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

SUNAC 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 2022

RESULTS HIGHLIGHTS

For the six months ended 30 June 2022:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB112.82 billion;
- As at 30 June 2022, attributable land bank of the Group and its joint ventures and associates was approximately 139 million sq.m., and expected saleable resources of attributable land bank were approximately RMB1.51 trillion;
- Revenue of the Group was approximately RMB48.54 billion, representing a decline of approximately 49.3% compared to the same period last year;
- Gross loss of the Group was approximately RMB6.06 billion, representing a decline of approximately 130.3% compared to the same period last year;
- Loss attributable to owners of the Company was approximately RMB18.76 billion, representing a decline of approximately 256.5% compared to the same period last year; and

- Core net loss[1] was approximately RMB11.06 billion, representing a decline of approximately 184.1% compared to the same period last year.

Notes:

1. *Core net loss refers to loss attributable to owners of the Company, after excluding the impact of gains from business combination and its effect on fair value adjustments, gains or losses on changes in fair value of financial assets, derivative financial instruments and investment properties, disposal gains or losses on financial assets, subsidiaries and investments in joint ventures and associates, exchange gain or loss, charitable donations and loss on project demolition.*

The board (the "Board") of directors (the "Directors") of Sunac China Holdings Limited (the "Company") announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2022 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2022

		Unaudited	
		Six months ended 30 June	
	Note	**2022**	2021
		RMB'000	*RMB'000*
Revenue	*3*	**48,544,008**	95,816,336
Cost of sales	*9*	**(54,605,939)**	(75,840,639)
Gross (loss)/profit		**(6,061,931)**	19,975,697
Other income and gains	*10*	**3,111,624**	4,051,131
Selling and marketing costs	*9*	**(2,626,234)**	(3,818,211)
Administrative expenses	*9*	**(3,809,778)**	(3,749,034)
Other expenses and losses	*11*	**(5,549,108)**	(1,892,149)
Net impairment losses on financial and contract assets		**(1,645,136)**	(18,163)
Operating (loss)/profit		**(16,580,563)**	14,549,271
Finance income	*12*	**666,279**	1,523,160
Finance expenses	*12*	**(6,696,764)**	(700,516)
Finance (expenses)/income – net		**(6,030,485)**	822,644
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net		**816,932**	2,238,285
(Loss)/profit before income tax		**(21,794,116)**	17,610,200
Income tax credits/(expenses)	*13*	**1,443,057**	(4,313,537)
(Loss)/profit and total comprehensive (loss)/income for the period		**(20,351,059)**	13,296,663

		Unaudited	
		Six months ended 30 June	
	Note	**2022**	2021
		RMB'000	*RMB'000*
Total comprehensive (loss)/profit attributable to:			
– Owners of the Company		**(18,760,457)**	11,989,112
– Other non-controlling interests		**(1,590,602)**	1,307,551
		(20,351,059)	13,296,663
(Losses)/earnings per share attributable to owners of the Company (expressed in RMB per share):	*14*		
– Basic		**(3.51)**	2.62
– Diluted		**(3.51)**	2.59

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2022

	Note	**30 June 2022 (Unaudited)** ***RMB'000***	31 December 2021 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**85,385,023**	87,221,505
Investment properties		**27,039,976**	30,619,994
Right-of-use assets		**16,315,237**	16,811,547
Intangible assets		**4,610,701**	4,704,255
Deferred tax assets		**31,366,811**	27,092,067
Investments accounted for using the equity method	*4*	**75,293,434**	79,555,170
Financial assets at fair value through profit or loss		**13,703,377**	13,546,259
Other receivables	*5*	**63,983**	104,904
Prepayments	*6*	**3,074,645**	3,498,580
Derivative financial instruments		**–**	79,049
		256,853,187	263,233,330
Current assets			
Properties under development		**611,546,449**	619,172,767
Completed properties held for sale		**53,629,973**	60,583,750
Inventories		**919,777**	835,020
Trade and other receivables	*5*	**66,665,732**	67,477,719
Contract costs		**6,800,042**	6,439,589
Amounts due from related companies		**66,467,874**	59,703,461
Prepayments	*6*	**16,977,182**	16,335,014
Prepaid income tax		**13,864,459**	12,556,005
Financial assets at fair value through profit or loss		**447,190**	1,015,444
Restricted cash		**35,633,406**	54,858,788
Cash and cash equivalents		**13,323,661**	14,344,001
		886,275,745	913,321,558
Total assets		**1,143,128,932**	1,176,554,888

	Note	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**466,030**	429,113
Other reserves		**29,543,959**	25,977,044
Retained earnings		**37,302,715**	56,063,172
		67,312,704	82,469,329
Other non-controlling interests		**38,719,163**	42,204,917
Total equity		**106,031,867**	124,674,246
LIABILITIES			
Non-current liabilities			
Borrowings	8	**36,466,866**	86,557,898
Derivative financial instruments		**–**	182,008
Lease liabilities		**527,326**	535,311
Deferred tax liabilities		**24,199,535**	26,563,862
Other payables	7	**65,270**	129,906
		61,258,997	113,968,985
Current liabilities			
Trade and other payables	7	**269,278,085**	269,323,553
Contract liabilities		**343,958,272**	341,867,335
Amounts due to related companies		**43,001,985**	37,648,739
Current income tax liabilities		**58,947,226**	53,454,925
Borrowings	8	**259,871,459**	235,147,248
Lease liabilities		**169,623**	197,836
Derivative financial instruments		**–**	36,254
Provisions		**611,418**	235,767
		975,838,068	937,911,657
Total liabilities		**1,037,097,065**	1,051,880,642
Total equity and liabilities		**1,143,128,932**	1,176,554,888

NOTES

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, cultural and tourism city construction and operation, property management services and other 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 One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

(i) New and amended standards adopted by the Group

Below new and amended standards and interpretations became effective for annual reporting periods commencing on 1 January 2022 and adopted by the Group for the first time in 2022 interim report:

- *Property, Plant and Equipment: Proceeds before Intended Use – Amendments to* HKAS 16;
- *Onerous Contracts – Cost of Fulfilling a Contract – Amendments to* HKAS 37;
- *Annual Improvements to HKFRS Standards 2018-2020*;
- *Reference to the Conceptual Framework – Amendments to* HKFRS 3; and
- *Amendments to AG 5 Merger Accounting for Common Control Combinations*.

