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 2018

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2018:

- Contracted sales amount of the Group and its Affiliated Companies was approximately RMB191,530.0 million, representing a growth rate of approximately 76.0% compared to the same period last year.
- The Group's revenue was approximately RMB46,582.8 million, representing a growth rate of approximately 215.3% compared to the same period last year.
- The Group's gross profit was approximately RMB11,527.8 million, representing a growth rate of approximately 251.0% compared to the same period last year.
- The Group's gross profit margin was approximately 24.7%, representing an increase of approximately 2.5 percentage points compared to the same period last year.
- Profit attributable to owners of the Company was approximately RMB6,361.2 million, representing a growth rate of approximately 287.7% compared to the same period last year.
- Core profit attributable to owners of the Company was approximately RMB6,609.0 million, representing a growth rate of approximately 292.3% compared to the same period last year.
- The Group's cash balance as at 30 June 2018 was approximately RMB87,416.5 million.
- The Group's balance of interest-bearing liabilities decreased by approximately RMB9,503.0 million and net gearing ratio decreased by approximately 9.5 percentage points compared to the end of last year.

* *The Condensed Consolidated Statement of Comprehensive Income for the same period last year has been restated under HKFRS 15. Without considering impacts of the restatement above, profit attributable to owners of the Group increased by approximately 389.3% and core profit attributable to owners of the Group increased by approximately 391.8% compared to the same period last year.*

INTERIM RESULTS WITH NOTES

The board (the "Board") of directors (the "Directors") of Sunac China Holdings Limited (the "Company") 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 2018 with comparative figures (restated) for the corresponding period in 2017, as follows:

Interim Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2018

	Note	**Unaudited Six months ended 30 June 2018** *RMB'000*	**2017 (Restated)** *RMB'000*
Revenue	4	46,582,781	14,775,107
Cost of sales	10	(35,054,944)	(11,490,405)
Gross profit		11,527,837	3,284,702
Other income and gains	11	5,345,943	4,282,423
Selling and marketing costs	10	(1,919,192)	(779,424)
Administrative expenses	10	(2,962,393)	(775,364)
Other expenses and losses		(247,456)	(1,337,749)
Operating profit		11,744,739	4,674,588
Finance income	12	324,391	323,016
Finance expenses	12	(2,947,210)	(2,139,161)
Share of results of investments accounted for using equity method	5	1,112,198	(176,953)
Profit before income tax		10,234,118	2,681,490
Income tax expense	13	(3,456,390)	(707,593)
Profit for the period		6,777,728	1,973,897
Other comprehensive income for the period		—	—
Total comprehensive income for the period		6,777,728	1,973,897

	Note	Unaudited Six months ended 30 June 2018	2017 (Restated)
		RMB'000	*RMB'000*
Attributable to:			
- Owners of the Company		6,361,210	1,640,965
- Holders of perpetual capital securities		339,478	351,537
- Other non-controlling interests		77,040	(18,605)
		6,777,728	1,973,897
Earnings per share attributable to owners of the Company (expressed in RMB per share):			
- Basic earnings per share	14	1.45	0.42
- Diluted earnings per share	14	1.43	0.42
Dividends	15	—	—

Interim Condensed Consolidated Balance Sheet

As at 30 June 2018

	Note	30 June 2018 (Unaudited) *RMB'000*	31 December 2017 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**47,325,097**	39,262,620
Investment properties		**13,942,829**	12,821,611
Intangible assets		**4,207,379**	3,637,131
Deferred tax assets		**2,535,060**	1,913,730
Investments accounted for using the equity method	5	**62,123,352**	58,613,221
Financial assets at fair value through profit or loss		**2,361,716**	—
Available-for-sale financial assets		**—**	871,578
Receivables		**608,750**	915,750
Prepayments	7	**2,012,413**	4,950,793
Derivative financial instruments		**69,492**	14,865
Amounts due from related companies		**705,168**	500,016
Total non-current assets		**135,891,256**	123,501,315
CURRENT ASSETS			
Properties under development		**283,935,546**	271,514,992
Completed properties held for sale		**44,499,334**	42,242,613
Inventories		**8,606**	10,771
Trade and other receivables	6	**28,347,990**	18,411,699
Contract assets		**143,856**	263,936
Amounts due from related companies		**74,903,130**	60,582,774
Prepayments	7	**14,795,939**	9,855,281
Restricted cash		**24,932,892**	28,285,601
Cash and cash equivalents		**62,483,563**	68,433,256
Total current assets		**534,050,856**	499,600,923
Total assets		**669,942,112**	623,102,238

	Note	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**378,107**	377,608
Other reserves		**14,207,003**	16,649,452
Retained earnings		**33,064,917**	26,775,180
		47,650,027	43,802,240
Perpetual capital securities		**7,592,227**	9,288,432
Other non-controlling interests		**8,297,483**	7,547,553
Total equity		**63,539,737**	60,638,225

	Note	30 June 2018 (Unaudited) RMB'000	31 December 2017 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	9	**134,462,072**	140,597,186
Derivative financial instruments		**102,685**	167,634
Deferred tax liabilities		**35,331,004**	34,498,436
Other payables	8	**1,450,738**	1,492,327
Total non-current liabilities		**171,346,499**	176,755,583
Current liabilities			
Trade and other payables	8	**75,849,443**	68,789,140
Contract liabilities		**172,413,787**	131,190,587
Amounts due to related companies		**93,462,197**	91,947,252
Current tax liabilities		**17,399,035**	14,411,985
Borrowings	9	**75,304,788**	78,672,660
Derivative financial instruments		**28,087**	53,839
Provisions		**598,539**	642,967
Total current liabilities		**435,055,876**	385,708,430
Total liabilities		**606,402,375**	562,464,013
Total equity and liabilities		**669,942,112**	623,102,238

1 General information

Sunac China Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the businesses of property development and investment, and property management services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1- 9005, Cayman Islands.

The Company's shares are listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated.

These condensed interim financial statements were approved for issue on 30 August 2018.

