economic growth. So far as the real estate industry is concerned, under the macro context of continued ample liquidity, real estate markets with a healthy demand and supply relationship in first- and second-tier cities will still maintain a relatively high degree of prosperity. Specifically, the markets of some cities with soaring land prices and housing prices may gradually stabilize due to the release of purchasing power and local control policies. While the possibility of market fluctuation in individual cities cannot be excluded, policy control and short term market adjustments are beneficial to the long term healthy development of the real estate market.

In the second half of 2016, the Company expects to launch approximately 28 new real estate projects for sale. It is expected that the total value will exceed RMB40 billion. Together with the re-launch of old real estate projects, resources available for sale in the second half of the year exceeds RMB112 billion and these resources are evenly distributed over 21 first- and second-tier core cities with sound markets. The Company will endeavor to grasp the opportunity of the market performing well in the second half of the year to accelerate the launch of projects for sale and increase the sell-through rate, achieve a greater growth in the sales amount and cash collection, support the healthy development of the Company and deal with the risk of possible market fluctuation.

In the second half of 2016, the Company will continue to consolidate the national layout of first- and second-tier core cities which has been formed. In particular, the Company will utilize its competitive edges to gradually attain an advantageous position in cites where it has newly established business presence; the Company will continue to actively analyse the market based on the experience and capacity on land acquisitions it has accumulated in the past, make decisions prudently and obtain high quality land reserves at reasonable price which support turnover even under a fluctuating market on the premise of ensuring the absolute safety of cash flow.

In the second half of 2016, the Company will also continue to adhere to the high-end product strategy. On one hand, the Company will further enhance the park ancillary system through consolidating the existing product creation and quality management and control systems. On the other hand, the Company will also expedite the implementation of the full product cycle, full life cycle "Living a Perfect Lifestyle" high-end life value system, strive to establish product and service advantages in an all-round and systematic manner and constantly enhance product premium capability and brand value.

In the second half of 2016, the Company will insist on cash flow and gearing ratio management by adhering to the high turnover operating model and achieve its steady development on the premise of ensuring the absolute safety of cash flow. In addition, the Company will further adjust the appraisal and incentive system for the management team to enable it to focus more on improving profitability and customer satisfaction so as to support the long-term healthy development of the Company.

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2016 (30 June 2015: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had 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 (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries of all the Directors, each of them confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2016 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 had, throughout the six months ended 30 June 2016, complied with all applicable code provisions under the Corporate Governance Code, save and except for the deviation from Code Provision E.1.2.

Code Provision E.1.2 provides that, the chairman of the Board and the chairman or member of the relevant Board committees (where appropriate) should attend the general meetings of the Company and be available to answer questions at such meetings. Mr. Sun Hongbin (chairman of the Board and the chairman of the nomination committee of the Company) was unable to attend the Company's annual general meeting held on 19 May 2016 and the extraordinary general meeting held on 26 May 2016 as he had to attend other business matters on the same day. Instead, Mr. Wang Mengde (executive director and chief executive officer of the Company) attended and chaired both meetings. Accordingly, the Company did not 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 the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice within the Group in order to monitor the operation and business development of the Group.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the "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 currently 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 possesses 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, internal control and risk management systems of the Company and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters related to auditing, internal control and risk management systems and financial reporting matters, including the review of the unaudited interim results of the Group for the six months ended 30 June 2016.

The unaudited interim results for the six months ended 30 June 2016 have been reviewed by the independent auditor of the Company in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the respective website of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn). The Company's interim report for the six months ended 30 June 2016 will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 29 August 2016

As at the date of this announcement, the executive Directors are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. SHANG Yu and Mr. LI Shaozhong; 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.