The amendments and improvements listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 2022 interim reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
Insurance contracts – HKFRS 17	1 January 2023
Disclosure of Accounting Policies – Amendments to HKAS 1 *and* HKFRS Practice Statement 2	1 January 2023
Definition of Accounting Estimates – Amendments to HKAS 8	1 January 2023
Deferred tax related to assets and liabilities arising from a single transaction – Amendments to HKAS 12	1 January 2023
Classification of liabilities as current or non-current – Amendments to HKAS 1	1 January 2024
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)	1 January 2024
Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16	1 January 2024
Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 *and* HKAS 28	To be determined

(iii) Going concern

The Group incurred a net loss of approximately RMB20.35 billion for the six months ended 30 June 2022 and, as at 30 June 2022, the Group had net current liabilities of approximately RMB89.56 billion.

As at 30 June 2022, the Group's current and non-current borrowings amounted to approximately RMB259.87 billion and RMB36.47 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB48.96 billion. As at 30 June 2022, the Group had not repaid borrowings of approximately RMB41.28 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings of approximately RMB104.59 billion in aggregate might be demanded for early repayment. Up to the date of approval of this condensed consolidated interim financial information, the Group had not repaid borrowings in principal amount of approximately RMB100.52 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of approximately RMB83.55 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

The above conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

In light of the above, the Directors have carefully considered the Group's expected cash flow projections for the next 18 months from 30 June 2022 and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with debt solutions to alleviate the liquidity pressure. The Group has continued to implement the following plans and measures:

- Sunac Real Estate Co., Ltd. ("Sunac Real Estate"), a wholly-owned subsidiary of the Company, had issued 5 corporate bonds and 4 non-publicly issued corporate bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. On 30 December 2022, a modified repayment arrangement was made in respect of the principal and related interests RMB14.12 billion in aggregate, where the repayment period has been extended 3 to 4 years with the interest rates remaining unchanged. The modified arrangement was approved by the bondholders' meeting. Therefore, the Company's domestic open market bond restructuring plan has been successfully completed;

- The Group has been actively negotiating with other onshore lenders on the extension of borrowings, and an extension of loans of approximately RMB18.17 billion in aggregate principal amount was agreed up to the date of approval of this condensed consolidated financial information. Due to the diverse lender base and changing market environment, it takes time to finalise the extension plans with individual lenders case-by-case. Having considered the successful extension of loans in 2022, the Group's credit history and longstanding relationships with the relevant lenders, the Directors believe that the Group will be able to complete the signing of the relevant extension agreements for the remaining borrowings progressively;

- The Group has been actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies or financial institutions, special borrowings and supporting borrowings for guaranteed home delivery, business cooperation with business partners, and assets disposals. Up to the date of approval of this condensed consolidated interim financial information, the Group has achieved certain business cooperations, and has obtained new financing or additional capital for certain projects through the above channels. The Group will also continue to seek new financing or additional capital;

- The Group has been actively communicating with creditors to resolve the pending lawsuits. Up to the date of approval of this condensed consolidated interim financial information, the Group has completed the settlement arrangements with certain creditors. The Group is positive that it can continue to reach an amicable solution to the litigations which have not yet reached a definite outcome at the current stage;

- The Group has further flattened the organizational structure to reduce the management levels, enhance management efficiency and effectively control costs and expenses; and

- In response to the local Government's call to ensure delivery, the Group will continue to focus on the completion and delivery of property projects to ensure the stability and sustainable operation of the Group's business.

At the same time, the Group will continue to follow up on the offshore debt restructuring that has not yet been completed. As of the date of approval of this condensed consolidated interim financial information, the progress is as follows:

- The Company has been working closely with its legal and financial advisors to formulate a viable restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders. Over the past few months, the Company and an ad-hoc group of offshore creditors of the Company (the "AHG"), together with their respective advisors, have been engaged in constructive dialogue towards a consensual restructuring of the Company's offshore indebtedness (the "Restructuring");

- On 28 March 2023, the Company and the AHG entered into the restructuring support agreement (the "RSA") in relation to the terms of the Restructuring. The contemplated Restructuring is intended to (i) provide the Company with a longterm, sustainable capital structure; (ii) allow adequate financial flexibility and sufficient runway to stabilize the business; and (iii) protect the rights and interests, and maximize value, for all stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible;

- The restructuring plan includes: (1) de-leveraging plan, where creditors will exchange US$1.0 billion in aggregate of their existing debt claims into US$1.0 billion of convertible bonds with a nine-year maturity (which are convertible into shares of the Company during the first 12 months after the restructuring effective date, following which the convertible bonds shall no longer have any conversion rights and will be redeemed at its maturity date); creditors may voluntarily elect to exchange their existing debt claims into zero-coupon, five-year mandatory convertible bonds of the Company, subject to an aggregate cap of US$1.75 billion (which may be increased by the Company); and creditors may voluntarily elect to exchange their existing debt claims into existing shares of Sunac Services Holdings Limited ("Sunac Services Shares"), subject to an aggregate cap of approximately 14.7% of the total issued Sunac Services Shares as of the date of approval of this condensed consolidated interim financial information; (2) creditors exchanging their remaining existing debt claims into up to eight series of new US$ denominated senior notes (the "New Notes"). The New Notes will mature between two to up to nine years from the earlier of restructuring effective date or 30 September 2023; (3) providing part of the net income from disposal of assets as an additional source of funds for repaying the New Notes; while intending to provide consent fees to the creditors who support the restructuring plan before the relevant deadline ("Proposed Offshore Debt Restructuring Plan");

- Together with the financial adviser, the Group has always maintained active communication with offshore creditors, and strived to obtain support from a sufficient number of relevant creditors to join and sign the RSA as soon as possible, so as to complete the relevant legal procedures for implementing the Proposed Offshore Debt Restructuring Plan as soon as possible. The Directors are positive in obtaining the support of relevant creditors and completing the Proposed Offshore Debt Restructuring Plan.

The Directors have reviewed the cash flow projections of the Group prepared by the management covering a period of at least 18 months from 30 June 2022. In their opinion, in view of the above plans and measures, the Group will be able to adequately fund its operations and meet its financial obligations as and when they fall due within the next 18 months from 30 June 2022. Accordingly, the Directors consider that the preparation of this condensed consolidated interim financial information as at 30 June 2022 on a going concern basis is appropriate.