2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) *New and amended standards adopted by the Group*

The Group has applied the following standards and amendments for the first time for the 2018 interim reports and the Group had to change its accounting policies:

- HKFRS 9 Financial Instruments ("HKFRS 9"),
- Classification and Measurement of Share-based Payment Transactions — Amendments to HKFRS 2,
- Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts — Amendments to HKFRS 4,
- Annual improvements 2014-2016 cycle,
- Transfers of Investment Property — Amendments to HKAS 40, and
- HK(IFRIC) — Int 22 Foreign Currency Transactions and Advance Consideration.

The impact of the adoption of HKFRS 9 has been disclosed in Note 3 (b) below. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

The Group has early adopted HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") on 1 January 2017 and the impact of the adoption of HKFRS 15 for the interim financial information for six months ended 30 June 2017 has been disclosed in Note 3 (a) below.

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

HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB138 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

3 Changes in accounting policies

(a) The interim financial information for six months ended 30 June 2017 was prepared in accordance with HKAS 18 and HKAS 11. Subsequently, the Group elected to early adopt HKFRS 15 for its annual report for the year ended 31 December 2017 and elected to apply the modified retrospective approach. As a result of these change in the Group's accounting policies, the corresponding amounts recognised in the interim condensed consolidated statements of comprehensive income and change in equity for the six months ended 30 June 2017 were restated accordingly. The impact on the Group's interim financial information for the six months ended 30 June 2017 by the application of HKFRS 15 is as follows:

	Six months ended 30 June 2017		
	As previously stated	Effects of the adoption of HKFRS 15	Restated
	RMB'000	*RMB'000*	*RMB'000*
Interim Condensed Consolidated Statement of Comprehensive Income (extract)			
Revenue	13,332,544	1,442,563	14,775,107
Cost of sales	(10,716,609)	(773,796)	(11,490,405)
Other income and gains	4,512,679	(230,256)	4,282,423
Other expenses and losses	(1,352,140)	14,391	(1,337,749)
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	(397,157)	220,204	(176,953)
Income tax expenses	(394,653)	(312,940)	(707,593)
Profit/(loss) for the year			
- Attributable to owners of the Company	1,300,070	340,895	1,640,965
- Attributable to other non- controlling interests	(37,876)	19,271	(18,605)

(b) ***HKFRS 9 Financial Instruments — Impact of adoption***

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. As a consequence, any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings. Provisions for impairment have not been restated in the comparative period, as well.

The total impact on the Group's retained earnings as at 1 January 2018 is as follows:

	Amount
	RMB'000
Closing retained earnings 31 December 2017 - HKAS 39	26,775,180
Reclassify investments from available-for-sale to fair value through profit or loss ("FVPL")	—
Increase in provision for contract assets and trade and other receivables (excluding loans to third parties)	(51,530)
Increase in provision for loans to related and third parties	(43,767)
Increase in deferred tax assets relating to impairment provisions	23,824
Opening retained earnings 1 January 2018 - HKFRS 9	26,703,707

Classification and measurement of financial instrument

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

Financial assets — 1 January 2018

	Fair value through other comprehensive income (FVOCI) (Available-for-sale in 2017) RMB'000	**FVPL RMB'000**
Closing balance 31 December 2017 — HKAS 39	871,578	—
Reclassify investments from available-for-sale to FVPL	(871,578)	871,578
Opening balance 1 January 2018 — HKFRS 9	—	871,578

Certain investments were reclassified from available-for-sale to financial assets at FVPL. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9. For the six months ended 30 June 2018, net fair value gains of RMB61.6 million relating to these investments were recognised in profit or loss.

Impairment of financial assets

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- contract assets
- trade and other receivables (excluding loans to third parties)
- loans to related and third parties

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

Contract assets and trade and other receivables (excluding loans to third parties)

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for contract assets and trade and other receivables (excluding loans to third parties). On that basis, the loss allowance of RMB51.53 million as at 1 January 2018 (previous loss allowance was RMB81.84 million) was recognised in retained earnings and a further increase in the allowance by RMB8.40 million in the six months ended 30 June 2018.

Loans to related and third parties

For loans to related and third parties already in place at 1 January 2018, the Group applying the expected credit risk model resulted in the recognition of a loss allowance of RMB43.8 million on 1 January 2018 (previous loss allowance was nil) and a further increase in the allowance by RMB54.77 million in the six months ended 30 June 2018.

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 the Group organised as follows:

- Property development
- All other segments

Other services include property management, cultural and tourism project operation, property rentals and fitting and decoration services. The results of these operations are included in the "all other segments" column. 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 tax assets, financial assets at FVPL (available-for-sale financial assets in 2017), derivative financial instruments and certain investments accounted using the equity method, which are managed on a central basis. Segment liabilities primarily consist of all liabilities excluding deferred tax liabilities, current tax liabilities, provisions and derivative financial instruments.

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

	Six months ended 30 June 2018		
	Property development	**All other segments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Total segment revenue	44,342,656	3,042,034	47,384,690
Recognised over time	13,026,653	2,665,139	15,691,792
Recognised at a point in time	31,316,003	376,895	31,692,898
Inter-segment revenue	—	(801,909)	(801,909)
Revenue from external customers	44,342,656	2,240,125	46,582,781
Profit before income tax	10,000,970	206,198	10,207,168

	30 June 2018		
	Property development	**All other segments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Total segment assets	594,068,611	67,211,706	661,280,317
Total segment liabilities	539,104,035	13,838,990	552,943,025

	Six months ended 30 June 2017 (Restated)		
	Property development	**All other segments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Total segment revenue	14,282,433	577,819	14,860,252
Recognised over time	3,743,288	577,819	4,321,107
Recognised at a point in time	10,539,145	—	10,539,145
Inter-segment revenue	—	(85,145)	(85,145)
Revenue from external customers	14,282,433	492,674	14,775,107
Profit before income tax	4,120,968	62,645	4,183,613

	31 December 2017		
	Property development	**All other segments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Total segment assets	565,926,857	52,318,793	618,245,650
Total segment liabilities	502,291,456	11,040,663	513,332,119

5 Investments accounted for using the equity method

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

	30 June 2018	**31 December 2017**
	RMB'000	*RMB'000*
Joint ventures	35,330,849	32,302,811
Associates	26,792,503	26,310,410
	62,123,352	58,613,221

The amounts of the share of the results from investment recognised in the profit/(loss) using the equity method were as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Share of profits of joint ventures	**613,372**	18,495
Share of profits/(losses) of associates	**463,607**	(195,448)
Gains on acquisitions of joint ventures and an associate	**35,219**	—
	1,112,198	(176,953)