The management has formulated a number of plans and taken a number of measures, but the Group's ability to continue as a going concern still depends on (i) whether it can successfully complete the Proposed Offshore Debt Restructuring Plan and (ii) whether it can successfully negotiate with the remaining lenders on the extension or deferral of the repayment of the Group's borrowings.

If the Group is unable to complete the Proposed Offshore Debt Restructuring Plan and unable to continue as a going concern, adjustments must be made to reduce the carrying amount of the Group's assets to recoverable amounts, to provide for any future liabilities that may arise, and to reclassify non-current assets and non-current liabilities to current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in this condensed consolidated interim financial information.

3 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 of the Company assess the performance of the Group organised as follows:

- Property development
- Cultural and tourism city construction and operation
- Property management
- All other segments

Other segments mainly include fitting and decoration services, film and culture investment and office building rentals. The results of these operations are included in the "all other segments" column.

The performance of above reportable segments is assessed based on a measure of profit before depreciation and amortisation, finance expenses and income tax expenses, which is defined as segment results. The segment results exclude the fair value and disposal gains or losses on financial assets at fair value through profit or loss ("FVPL") and derivative financial instruments, which are managed on a central basis.

Segment assets primarily consist of all assets excluding deferred tax assets, prepaid income tax, financial assets at FVPL and derivative financial instruments, which are managed on a central basis. Segment liabilities primarily consist of all liabilities excluding deferred tax liabilities, current tax liabilities, and derivative financial instruments.

The Group's revenue is mainly attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment results are as follows:

	Six months ended 30 June 2022				
	Property development *RMB'000*	**Cultural and tourism city construction and operation** *RMB'000*	**Property management** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Total segment revenue	**41,436,880**	**2,167,926**	**3,988,551**	**4,633,989**	**52,227,346**
Recognised at a point in time	**23,036,055**	**995,247**	**210,653**	**179,087**	**24,421,042**
Recognised over time	**18,400,825**	**1,172,679**	**3,777,898**	**4,454,902**	**27,806,304**
Inter-segment revenue	**–**	**–**	**(772,080)**	**(2,911,258)**	**(3,683,338)**
Revenue from external customers	**41,436,880**	**2,167,926**	**3,216,471**	**1,722,731**	**48,544,008**
Net impairment losses on financial and contract assets	**(1,476,357)**	**–**	**(53,995)**	**(114,784)**	**(1,645,136)**
Net fair value losses on investment properties	**–**	**(356,230)**	**–**	**(229,381)**	**(585,611)**
Interest income	**1,443,988**	**–**	**13,721**	**–**	**1,457,709**
Finance income	**618,992**	**–**	**47,287**	**–**	**666,279**
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	**776,044**	**(272)**	**4,409**	**36,751**	**816,932**
Segment results	**(12,808,859)**	**(1,244,529)**	**557,930**	**126,456**	**(13,369,002)**
Other information					
Capital expenditure	**289,866**	**596,816**	**52,101**	**16,005**	**954,788**

	As at 30 June 2022				
	Property development *RMB'000*	**Cultural and tourism city construction and operation** *RMB'000*	**Property management** *RMB'000*	**All other segments** *RMB'000*	**Total** *RMB'000*
Total segment assets	**905,047,899**	**108,694,159**	**12,837,969**	**57,167,068**	**1,083,747,095**
Investments accounted for using the equity method	**74,547,837**	**21,178**	**83,480**	**640,939**	**75,293,434**
Total segment liabilities	**894,039,393**	**26,140,222**	**3,924,552**	**29,846,137**	**953,950,304**

	Six months ended 30 June 2021				
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	Property management *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment revenue	87,503,605	2,608,912	3,319,248	14,132,323	107,564,088
Recognised at a point in time	65,773,086	1,130,729	276,473	285,959	67,466,247
Recognised over time	21,730,519	1,478,183	3,042,775	13,846,364	40,097,841
Inter-segment revenue	–	–	(898,503)	(10,849,249)	(11,747,752)
Revenue from external customers	87,503,605	2,608,912	2,420,745	3,283,074	95,816,336
Net impairment losses on financial and contract assets	–	–	(18,163)	–	(18,163)
Net fair value gains on investment properties	–	812,176	–	6,000	818,176
Interest income	1,741,853	–	7,080	–	1,748,933
Finance income	1,427,483	–	95,677	–	1,523,160
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	2,207,634	14,668	6,494	9,489	2,238,285
Segment results	18,345,684	1,289,634	558,320	1,071,506	21,265,144
Other information					
Capital expenditure	1,584,906	8,128,305	36,664	597,107	10,346,982

	As at 31 December 2021				
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	Property management *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment assets	937,633,192	114,325,193	10,394,377	59,913,302	1,122,266,064
Investments accounted for using the equity method	78,780,367	88,275	77,601	608,927	79,555,170
Total segment liabilities	903,054,954	27,612,092	4,180,710	36,795,837	971,643,593

Reportable segment results are reconciled to total (loss)/profit as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Total segment results	**(13,369,002)**	21,265,144
Depreciation and amortisation	**(1,887,488)**	(1,659,249)
Finance costs	**(6,696,764)**	(700,516)
Other income and gains	**349,686**	28,423
Other expenses and losses	**(190,548)**	(1,323,602)
Income tax credits/(expenses)	**1,443,057**	(4,313,537)
(Loss)/profit for the period	**(20,351,059)**	13,296,663

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

	30 June 2022	31 December 2021
	RMB'000	*RMB'000*
Total segment assets	**1,083,747,095**	1,122,266,064
Deferred tax assets	**31,366,811**	27,092,067
Other assets	**28,015,026**	27,196,757
Total assets	**1,143,128,932**	1,176,554,888
Total segment liabilities	**953,950,304**	971,643,593
Deferred tax liabilities	**24,199,535**	26,563,862
Other liabilities	**58,947,226**	53,673,187
Total liabilities	**1,037,097,065**	1,051,880,642

4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Joint ventures	**59,150,588**	61,603,834
Associates	**16,142,846**	17,951,336
	75,293,434	79,555,170