5.1 ***Investments in joint ventures***

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
At beginning of year, after the adoption of HKFRS 15	**32,302,811**	24,817,460
Additions:		
- Capital contributions to joint ventures at establishment	**775,418**	1,226,790
- Acquisition of joint ventures	**1,961,731**	7,088,070
- Additional investments in existing joint ventures	**142,180**	911,936
- Subsidiaries became joint ventures	**131,470**	21,280
Disposals:		
- Disposal of investments in joint ventures	**(340,138)**	—
- Joint ventures became subsidiaries	**(255,995)**	(1,132,211)
- A joint venture became an associate	**—**	(56,890)
Share of profit of joint ventures, net	**613,372**	18,495
Share of capital premium addition of a joint venture	**—**	73,715
Dividends from joint ventures	**—**	(363,677)
At end of period	**35,330,849**	32,604,968

5.2 ***Investments in associates***

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

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
At beginning of year, after the adoption of HKFRS 15	**26,310,410**	9,964,688
Additions:		
- Capital contributions to associates at establishment	**132,000**	—
- Acquisitions of associates	**148,044**	17,690,262
- Additional investments in existing associates	**313,961**	1,180,156
- A subsidiary became an associate	**—**	5,655,370
- A joint venture became an associate	**—**	56,890
Disposals:		
- Associates became subsidiaries	**(575,519)**	(5,642)
Provision for investment in associates	**—**	(1,110,225)
Share of profits/(losses) of associates, net	**463,607**	(195,448)
At end of period	**26,792,503**	33,236,051

6 Trade and other receivables

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Non-current -		
Receivables	**608,750**	915,750
Current -		
Trade receivables (Note (a))	**1,801,973**	1,217,743
Amounts due from non-controlling interests and their related parties	**8,223,464**	7,343,578
Amounts due from business partners in joint arrangements	**4,482,571**	1,798,150
Notes receivables	**—**	17,416
Other receivables		
- Deposits	**6,482,952**	3,060,803
- Payments on behalf of customers	**392,074**	337,678
- Interests receivable	**44,814**	316,797
- Cash advances for uncompleted equity transactions	**3,890,178**	1,849,082
- Cash advances for land use right acquisitions	**1,299,341**	1,240,447
- Others	**1,970,923**	1,920,451
	28,588,290	19,102,145
Less: Loss allowance	**(240,300)**	(690,446)
	28,347,990	18,411,699

As at 30 June 2018 and 31 December 2017, 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.

Notes:

(a) In the six months ended 30 June 2018, the Group provided a credit period to certain customers based on individual credit risk assessment.

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:

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 90 days	**1,258,426**	752,469
91 - 180 days	**—**	—
181 - 365 days	**140,511**	62,653
Over 365 days	**403,036**	402,621
	1,801,973	1,217,743

7 Prepayments

	30 June 2018 *RMB'000*	31 December 2017 *RMB'000*
Non-current -		
Prepayments for equity transactions	**2,573,014**	5,361,814
Less: Provision	**(560,601)**	(411,021)
Prepayments for equity transactions-net	**2,012,413**	4,950,793
Current -		
Taxes payment upon pre-sale		
- Land appreciation tax ("LAT")	**4,646,914**	3,745,618
- Corporate income tax ("CIT")	**3,547,787**	1,599,872
- Business tax and surcharge	**852,682**	678,983
Input value added tax	**1,975,866**	1,782,310
Prepayments for land use rights acquisitions	**2,166,646**	1,168,516
Prepayments for project development costs	**1,348,446**	786,338
Others	**257,598**	93,644
	14,795,939	9,855,281

As at 30 June 2018 and 31 December 2017, the carrying amounts of the Group's prepayments were all denominated in RMB.

8 Trade and other payables

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Non-current -		
Other payables	**1,450,738**	1,492,327
Current -		
Trade payables (Note (a))	**39,535,043**	36,766,815
Un-paid considerations for equity transactions	**4,717,609**	4,569,360
Amounts due to non-controlling interests and their related parties	**3,689,161**	7,031,599
Dividend payables	**2,200,773**	—
Notes payable	**998,425**	230,198
Other payables		
- Payables for property, plant and equipment and investment properties	**8,263,164**	6,718,218
- Deposits received	**6,781,457**	5,117,756
- Other taxes payable	**3,598,508**	3,162,179
- Interests payable	**2,150,970**	2,250,505
- Payroll and welfare payables	**391,562**	1,090,426
- Deed tax and maintenance funds received on behalf of customers	**1,010,461**	963,903
- Cash advanced from business partners	**2,038,223**	400,001
- Others	**474,087**	488,180
	75,849,443	68,789,140

Note:

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

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Within 90 days	**13,799,070**	12,826,711
91-180 days	**5,710,312**	5,303,460
181-365 days	**8,549,475**	5,151,093
Over 365 days	**11,476,186**	13,485,551
	39,535,043	36,766,815

9 Borrowings

	30 June 2018	31 December 2017
	RMB'000	*RMB'000*
Non-current		
Secured		
- Bank borrowings	**68,016,317**	70,926,779
- Other borrowings	**75,851,939**	88,195,437
- Senior notes	**16,411,127**	9,059,336
- Asset-backed securities	**2,979,921**	3,093,089
	163,259,304	171,274,641
Unsecured		
- Bank borrowings	**—**	680,000
- Other borrowings	**4,713,378**	4,851,108
- Corporate bonds	**9,932,887**	9,927,847
- Private domestic corporate bonds	**14,946,444**	15,907,112
	192,852,013	202,640,708
Less: Current portion of long-term borrowings (Note (a))	**(58,389,941)**	(62,043,522)
	134,462,072	140,597,186
Current		
Secured		
- Bank borrowings	**540,000**	5,680,790
- Other borrowings	**15,795,628**	10,570,637
- Asset-backed securities	**149,219**	77,711
	16,484,847	16,329,138
Unsecured		
- Other borrowings	**430,000**	300,000
	16,914,847	16,629,138
Current portion of long-term borrowings (Note (a))	**58,389,941**	62,043,522
	75,304,788	78,672,660
Total borrowings	**209,766,860**	219,269,846

(a) ***Long-term borrowings***

As at 30 June 2018, included in long-term borrowing, RMB 61,725 million (31 December 2017: RMB 64,864 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, RMB 3,356 million (31 December 2017: RMB 10,400 million) of borrowings will be due for repayment in the twelve months ending 30 June 2019 and are included in current liabilities.

10 Expenses by nature

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Costs of properties sold	**33,405,558**	10,888,689
Business tax and related surcharges	**374,294**	167,684
Staff costs	**2,052,262**	751,404
Net impairment losses for properties	**202,605**	106,868
Net impairment losses on financial assets	**29,160**	—
Reversal of impairment of receivables	**—**	(157,212)
Advertisement and promotion costs	**1,035,295**	383,563
Depreciation and amortisation	**495,511**	28,434

11 Other income and gains

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
Gains from business combination	**3,282,786**	3,513,332
Gain on disposal of subsidiaries	**85,737**	—
Interest income	**1,233,384**	696,035
Fair value gains on derivative financial instruments	**121,200**	66,001
Fair value gains on financial assets	**65,807**	—
Others	**557,029**	7,055
	5,345,943	4,282,423

12 Finance income and expenses

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest expenses	**7,129,627**	4,172,518
Less: Capitalised finance costs	**(4,612,497)**	(2,099,224)
	2,517,130	2,073,294
Exchange loss	**430,080**	65,867
	2,947,210	2,139,161
Finance income:		
- Interest income on bank deposits	**(324,391)**	(323,016)
Net finance expenses	**2,622,819**	1,816,145

13 Income tax expenses

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
		(Restated)
CIT		
- Current income tax	**3,970,012**	471,129
- Deferred income tax	**(2,045,245)**	(668,558)
	1,924,767	(197,429)
LAT	**1,531,623**	905,022
	3,456,390	707,593

(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 2018 based on existing legislations, interpretations and practices.

No Hong Kong profits tax has been provided for as the Group has no estimated assessable profits arising in or derived from Hong Kong for the period (2017: nil).

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 2018 was 25% (2017: 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 income statement as income tax expense.

14 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	
	2018	2017 *(Restated)*
Profit attributable to owners of the parent company (RMB'000)	**6,361,210**	1,640,965
Weighted-average number of ordinary shares in issue (thousand)	**4,400,636**	3,876,742
Adjusted for repurchase of ordinary shares (thousand)	**(841)**	—
Weighted — average number of ordinary shares for basic earnings per share (thousand)	**4,399,795**	3,876,742

(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, the number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

	Six months ended 30 June	
	2018	2017
		(Restated)
Profit attributable to owners of the parent company (RMB'000)	**6,361,210**	1,640,965
Weighted-average number of ordinary shares in issue (thousand)	**4,400,636**	3,876,742
Adjusted for repurchase of ordinary shares (thousand)	**(841)**	—
Adjusted for share options (thousand)	**63,024**	63,260
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	**4,462,819**	3,940,002

15 Dividends

No interim dividend for the six months ended 30 June 2018 was proposed by the Board (Six months ended 30 June 2017: Nil).

16 Events after the balance sheet date

On 25 July 2018, the Company issued senior notes due 2020 with principal amount of US$400 million ("Senior Notes") in total, which were listed on the Singapore Exchange Securities Trading Limited. The Senior Notes will bear interest from and including 27 July 2018 at the rate of 8.625%, payable semi-annually in arrears on 27 January and 27 July of each year, commencing from 27 January 2019, and with early redemption options in certain circumstances.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The comparative figures for the six months ended 30 June 2017 referred in the following discussion and analysis have been restated pursuant to the adoption of HKFRS 15 *Revenue from Contracts with Customers*.

1 REVENUE

For the six months ended 30 June 2018, most of the Group's revenue came from sales of residential and commercial properties, with a small proportion of the Group's revenue from property management, cultural and tourism business and other services.

For the six months ended 30 June 2018, the Group's real estate development business included tier 1 & 2 cities and surrounding tier 1 cities in the People's Republic of China ("PRC"). They were divided into 8 major regions for management, namely the Beijing region (including cities of Beijing, Jinan, Qingdao, etc.), the North China region (including cities of Tianjin, Zhengzhou, Xi'an, etc.), the Shanghai region (including cities of Shanghai, Suzhou, Nanjing, etc.), the Southwestern China region (including cities of Chongqing, Chengdu, Nanning, etc.), the Southeastern China region (including cities of Hangzhou, Hefei, Ningbo, etc.), the Guangzhou-Shenzhen region (including cities of Guangzhou, Shenzhen, Foshan, etc.), the Central China region (including cities of Wuhan, Changsha, Nanchang, etc.) and the Hainan region (including cities of Sanya, Haikou, Qionghai, etc.).

Total revenue of the Group for the six months ended 30 June 2018 amounted to approximately RMB46,583 million, representing a significant increase of approximately 215.3% comparing with the total revenue of approximately RMB14,775 million for the six months ended 30 June 2017.

For the six months ended 30 June 2018, revenue from the Group, its joint ventures and associates (excluding Leshi Internet Information & Technology Corp (Beijing) Co., Ltd., Lerong Zhixin Electronic Technology (Tianjin) Limited, Le Vision Pictures (Beijing) Co., Ltd., Jinke Property Group Co., Ltd. and Homelink Real Estate Agency Co., Ltd., the same below) (the "Affiliated Companies") was approximately RMB70,885 million, representing a significant increase of approximately RMB29,994 million (approximately 73.4%) as compared with the total revenue of approximately RMB40,891 million for the six months ended 30 June 2017, of which amounted to approximately RMB58,749 million profits attributable to owners of the Company, representing a significant increase of approximately RMB30,129 million (or approximately 105.3%) as compared to approximately RMB28,620 million for the six months ended 30 June 2017.