4.1 Investments in joint ventures

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
At beginning of period	**61,603,834**	64,478,669
Increasing:		
– New investments in joint ventures	**820,636**	9,961,620
Decreasing:		
– Disposal and capital decreasing of joint ventures	**(2,165,766)**	(290,645)
– Impact on assets acquisition transactions	**(1,292,570)**	(370,740)
Share of profits of joint ventures, net	**951,454**	1,822,206
Dividends from joint ventures	**(767,000)**	(2,499,329)
At end of period	**59,150,588**	73,101,781

4.2 Investments in associates

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
At beginning of period	**17,951,336**	22,064,466
Increasing:		
– New investments in associates	**561,000**	4,231,738
– Subsidiaries becoming associates	**166,272**	–
Decreasing:		
– Disposal and capital decreasing of associates	**(1,516,662)**	(23,776)
– Impact on asset acquisition transactions	**–**	(51,765)
Share of (losses)/profits of associates, net	**(134,522)**	416,079
Dividends from associates	**(884,578)**	(800,020)
At end of period	**16,142,846**	25,836,722

5 TRADE AND OTHER RECEIVABLES

The amounts recognised in the balance sheet are as follows:

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Non-current –		
Lease receivables	**61,983**	54,904
Other receivables *(iii)*	**2,000**	2,000
Amounts due from construction customers	**–**	48,000
	63,983	104,904
Current –		
Trade receivables from contracts with customers *(i)*	**4,568,697**	3,355,269
Amounts due from non-controlling interests and their related parties *(ii)*	**32,543,739**	33,957,944
Notes receivables	**55,536**	64,163
Deposits receivables	**8,285,875**	9,944,787
Other receivables *(iii)*	**25,559,292**	25,279,593
	71,013,139	72,601,756
Less: loss allowance	**(4,347,407)**	(5,124,037)
	66,665,732	67,477,719

As at 30 June 2022 and 31 December 2021, 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:

(i) Trade receivables mainly arise from sales of properties and rendering of property management services. The consideration in respect of sales of properties is paid by customers in accordance with the credit terms agreed in the property sale contracts. Property management services income is received in accordance with the term of the relevant property service agreements and is due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of delivery of goods and dates of rendering of services is as follows:

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Within 90 days	**2,386,933**	1,866,228
91-180 days	**383,539**	168,035
181-365 days	**392,891**	422,643
Over 365 days	**1,405,334**	898,363
	4,568,697	3,355,269

(ii) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.

(iii) Other receivables mainly included the receivables from disposal of equity interests, the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

6 PREPAYMENTS

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Non-current –		
Prepayments for equity transactions	**3,002,899**	3,466,015
Prepayments for purchases of property, plant and equipment	**71,746**	32,565
	3,074,645	3,498,580
Current –		
Prepayments for land use rights acquisitions	**7,058,692**	7,331,929
Prepaid value added taxes and other taxes	**7,051,001**	6,045,159
Prepayments for construction costs	**1,173,762**	1,371,507
Others	**1,693,727**	1,586,419
	16,977,182	16,335,014

7 TRADE AND OTHER PAYABLES

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Non-current –		
Other payables *(iv)*	**65,270**	129,906
Current –		
Trade payables *(i)*	**98,428,283**	95,951,743
Notes payables	**36,869,444**	39,271,758
Amounts due to non-controlling interests and their related parties *(ii)*	**30,539,226**	36,269,544
Un-paid considerations for acquisition of equity investments	**11,704,490**	11,689,193
Interests payable	**8,672,259**	5,174,922
Other taxes payable	**6,810,786**	6,166,548
Payroll and welfare payables	**1,353,728**	1,556,368
Consideration payables arising from non-controlling shareholders' put option *(iii)*	**1,305,001**	1,305,001
Other payables *(iv)*	**73,594,868**	71,938,476
	269,278,085	269,323,553

Note:

(i) As at 30 June 2022, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Within 90 days	**37,308,648**	35,886,336
91-180 days	**9,200,470**	8,953,762
181-365 days	**23,762,937**	22,649,962
Over 365 days	**28,156,228**	28,461,683
	98,428,283	95,951,743

(ii) The amounts due to non-controlling interests and their related parties are unsecured and have no fixed repayment date.

(iii) Several put options were granted to the non-controlling shareholders of certain subsidiaries of the Group which they have the right to sell their remaining equity interests in the relevant subsidiaries to the Group at any time. The financial liabilities being the present value of the redemption amount for the acquisition of the remaining equity interest upon the exercise of the put option were recognised and included in other payables.

(iv) As at 30 June 2022, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB19.46 billion (as at 31 December 2021, RMB17.56 billion). The remaining balances mainly included deposits from customers, deed tax and maintenance funds received on behalf of customers, cash advanced for potential equity investment and amount due to equity investment partners.

8 BORROWINGS

	30 June 2022 *RMB'000*	31 December 2021 *RMB'000*
Non-current		
Secured,		
– Bank and other institution borrowings	**201,307,358**	224,968,774
– Senior notes	**51,506,577**	49,081,294
	252,813,935	274,050,068
Unsecured,		
– Bank and other institution borrowings	**14,226,736**	14,079,985
– Corporate bonds	**10,920,962**	11,620,725
– Private domestic corporate bonds	**3,956,373**	7,094,232
	29,104,071	32,794,942
	281,918,006	306,845,010
Less: current portion of non-current borrowings	**(245,451,140)**	(220,287,112)
	36,466,866	86,557,898

	30 June 2022 RMB'000	31 December 2021 RMB'000
Current		
Secured,		
– Bank and other institution borrowings	**13,081,428**	14,149,304
Unsecured,		
– Bank and other institution borrowings	**1,338,891**	710,832
	14,420,319	14,860,136
Current portion of non-current borrowings	**245,451,140**	220,287,112
	259,871,459	235,147,248
Total borrowings	**296,338,325**	321,705,146

9 EXPENSES BY NATURE

	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Costs of properties sold	**36,427,375**	68,827,048
Value-added tax surcharges	**559,017**	855,035
Staff costs	**3,372,306**	2,729,567
Provision for impairment of properties	**11,282,630**	88,242
Advertisement and promotion costs	**1,360,671**	2,359,416
Depreciation and amortisation*	**1,887,488**	1,659,249

* Depreciation and amortisation expense of RMB1.35 billion has been charged to "cost of sales" for the six months ended 30 June 2022 (for the six months ended 30 June 2021, RMB0.97 billion).