The following table sets forth certain details of the revenue:

	Six months ended 30 June			
	2018		**2017 (Restated)**	
	RMB billion	%	*RMB billion*	%
Revenue from sales of properties	44.34	95.19	14.28	96.66
Property management income	0.49	1.05	0.32	2.16
Revenue from cultural and tourism business	1.05	2.26	—	—
Other income	0.70	1.50	0.18	1.18
Total	46.58	100.00	14.78	100.00
Total gross floor area ("GFA") delivered (in million sq.m.)	3.54		0.89	

For the six months ended 30 June 2018, revenue from sales of properties increased by approximately RMB30,061 million (or approximately 210.5%) as compared with the amount for the six months ended 30 June 2017. Total area of delivered properties increased by approximately 2.65 million square meters ("sq. m.") (or approximately 299.7%) as compared with that for the six months ended 30 June 2017, mainly due to continuous increase in business scale of the Group's sales of properties, of which the delivered areas of property projects sold in various areas (particularly in Chongqing, Suzhou and Guangzhou) for the six months ended 30 June 2018 significantly increased compared to the six months ended 30 June 2017.

2 COST OF SALES

Cost of sales includes the Group's costs incurred in respect of properties sold in the direct property development business costs.

For the six months ended 30 June 2018, the Group's cost of sales was approximately RMB35,055 million, representing an increase of approximately RMB23,565 million (or approximately 205.1%) as compared to the cost of sales of approximately RMB11,490 million for the six months ended 30 June 2017. Increase in cost of sales was mainly due to increase in the total area of delivered properties.

3 GROSS PROFIT

For the six months ended 30 June 2018, the Group's gross profit was approximately RMB11,528 million, which was approximately RMB8,243 million (or approximately 251.0%) higher than the gross profit of approximately RMB3,285 million for the six months ended 30 June 2017. Increase in gross profit was mainly due to increased sales revenue and higher gross profit margin of the Group.

For the six months ended 30 June 2018, the Group's gross profit margin was approximately 24.7%, representing an increase of approximately 2.5 percentage points as compared to approximately 22.2% for the six months ended 30 June 2017. This was mainly due to the increase in gross profit margin of sales income from properties in various areas, mainly including Shanghai, Suzhou and Hangzhou for the six months ended 30 June 2018 as compared with that for the six months ended 30 June 2017. Meanwhile, part of the Group's projects with higher gross profit margin (mainly located in Guangzhou) commenced delivery and recorded revenue during the six months ended 30 June 2018.

For the six months ended 30 June 2018, the Group's cost of sales included the amortization of revaluation surplus related to gains from business combination for the properties acquired in the amount of approximately RMB4,370 million. The Group's gross profit was approximately RMB15,898 million and gross profit margin was approximately 34.1% for the six months ended 30 June 2018 without taking into account such impact.

Further, gross profit, gross profit margin and gross profit attributable to owners of the Company of the Group, its joint ventures and associated companies of the Group recorded a significant increase during the six months ended 30 June 2018. For the six months ended 30 June 2018, total gross profit of the Group, its joint ventures and associated companies of the Group was approximately RMB18,588 million, with a gross profit margin of approximately 26.2%, of which approximately RMB15,304 million was gross profit attributable to owners of the Company. For the six months ended 30 June 2017, total gross profit of the Group, its joint ventures and associated companies of the Group was approximately RMB7,802 million, with a gross profit margin of approximately 19.1%, of which approximately RMB5,510 million was gross profit attributable to owners of the Company.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs increased by approximately 146.2% from approximately RMB779 million for the six months ended 30 June 2017 to approximately RMB1,919 million for the six months ended 30 June 2018. The Group's administrative expenses increased by approximately 282.1% from approximately RMB775 million for the six months ended 30 June 2017 to approximately RMB2,962 million for the six months ended 30 June 2018. The increases in selling and marketing costs and administrative expenses were mainly due to continuous expansion of scale of property sales business, substantial increase in the number of property projects of the Group, as well as additional new businesses such as cultural and tourism business, etc., resulting in substantial increase in staff costs, advertisement and marketing costs.

5 OTHER INCOME AND GAINS

The Group's other income and gains increased by approximately RMB1,064 million from approximately RMB4,282 million for the six months ended 30 June 2017 to approximately RMB5,346 million for the six months ended 30 June 2018, mainly because the income on capital use fee received by the Group from joint ventures and associates and others increased by approximately RMB537 million compared to the six months ended 30 June 2017.

6 OPERATING PROFIT

Concluding from the above analysis, the Group's operating profit increased substantially by approximately RMB7,070 million from approximately RMB4,675 million for the six months ended 30 June 2017 to approximately RMB11,745 million for the six months ended 30 June 2018, mainly due to the following reasons:

(i) Gross profit increased by approximately RMB8,243 million;

(ii) Selling and marketing costs and administrative expenses increased by approximately RMB3,327 million; and

(iii) Other income and gains increased by approximately RMB1,064 million while other expenses and losses decreased by approximately RMB1,080 million.

7 FINANCE COSTS

The Group's finance costs increased by approximately RMB808 million from approximately RMB2,139 million for the six months ended 30 June 2017 to approximately RMB2,947 million for the six months ended 30 June 2018 mainly due to the following reasons:

(i) as the weighted average financing size and market interest rates increased compared to the six months ended 30 June 2017 resulting in increased total interest costs, interest expenses increased by approximately RMB444 million to approximately RMB2,517 million for the six months ended 30 June 2018 from approximately RMB2,073 million for the six months ended 30 June 2017; and

(ii) due to increase in exchange rate fluctuation, net foreign exchange loss increased by approximately RMB364 million to approximately RMB430 million for the six months ended 30 June 2018 from approximately RMB66 million for the six months ended 30 June 2017.

The Group's weighted average interest rate was approximately 6.74% for the six months ended 30 June 2018.

8 SHARE OF RESULTS OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

For the six months ended 30 June 2018, the Group recognised a net profit after tax of approximately RMB1,112 million with respect to its share of results of investments accounted for using equity method. While for the six months ended 30 June 2017, the Group recognised a net loss of approximately RMB177 million with respect to its share of results of investments accounted for using equity method. The change was mainly due to the substantial increase in gross profit margin of sales of properties of the Group's joint ventures and associated companies for the six months ended 30 June 2018 as compared with the amount for six months ended 30 June 2017, resulting in higher attributable net profit after tax.

9 PROFITS

Due to substantial increase in the Group's gross profit, the Group's profits attributable to owners of the Company increased substantially from approximately RMB1,641 million for the six months ended 30 June 2017 to approximately RMB6,361 million for the six months ended 30 June 2018.

The table below sets out profits attributable to the Company's owners, the perpetual capital securities holders and other non-controlling interests as at the stated dates:

	Six months ended 30 June	
	2018	2017
	RMB billion	RMB billion
		(Restated)
Profits during the period	**6.78**	1.97
Attributable to:		
Owners of the Company	**6.36**	1.64
Holders of perpetual capital securities	**0.34**	0.35
Other non-controlling interests	**0.08**	(0.02)
	6.78	1.97

Excluding the impact of net exchange loss and changes in fair values of financial assets, derivative financial instruments and investment properties, the Group's core profit attributable to owners of the Company amounted to approximately RMB6,609 million for the six months ended 30 June 2018, representing a substantial increase of approximately 292.3% as compared with approximately RMB1,685 million for the six months ended 30 June 2017.

10 CASH STATUS

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.

Due to the Group's commitment to improving capital usage efficiency and decreasing the scale of interest-bearing liabilities, the Group's cash and cash equivalents (including restricted cash) slightly decreased by approximately 9.6% to approximately RMB87,417 million as at 30 June 2018 from approximately RMB96,719 million as at 31 December 2017, of which non-restricted cash slightly decreased to approximately RMB62,484 million as at 30 June 2018 from approximately RMB68,433 million as at 31 December 2017.

Non-restricted cash decreased due to the following main reasons:

(i) approximately RMB37,379 million of net cash inflow from operating activities due to increased revenue from pre-sale of the Group's properties;

(ii) approximately RMB28,693 million of net cash outflow used in investment activities mainly caused by the new projects obtained by the Group through direct investments or acquisition of equities; and

(iii) approximately RMB14,524 million of net cash outflow from financing activities mainly attributed to approximately RMB7,090 million of interest payment and approximately RMB11,336 million of borrowings outflow.

Currently, the Group believes that it has sufficient operating capital to resist risks besides supporting business growth in the foreseeable future.

11 BORROWINGS AND SECURITIES

As the Group further reduced its leverage level through measures such as formulating more prudent investment strategies for new projects, total borrowing decreased by approximately RMB9,503 million to approximately RMB209,767 million as at 30 June 2018 from approximately RMB219,270 million as at 31 December 2017.

As at 30 June 2018, approximately RMB179,744 million (as at 31 December 2017: approximately RMB187,604 million) of the Group's total borrowings were secured or jointly secured by the Group's restricted cash, properties under development, completed properties held for sale, investment properties, fixed assets and intangible assets (total amount was approximately RMB180,230 million (as at 31 December 2017: approximately RMB164,408 million)) and equities (including those legally transferred as collateral) of certain of the Group's subsidiaries.

12 NET DEBT TO TOTAL ASSETS RATIO AND GEARING RATIO

Net debt to total asset ratio is calculated by dividing the total net liabilities with the total assets. Net debt is calculated by deducting cash and cash equivalents (including restricted cash) from total borrowings (including current and long-term borrowings). As at 30 June 2018, the Group's net debt to total assets ratio was approximately 18.3%, representing a decrease as compared to approximately 19.7% as at 31 December 2017.

Gearing ratio is calculated by dividing the net debt with total capital. Total capital is calculated by adding total equities and net debt. As at 30 June 2018, the Group's gearing ratio was approximately 65.8%, representing a decrease as compared to approximately 66.9% as at 31 December 2017.

The Group will continue to pay attention to and manage the financial structure and their potential risks in the course of development.

13 INTEREST RATE RISK

As the Group has no material 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 2018	31 December 2017
	RMB billion	*RMB billion*
Floating interests		
Less than 12 months	**13.81**	30.17
1-5 years	**48.51**	40.97
Over 5 years	**2.83**	5.32
Subtotal	**65.15**	76.46

	As at	
	30 June 2018	31 December 2017
	RMB billion	*RMB billion*
Fixed interests		
Less than 12 months	**56.21**	48.50
1-5 years	**80.28**	91.29
Over 5 years	**8.13**	3.02
Subtotal	**144.62**	142.81
Total	**209.77**	219.27

As at 30 June 2018, 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.

14 FOREIGN EXCHANGE RISKS

As all the Group's operating entities are located in China, the Group operates its business mainly in RMB. Some of the Group's bank deposits and senior notes are denominated in US dollar, Euro or Hong Kong dollars, meaning that the Group is exposed to foreign exchange risks. For the year ended 30 June 2018, the Group recorded an exchange loss in the amount of approximately RMB430 million due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group properly hedged against its exposure to fluctuations in foreign exchange rates through derivative financial instruments to ensure that the net exposure is maintained at an acceptable level.

15 CONTINGENT LIABILITIES

The Group provides guarantees to banks for the mortgage loans obtained by certain property buyers to ensure that the buyers perform their obligations of mortgage loan repayment. The total amount of such guarantees was approximately RMB69,253 million as at 30 June 2018 as compared with approximately RMB49,780 million as at 31 December 2017. The guarantees shall terminate at the earliest occurrence of either of the following: (i) transfer of property ownership certificate to the buyer. Such certificate is generally transferred within 6 months from the date of property delivery; or (ii) full repayment of mortgage loan by the property buyer. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

BUSINESS REVIEW AND OUTLOOK

Review of the first half of 2018

In the first half of 2018, because of changes in the internal and external environments, the Chinese economy faced some challenges, but in general it maintained stable development, and achieved initial results in preventing and eliminating financial risks. The economic structure was further adjusted and optimized. The tightening trend of the real estate regulation policy has been maintained under the basic philosophy of "housing is for living in, not for speculation", with policies such as purchase and price restrictions continued to be strengthened, and the credit policy for the real estate industry was also further tightened. Under this market environment, most urban real estate sales continued to maintain a relatively high degree of fervor, but began to show significant differentiation. Benefiting from the Group's high-quality and cost-effective land bank and high-quality product advantages, and the Group's initiative to actively respond by improving investment standards and strictly controlling the pace of investment on the one hand and resolutely increasing the turnover and stepping up the destocking efforts on the other hand, the Group achieved excellent operating results in the first half of the year.