10 OTHER INCOME AND GAINS

	Six months ended 30 June 2022 RMB'000	2021 RMB'000
Interest income	**1,457,709**	1,748,933
Gains from disposal of subsidiaries	**482,712**	–
Net fair value gains on financial assets at FVPL	**349,686**	–
Gains from disposal of joint ventures and associates	**248,564**	5,816
Net fair value gains on investment properties	**–**	818,176
Fair value gains on derivative financial instruments	**–**	28,423
Others	**572,953**	1,449,783
	3,111,624	4,051,131

11 OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Losses on disposal of subsidiaries	**1,801,293**	–
Losses on disposal of joint ventures and associates	**1,382,334**	–
Losses on disposal of property, plant and equipment, investment properties and land used rights	**611,216**	–
Net fair value losses on investment properties	**585,611**	–
Provision for litigation	**351,564**	–
Net losses on disposal of financial assets at FVPL	**118,873**	–
Net fair value losses on financial assets at FVPL	**–**	1,222,268
Others	**698,217**	669,881
	5,549,108	1,892,149

12 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Finance expenses:		
Interest expenses	**13,495,532**	13,055,553
Interest expenses for lease liabilities	**29,686**	29,507
Less: capitalised finance costs	**(10,618,500)**	(12,384,544)
	2,906,718	700,516
Net exchange losses	**3,790,046**	–
	6,696,764	700,516
Finance income:		
Interest income on bank deposits	**(666,279)**	(826,532)
Net exchange gains	**–**	(696,628)
	(666,279)	(1,523,160)
	6,030,485	(822,644)

13 INCOME TAX (CREDITS)/EXPENSES

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
Corporate income tax		
– Current income tax	**3,131,725**	6,005,328
– Deferred income tax	**(5,828,252)**	(3,864,497)
	(2,696,527)	2,140,831
Land appreciation tax	**1,253,470**	2,172,706
	(1,443,057)	4,313,537

14 (LOSSES)/EARNINGS PER SHARE

(a) Basic

Basic (losses)/earnings per share are calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the period, excluding shares purchased for the share award scheme.

	Six months ended 30 June	
	2022	2021
(Loss)/profit attributable to owners of the Company (RMB'000)	**(18,760,457)**	11,989,112
Weighted-average number of ordinary shares in issue (thousand)	**5,418,917**	4,664,970
Adjusted for shares repurchased for share award scheme (thousand)	**(76,325)**	(82,453)
Weighted-average number of ordinary shares for basic (losses)/earnings per share (thousand)	**5,342,592**	4,582,517

(b) Diluted

For the six months ended 30 June 2022, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from share options and awarded shares were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

For the six months ended 30 June 2021, diluted earnings per share was calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 June 2021
Profit attributable to owners of the Company (RMB'000)	11,989,112
Weighted-average number of ordinary shares in issue (thousand)	4,664,970
Adjusted for purchase of shares for share award scheme (thousand)	(82,453)
Adjusted for share options and awarded shares (thousand)	37,843
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	4,620,360

15 DIVIDENDS

No interim dividend for the six months ended 30 June 2022 was proposed by the Board (six months ended 30 June 2021: Nil).

16 EVENTS AFTER THE BALANCE SHEET DATE

(a) The Winding-up Petition and Its Latest Progress

On 8 September 2022, the Company received a winding-up petition against the Company (the "Petition") filed by Chen Huaijun at the High Court of the Hong Kong Special Administrative Region (the "High Court") in relation to the non-repayment by the Company of the senior notes held by him in a principal amount of US$22 million and accrued interests. At the hearing of the High Court on 16 November 2022, the High Court ordered the hearing of the Petition to be adjourned to 14 June 2023. Since the receipt of the Petition, the Company has been actively pursuing legal measures to resolutely oppose the Petition, and taking all necessary actions to protect its legal rights. The Company does not believe the Petition will have a meaningful impact on the restructuring plan or timetable.

(b) The Offshore Debt Restructuring Plans and Its Latest Progress

For the Proposed Offshore Debt Restructuring Plan and its latest progress, refer to note 2(iii) of this announcement for details.

EXTRACTS OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The Company's independent auditor has disclaimed a conclusion in its report on review of interim financial information of the Group's interim financial information for the six months ended 30 June 2022, and extract of which is as follows:

BASIS FOR DISCLAIMER OF CONCLUSION

Multiple uncertainties relating to going concern

As disclosed in note 2(i) to the interim financial information, the Group incurred a net loss of approximately RMB20.35 billion for the six months ended 30 June 2022 and, as at 30 June 2022, the Group had net current liabilities of approximately RMB89.56 billion. The Group's current and non-current borrowings amounted to approximately RMB259.87 billion and approximately RMB36.47 billion as at 30 June 2022 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB48.96 billion. As at 30 June 2022, the Group had not repaid borrowings of approximately RMB41.28 billion in aggregate according to their scheduled repayment dates, and had borrowings of approximately RMB104.59 billion in aggregate might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB100.52 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount of approximately RMB83.55 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons as disclosed in note 29(B) to the interim financial information. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

Nevertheless, the interim financial information have been prepared on a going concern basis. The Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and have developed debt solutions which are set out in note 2(i) to the interim financial information. The validity of going concern assumption on which the interim financial information have been prepared depends upon the successful implementation of these plans and measures, which are subject to multiple uncertainties, including (i) the successful completion of Proposed Offshore Debt Restructuring Plan (as defined in note 2(i) to the interim financial information); and (ii) the successful negotiation with lenders on the extension of borrowings or the deferral of the repayment of the Group's borrowings.

As a result of the above-mentioned multiple uncertainties, the potential interaction of these uncertainties, and the possible cumulative effect thereof, we were unable to form a conclusion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in note 2(i) to the interim financial information, it might not be able to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the interim financial information.

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2021 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2021 are presented as corresponding figures in the interim condensed consolidated balance sheet as at 30 June 2022.

DISCLAIMER OF CONCLUSION

Because of the potential interaction of the multiple uncertainties related to going concern and their possible cumulative effect on these interim condensed consolidated financial statements described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim financial information.

OTHER MATTER

The comparatives in the interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months ended 30 June 2022, and the related explanatory notes were reviewed by another auditor who expressed an unmodified conclusion on those statements on 30 August 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1 REVENUE

For the six months ended 30 June 2022, most of the Group's revenue came from sales of residential and commercial properties business, and the other revenue came from cultural and tourism city construction and operation, property management and other businesses.