In the first half of 2018, the Group recorded revenue of approximately RMB46.6 billion, representing an increase of approximately 215.3% year-on-year; gross profit amounted to approximately RMB11.5 billion, representing an increase of approximately 251.0% year-on-year, and gross profit margin increased rapidly to approximately 24.7%. While revenue and gross profit margin grew rapidly, earnings also achieved rapid growth. In the first half of the year, profit attributable to owners of the Company amounted to approximately RMB6.4 billion, a substantial increase of approximately 287.7% year-on-year, and core net profit amounted to approximately RMB6.6 billion, representing a substantial increase of approximately 292.3% year-on-year.

In the first half of 2018, the Group continued to step up its destocking efforts. With the support of sufficient high-quality and available-for-sale resources, the realized amount of contracted sales was approximately RMB191.5 billion, an increase of approximately 76.0% over the same period last year. The attributable amount of contracted sales also reached approximately RMB137.8 billion, an increase of approximately 83.7% over the same period last year, securely ranking among the top five in the industry.

In the first half of 2018, the Group continued to maintain the cautious and conservative approach that began in the fourth quarter of 2016, further improved the land acquisition standard, controlled the pace and scale of land acquisition, effectively leveraged the product, project management and brand advantages, integrated and utilized the resources of partners, and obtained some quality projects with less investment. As of the date of this announcement, the new land bank acquired in 2018 amounted to approximately 29.2 million sq.m., of which the attributable land bank was approximately 15.45 million sq.m. and the average land cost was RMB3,620/sq.m. After taking into account the above-mentioned newly acquired projects and the contracted land reserve such as redevelopment of old residential properties, the land bank in aggregate amounted to approximately 231 million sq.m., with a total value of approximately RMB3.29 trillion which is mainly distributed in tier 1 & 2 cities and surrounding tier 1 cities. Adequate high quality land bank will provide support for the Group's stable development in the coming years.

Since the second half of 2017, the Group has been committed to releasing its competitive advantages into excellent financial performance and supporting more balanced development of the Company. In the first half of this year, this strategy continued to be implemented and the scale of operation was further expanded. Sales, revenue and earnings all achieved rapid growth. Meanwhile, the size of the Group's interest-bearing liabilities was under control and the amount was decreased by RMB9.5 billion. The net gearing ratio also decreased by approximately 9.5 percentage points from the end of 2017. (If perpetual debts are regarded as interest-bearing liabilities, the net gearing ratio in mid-2018 was down by approximately 24.5 percentage points from the end of 2017).

In the first half of 2018, the Group established an independent cultural and tourism group. In the future, the Group will focus on enhancing the operational efficiency and profitability of its cultural and tourism assets, and continue to enhance industry competitiveness so as to reserve new momentum for the Company's continued and stable development in the future.

Outlook for the second half of 2018

In the second half of 2018, the Group will continue to maintain and strengthen the competitive advantages of its real estate development business, and adhere to the overall strategy of enhancing operation, controlling investment and reducing leverage so as to enable the Company to quickly enter a new stage of more balanced and stable development.

In the second half of 2018, the Group will continue to adhere to the business philosophy of ensuring turnover and destocking. The reasonable land layout and land cost will enable the Group to actively respond to volatility in the market environment and meet policy requirements. It is anticipated that the Group will have over 360 projects under sales in the second half of the year, and the total saleable resources will exceed RMB490 billion. Adequate and high-quality available-for-sale resources will strongly support the achievement of the Group's business objectives and the maintenance of ample liquidity.

In the second half of 2018, it is expected that with the continuation of the regulatory policy and the continued tightening of liquidity, the overall land price of the land market will gradually decline and become more reasonable, and there will be more opportunities in the mergers and acquisitions market. However, based on the sufficient and high-quality land bank already owned by the Group, the Group will continue to adhere to the cautious strategy implemented in the first half of the year, insist on its high land acquisition standard, prudently grasp the pace of land acquisition and strictly control the scale.

In the second half of 2018, the Group will continue to strengthen its competitive advantages in the real estate development business, with the goal of releasing these competitive advantages into excellent financial performance to support the Group's more balanced and stable development. With respect to non-real estate development related investments, the Group will focus on managing and operating existing projects properly, continuously improving team capabilities and operational efficiency, leveraging the synergies between various sectors, and striving to build new business drivers for the Group in the future. For new investments, the Group will take a more cautious approach, focus on a small number of high-quality targets with a platform value and strong synergies with the main business, and strictly control the investment pace and scale.

In the second half of 2018, the Group will focus on the three public welfare plans comprising the "Saplings Charity Program", the "Rural Revitalization Program" and the "Architectural Heritage Conservation Program" through the established Sunac Public Welfare Foundation to fulfill social responsibility in a more active and systematic manner.

Business Highlights

1 Summary of land bank

As at 30 June 2018, the Group and its Affiliated Companies had a total land bank of approximately 155.9 million sq.m. and attributable land bank of approximately 109.4 million sq.m.. The breakdown of land bank by region and city as at 30 June 2018 was as follows:

Region	**City**	**Total land bank** *'000 sq.m.*	**Attributable land bank** *'000 sq.m.*
Beijing region	Beijing	789.5	431.1
	Ji'nan	8,622.3	6,471.4
	Qingdao	12,019.9	8,942.2
	Taiyuan	1,926.4	1,222.9
	Shijiazhuang	1,434.6	256.5
	Zhangjiakou	176.7	137.9
	Lanzhou	738.9	517.2
	Yantai	1,786.2	1,221.8
	Langfang	1,246.5	648.2
	Chengde	377.6	377.6
	Dezhou	531.6	318.9
	Subtotal	**29,650.2**	**20,545.7**
North China region	Tianjin	9,904.5	6,879.1
	Xi'an	5,875.3	3,422.1
	Zhengzhou	3,847.5	2,373.0
	Shenyang	2,516.9	1,404.2
	Dalian	1,855.4	1,713.5
	Harbin	2,919.1	2,269.7
	Changchun	311.5	155.7
	Daqing	252.9	252.9
	Subtotal	**27,483.1**	**18,470.2**