As at 30 June 2022, the Group's national strategic layout of real estate development business consisted of core cities in the Yangtze River Delta, Bohai Rim, South China, Central regions and Western regions, which are divided into 9 major regional groups for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin, Zhengzhou and Shenyang, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou, Shenzhen and Sanya, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Cheng Yu region (including Chongqing and Chengdu, etc.) and Yun Gui region (including Kunming and Guiyang, etc.).

Total revenue of the Group for the six months ended 30 June 2022 amounted to approximately RMB48.54 billion, representing a decrease of 49.3% compared with the total revenue of approximately RMB95.82 billion for the six months ended 30 June 2021.

For the six months ended 30 June 2022, the total revenue of the Group and its joint ventures and associates was approximately RMB114.48 billion, representing a decrease of approximately RMB68.89 billion (approximately 37.6%) as compared with the total revenue of approximately RMB183.37 billion for the six months ended 30 June 2021, of which approximately RMB73.11 billion was attributable to owners of the Company, representing a decrease of approximately RMB51.38 billion (approximately 41.3%) as compared to approximately RMB124.49 billion for the six months ended 30 June 2021.

The following table sets forth certain details of the revenue:

	Six months ended			
	2022		2021	
	RMB billion	*%*	*RMB billion*	*%*
Revenue from sales of properties	**41.44**	**85.4%**	87.50	91.3%
Cultural and tourism city construction and operation income	**2.17**	**4.5%**	2.61	2.7%
Property management income	**3.22**	**6.6%**	2.42	2.5%
Revenue from other business	**1.71**	**3.5%**	3.29	3.5%
Total	**48.54**	**100.0%**	95.82	100.0%
Total gross floor area delivered during the period *(in million sq.m.)*	**3.726**		7.821	

For the six months ended 30 June 2022, revenue from sales of properties decreased by approximately RMB46.06 billion (approximately 52.6%) as compared with that for the six months ended 30 June 2021. Total area of delivered properties decreased by 4.095 million square meters ("sq.m.") (approximately 52.4%) as compared with that for the six months ended 30 June 2021, mainly due to the decrease in delivered areas and average selling price of property projects delivered in some areas for the six months ended 30 June 2022 as compared with that for the six months ended 30 June 2021 under such a grim environment caused by the downturn in the real estate industry and the COVID-19 epidemic in the first half of 2022.

2 COST OF SALES

Cost of sales mainly includes the costs directly incurred in the course of property development for the Group's properties sold.

For the six months ended 30 June 2022, the Group's cost of sales was approximately RMB54.61 billion, representing a decrease of approximately RMB21.23 billion (approximately 28.0%) as compared to the cost of sales of approximately RMB75.84 billion for the six months ended 30 June 2021, mainly due to the decrease in the delivery area of the properties.

3 GROSS (LOSS)/PROFIT

For the six months ended 30 June 2022, the Group's gross loss was approximately RMB6.06 billion, representing a decrease of approximately RMB26.04 billion as compared with the gross profit of approximately RMB19.98 billion for the six months ended 30 June 2021. Decrease in gross profit was mainly due to a combination of decreased sales revenue, lower gross proft margin recorded and the provision for property impairment made by the Group for the period.

For the six months ended 30 June 2022, the Group's gross profit margin was approximately minus 12.5%, representing a significant decrease as compared to approximately 20.8% for the six months ended 30 June 2021.

For the six months ended 30 June 2022, the adjustments of revaluation surplus related to gains from business combination for the properties acquired led to the reduction of the Group's gross profit in the amount of approximately RMB2.08 billion. The Group's gross profit would have been approximately RMB4.31 billion and gross profit margin would have been approximately 8.9% for the six months ended 30 June 2022 without taking into account such impact of fair value adjustments and provision for impairment of properties on gross profit.

For the six months ended 30 June 2022, total gross profit of the Group and its joint ventures and associates was approximately RMB2.75 billion, with a gross profit margin of approximately 2.4%, of which approximately RMB1.27 billion was gross loss attributable to owners of the Company. For the six months ended 30 June 2021, total gross profit of the Group and its joint ventures and associates was approximately RMB36.02 billion, with a gross profit margin of approximately 19.6%, of which approximately RMB23.46 billion was gross profit attributable to owners of the Company.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs decreased by approximately 31.2% from approximately RMB3.82 billion for the six months ended 30 June 2021 to approximately RMB2.63 billion for the six months ended 30 June 2022. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the six months ended 30 June 2022.

The Group's administrative expenses increased by approximately RMB60 million from approximately RMB3.75 billion for the six months ended 30 June 2021 to approximately RMB3.81 billion for the six months ended 30 June 2022 with no material change.

5 OTHER INCOME AND GAINS

For the six months ended 30 June 2022, the Group recognised other income and gains of approximately RMB3.11 billion, which mainly comprised income from capital utilisation fees received from joint ventures and associates, etc. of approximately RMB1.46 billion and the gain from the disposal of subsidiaries and joint ventures of approximately RMB0.73 billion. For the six months ended 30 June 2021, the Group's other income and gains amounted to approximately RMB4.05 billion, comprising income from capital utilisation fees received from joint ventures and associates, etc. of approximately RMB1.75 billion and net fair value gains on investment properties of approximately RMB0.82 billion.

6 OTHER EXPENSES AND LOSSES

For the six months ended 30 June 2022, other expenses and losses recognised by the Group amounted to approximately RMB5.55 billion, mainly including the loss of approximately RMB3.91 billion from the disposal of subsidiaries, joint ventures and associates and other assets, and the net fair value losses on investment properties of approximately RMB0.59 billion. The Group recorded an increase in other expenses and losses of approximately RMB3.66 billion as compared with that for the six months ended 30 June 2021 of approximately RMB1.89 billion.

7 NET IMPAIRMENT LOSSES ON FINANCIAL AND CONTRACT ASSETS

Given the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments for the six months ended 30 June 2022, the Group made provisions for expected credit losses of approximately RMB1.65 billion on amounts due from related companies, amounts due from non-controlling interests and other receivables.