Region	City	Total land bank	Attributable land bank
		'000 sq.m.	*'000 sq.m.*
Shanghai region	Shanghai	3,524.9	2,043.3
	Suzhou	2,724.7	1,337.6
	Nanjing	1,177.2	700.4
	Wuxi	4,561.3	3,834.7
	Urumqi	587.2	587.2
	Changzhou	592.7	548.2
	Zhenjiang	660.7	467.5
	Nantong	618.7	514.7
	Yangzhou	1,050.7	382.2
	Xuzhou	1,561.2	719.2
	Yancheng	83.5	27.6
	Taizhou	784.2	276.1
	Wuhu	527.2	264.7
	Ma'anshan	63.4	31.1
	Chuzhou	920.2	332.1
	Zaozhuang	164.8	49.4
	Subtotal	**19,602.6**	**12,116.0**
Southwestern China region	Chongqing	16,173.1	11,601.2
	Chengdu	5,886.5	5,165.6
	Nanning	2,360.4	1,471.4
	Kunming	5,162.2	3,451.4
	Guilin	1,955.8	1,779.8
	Guiyang	1,511.3	929.2
	Liuzhou	120.2	120.2
	Beihai	1,317.2	574.6
	Xishuangbanna	2,432.6	2,213.7
	Nanchong	176.5	105.9
	Mianyang	121.3	36.4
	Subtotal	**37,217.1**	**27,449.4**

Region	City	Total land bank	Attributable land bank
		'000 sq.m.	*'000 sq.m.*
Southeastern China region	Hangzhou	4,269.9	2,352.2
	Hefei	2,645.1	2,211.7
	Xiamen	131.1	131.1
	Ningbo	1,970.0	1,203.6
	Jiaxing	953.7	648.9
	Huzhou	1,263.0	697.0
	Shaoxing	1,054.3	552.3
	Putian	149.3	149.3
	Quanzhou	334.4	318.1
	Zhoushan	776.1	263.8
	Taizhou	81.6	81.6
	Wenzhou	223.9	31.3
	Jinhua	224.9	49.7
	Subtotal	**14,077.3**	**8,690.6**
Guangzhou-Shenzhen region	Shenzhen	540.6	223.4
	Guangzhou	3,268.6	2,470.2
	Foshan	1,822.8	1,276.2
	Dongguan	260.1	235.1
	Huizhou	1,022.5	1,022.5
	Zhongshan	973.4	931.0
	Zhuhai	117.3	58.7
	Qingyuan	1,619.3	1,519.3
	Jiangmen	2,941.9	2,475.8
	Zhaoqing	1,318.5	1,129.5
	Zhanjiang	444.6	444.6
	Subtotal	**14,329.6**	**11,786.3**
Central China region	Wuhan	4,992.8	4,027.7
	Changsha	1,505.4	1,486.1
	Nanchang	1,928.0	1,738.0
	Yichang	453.0	249.1
	Jingdezhen	103.7	103.7
	Ji'an	198.4	101.2
	Subtotal	**9,181.3**	**7,705.8**

Region	City	Total land bank *'000 sq.m.*	Attributable land bank *'000 sq.m.*
Hainan region	Sanya	421.6	277.5
	Haikou	1,348.6	997.0
	Wanning	846.2	423.1
	Qionghai	1,284.7	642.4
	Ding'an	201.4	102.7
	Tunchang	200.8	120.5
	Wenchang	95.4	24.3
	Subtotal	**4,398.7**	**2,587.5**
	Total	**155,939.9**	**109,351.5**

As at the date of this announcement, the total land bank[Note] and attributable land bank of the Group and its Affiliated Companies amounted to approximately 160 million sq.m. and 112 million sq.m., respectively. Taking the contracted land reserve such as redevelopment of old residential properties into account, the total land bank[Note] of the Group and its Affiliated Companies amounted to approximately 231 million sq.m..

Note: The land bank is as of 30 June 2018 and also includes the land acquired since July 2018.

2 Contracted sales

For the six months ended 30 June 2018, the Group and its Affiliated Companies achieved contracted sales area of approximately 12.0 million sq.m. and contracted sales amount of approximately RMB191.5 billion, representing an increase of approximately 76.0% as compared with those for the six months ended 30 June 2017, and it ranks the fifth (Note) in the PRC real estate industry in terms of contracted sales amount.

Region	Contracted sales area *'000 sq.m.*	Contracted sales amount *RMB billion*
Beijing region	1,708.0	30.1
North China region	2,848.0	38.0
Shanghai region	1,632.0	31.6
Southwestern China region	2,432.0	30.6
Southeastern China region	1,730.0	36.6
Guangzhou-Shenzhen region	866.0	12.3
Central China region	604.0	8.2
Hainan region	144.0	4.1
Total	**11,964.0**	**191.5**

Note: The ranking in respect of contracted sales amount were co-released by EJU CRIC Research Center and China Real Estate Appraisal Center.

OTHER INFORMATION

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (30 June 2017: Nil).

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

The Company adopted a share award scheme with effect from 8 May 2018 (the "Share Award Scheme"), details of which are set out in the Company's announcement dated 8 May 2018. During the six months period ended 30 June 2018, the trustee of the Share Award Scheme purchased on the open market a total of 12,412,000 shares of the Company at the total consideration of approximately HK$360 million pursuant to the terms of the trust deed and the rules of the Share Award Scheme. As at the date of this announcement, on a cumulative basis, the trustee of the Share Award Scheme has purchased on the open market a total 39,245,000 shares at the total consideration of approximately HK$1,040 million.

On 17 April 2018, the Company successfully issued the US$650 million 7.35% senior notes due 2021 and the US$450 million 8.35% senior notes due 2023. On 25 July 2018, the Company successfully issued the US$400 million 8.625% senior notes due 2020.

Save as the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

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 Director confirmed that he had complied with the required standards as set out in the Model Code during the six months ended 30 June 2018 in relation to their securities dealings, if any.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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 2018, complied with all applicable code provisions under 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 throughout the Group in order to monitor the operation and business development of the Group.

AUDIT COMMITTEE

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. Zhu Jia, Mr. Li Qin, and Mr. Ma Lishan, 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, to review the corporate governance policies and practices of the Group 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 2018.

The unaudited interim results for the six months ended 30 June 2018 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 website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's interim report for the six months ended 30 June 2018 will be despatched 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, 30 August 2018

As at the date of this announcement, the executive directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. TIAN Qiang, Mr. SHANG Yu, Mr. HUANG Shuping and Mr. SUN Kevin Zheyi; and the independent non-executive directors of the Company are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. LI Qin and Mr. MA Lishan.