8 OPERATING (LOSS)/PROFIT

Concluding from the above analysis, the Group's operating profit decreased by approximately RMB31.13 billion from approximately RMB14.55 billion for the six months ended 30 June 2021 to the operating loss of approximately RMB16.58 billion for the six months ended 30 June 2022, mainly due to the following reasons:

(i) gross profit decreased by approximately RMB26.04 billion;

(ii) selling and marketing costs and administrative expenses decreased by approximately RMB1.13 billion;

(iii) net impairment losses on financial and contract assets increased by approximately RMB1.63 billion; and

(iv) other income and gains decreased by approximately RMB0.94 billion and other expenses and losses increased by approximately RMB3.66 billion.

9 FINANCE INCOME AND EXPENSES

The Group's finance expenses increased by approximately RMB6.00 billion from approximately RMB0.70 billion for the six months ended 30 June 2021 to approximately RMB6.70 billion for the six months ended 30 June 2022, and finance income decreased by approximately RMB0.85 billion from approximately RMB1.52 billion for the six months ended 30 June 2021 to approximately RMB0.67 billion for the six months ended 30 June 2022 at the same time, mainly due to the following reasons:

(i) Suffered from the downturn in the real estate industry and the COVID-19 epidemic, construction progress of the Group's projects slowed down, resulting in decreases in delivered areas and proportion of capitalised interests in total interest expenses as compared to that of the six months ended 30 June 2021, which led to an increase of approximately RMB2.21 billion in expensed interest from approximately RMB0.70 billion for six months ended 30 June 2021 to approximately RMB2.91 billion for six months ended 30 June 2022; and

(ii) due to the change in trend of foreign exchange rates fluctuations, the exchange gain or loss of the Group turned from a net exchange gain of approximately RMB0.70 billion for the six months ended 30 June 2021 to a net exchange loss of approximately RMB3.79 billion for the six months ended 30 June 2022.

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

Share of post-tax profits of investments accounted for using the equity method, net recognised by the Group decreased by approximately RMB1.42 billion from approximately RMB2.24 billion for the six months ended 30 June 2021 to approximately RMB0.82 billion for the six months ended 30 June 2022, mainly due to the decreases in revenue and gross profit margin from sales of the Group's joint ventures and associates during the period.

11 (LOSS)/PROFIT

Profit of the Group attributable to owners of the Company decreased by approximately RMB30.75 billion from approximately RMB11.99 billion for the six months ended 30 June 2021 to loss of approximately RMB18.76 billion for the six months ended 30 June 2022. After excluding the impact of gains from business combination and its effect on fair value adjustments, gains or losses on changes in fair value of financial assets, derivative financial instruments and investment properties, disposal gains or losses on financial assets, subsidiaries and investments in joint ventures and associates, exchange gain or loss, charitable donations and loss on project demolition, profit attributable to owners of the Company (the "core net (loss)/profit", a non-GAAP financial measure) decreased by approximately RMB24.21 billion from core net profit of approximately RMB13.15 billion for the six months ended 30 June 2021 to core net loss of approximately RMB11.06 billion for the six months ended 30 June 2022.

The table below sets out (loss)/profit attributable to owners of the Company and other non-controlling interests for the stated periods:

	For the period ended 30 June	
	2022	2021
	RMB billion	*RMB billion*
(Loss)/profit during the period	**(20.35)**	13.30
Attributable to:		
Owners of the Company	**(18.76)**	11.99
Other non-controlling interests	**(1.59)**	1.31
	(20.35)	13.30

12 CASH STATUS

The Group operates in a capital-intensive industry and the Group's liquidity requirements relate to meeting its working capital requirements, funding the development of its new property projects and servicing its debt. The funding sources of the Group mainly include proceeds from the pre-sale and sale of properties, and to a lesser extent, capital contributions from shareholders, share issuances and loans.

The Group's cash balances (including restricted cash) decreased to approximately RMB48.96 billion as at 30 June 2022 from approximately RMB69.20 billion as at 31 December 2021, of which non-restricted cash decreased to approximately RMB13.32 billion as at 30 June 2022 from approximately RMB14.34 billion as at 31 December 2021.

Decrease in non-restricted cash was mainly due to:

(i) approximately RMB20.27 billion of net cash inflow from operating activities;

(ii) approximately RMB4.91 billion of net cash inlow from investing activities; and

(iii) approximately RMB26.29 billion of net cash outflow used in financing activities.

Currently, the Group is taking the initiative in mitigating risks, and will continue to focus on completion and delivery of its property projects and the improvement of sales performance, so as to secure the steady business growth and sustainable operation of the Group.

13 BORROWINGS AND SECURITIES

As at 30 June 2022, the total borrowings of the Group were approximately RMB296.34 billion. Approximately RMB265.90 billion (as at 31 December 2021: approximately RMB288.20 billion) 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, etc. (total amount was approximately RMB242.42 billion (as at 31 December 2021: approximately RMB254.30 billion)) and equities of certain of the Group's subsidiaries.

14 GEARING RATIO

The gearing ratio is calculated by dividing the net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and lease liabilities less cash balances (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 30 June 2022, the Group's gearing ratio was approximately 70.1%, representing an increase as compared to approximately 67.0% as at 31 December 2021.

The Group's gearing ratio experienced fluctuations. The Group will proactively deal with debt situation, continue to accelerate sales, release operating cash flow so as to improve the gearing ratio.

15 INTEREST RATE RISK

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

The Group's interest rate risk arises from long-term borrowings. Long-term borrowings include borrowings issued at variable rates and borrowings issued at fixed rates, of which borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates while 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 table are the liabilities stated at carrying amounts, categorised by maturity dates.

	As at 30 June 2022 ***RMB billion***	As at 31 December 2021 *RMB billion*
Floating interests		
Less than 12 months	**49.91**	45.22
1-5 years	**9.97**	18.44
Over 5 years	**0.82**	3.31
Subtotal	**60.70**	66.97
Fixed interests		
Less than 12 months	**209.96**	189.93
1-5 years	**23.21**	59.48
Over 5 years	**2.47**	5.33
Subtotal	**235.64**	254.74
Total	**296.34**	321.71

The Group will continue to pay attention to and monitor interest rate risks.

16 FOREIGN EXCHANGE RISKS

As most of the Group's operating entities are located in China, the Group operates its business mainly in RMB. Given that some of the Group's bank deposits, financial assets at fair value through profit or loss and senior notes are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. For the six months ended 30 June 2022, the Group recorded an exchange loss in the amount of approximately RMB3.79 billion 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 will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign exchange risks.

17 CONTINGENT LIABILITIES

(a) Financial guarantee

The Group provides guarantees to banks for the mortgage loans of certain property purchasers to ensure that the purchasers perform their obligations of mortgage loan repayment. The amount of such guarantees was approximately RMB98.88 billion as at 30 June 2022 as compared with approximately RMB156.72 billion as at 31 December 2021. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months after the properties' delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

(b) Litigation

Up to the date of this announcement, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters. The Directors have assessed the impact of the above litigation matters on the condensed consolidated interim financial information for the six months ended 30 June 2022 and accrued provision on the condensed consolidated interim financial information of the Group. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

CHAIRMAN'S STATEMENT

Dear Shareholders and Investors,

Since the fourth quarter of 2021, the industry environment has been constantly changing. A number of situations went beyond the Group's expectation. The Group has proactively taken all necessary measures to ensure stable cash flow. However, sales have declined precipitously since March 2022, and various funding proposals such as asset disposals and targeted financing, which were aggressively promoted to satisfy the liquidity requirements in the second quarter of 2022, could not be implemented due to the unfavorable changes in the external environment, resulting in the Group encountering liquidity issues and facing unprecedented operating pressure in the past year. On behalf of the Board, I would like to express my sincere apologies to the stakeholders for any inconvenience that has been caused. At the same time, I am also very grateful for your patience, understanding and trust in the Group.

On the one hand, the Group continuously reflects on and summarizes its own problems, on the other hand, the management and employees are working in unity and making every effort to find a way out of the difficult situation. Since the first half of 2022, the Group has made positive progress in the main risk mitigation work.

The Group has been actively pushing forward the restructuring process of onshore and offshore public bonds. With the support of all parties, the onshore open market bond restructuring had been completed by the end of 2022, and significant progress has been made in the offshore debt restructuring. On 28 March 2023, the Group and the AHG entered into the restructuring support agreement in relation to the offshore debt restructuring plan. The Group will strive to complete the necessary legal procedures for the offshore debt restructuring within 2023. The Group believes that the successful restructuring of onshore and offshore public bonds, and the release of the 2022 interim results announcement and the 2022 annual results announcement are critical milestones for the Group to resume normal operations, and also lay a solid foundation to support the continuous business recovery of the Group.

The Group has been working closely with asset-management companies to raise capital for its high-quality projects and to revitalize its assets. Benefiting from the Group's good asset quality and market reputation, the cooperation between the Group and major asset-management companies has progressed smoothly. At present, the Group has, amongst others, revitalized the Shanghai Dongjiadu project and the Wuhan Tao Hua Yuan project, with an aggregate fundraising of over RMB20 billion. Currently, several other projects are in progress. Through the collaboration with asset-management companies, the Group will hopefully be able to revitalize more high-quality projects and drive the overall recovery of the Group's business.

A majority of the Group's onshore project level loans remain normal, particularly for projects in core cities or those in cooperation with strong joint venture partners. For those project loans that require extension due to the market downturn, the Group has been actively seeking support from the financial institutions. For bank loans, reasonable extension is being sought through the negotiations between headquarters. For certain trust loans that are subject to more constraints on extension, the Group is also actively liaising with relevant financial institutions to formulate holistic resolutions, such as bringing in third-party financing from asset management companies, or AMCs. Overall speaking, the Group has quality assets, and a majority of the Group's project loans are secured by sufficient underlying assets. In future, the Group will continue to actively communicate with financial institutions to resolve financing issues at project level.

The Group regarded ensuring property project delivery as its primary operational objective while actively responding to the government's requirement of property project delivery, and fulfilled its primary responsibility. The Group has been actively applying for special funds for guaranteed home delivery, ancillary financing and other types of supportive financing, in order to ensure the development and construction and the smooth completion and delivery of the property projects. Currently, the Group has received the first batch of special funds for guaranteed home delivery in the aggregate amount of approximately RMB11 billion. At the same time, the Group has made significant progress in the application for the second batch of special funds, and, so far, additional special funds have been approved by the relevant government departments for dozens of projects. Furthermore, the Group is also actively discussing with banks for guaranteed home delivery ancillary financing, and has so far received such financing for a number of projects. As it still takes time for the financing market and contracted sales to recover, such special funds are crucial for resumption of project work and construction and project delivery as well as for future recovery. In the first half of 2022, the Group achieved the delivery of approximately 90,000 houses in 59 cities. The Group will strive to take full advantage of the policy opportunities to support and ensure the development, construction, completion and delivery of its property projects by applying for guaranteed home delivery special borrowings, securing guaranteed home delivery ancillary financing from banks, and continuing its efforts to revitalize quality projects in collaboration with asset management companies and other financial institutions.

In the first half of 2022, the Group, together with its joint ventures and associates, recorded contracted sales of approximately RMB112.82 billion, representing a significant decline as compared with the same period last year. Currently, the real estate sales market is in the process of gradual recovery following a series of supportive policies. With the recovery of the overall economy and the restoration of market confidence, the Group believes that contracted sales will continue to improve in the second half of 2023. The Group will increase its supply during this recovery window to facilitate the recovery of contracted sales in the second half of 2023, which will in turn support the improvement of confidence of all parties, and better promote the recovery of the operation.

In the first half of 2022, Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK), the property management segment of the Group, maintained stable growth in its core business and achieved continuous improvement in its business structure. It maintained a rising trend for its business management scale and made achievements in market exploration in terms of quantity and quality. In the first half of 2022, the ice and snow segment of the Group continuously developed with a stable layout of new ski resorts and the successful signing of Suzhou Nanda Snow World, a third-party entrusted management project. The number of operating ski resorts under the management of the ice and snow segment reached 9 (including 6 indoor and 3 outdoor ski resorts). In the first half of 2022, the success of the Beijing Olympic Winter Games aroused the enthusiasm of the people across the country for skiing. Against this background, the ice and snow sector "Hot Snow Miracle APP" was successfully launched and operated, which rapidly accumulated private domain traffic and assisted the operations and development of the ice and snow segment.

Looking into the future, I strongly believe in the gradual recovery of the business of the Group, on the basis of, on the one hand, the many favorable policies that have been rolled out by the government to support the overall economic growth and stabilize the real estate industry, as a result of which the external environment will continue to improve, and, on the other hand, the solid asset quality and strong brand, and the resilient and hardworking team of the Group. With the assistance and support from all parties, the Group will be able to orderly resolve problems, overcome difficulties and restore the normal course of operations to come back on track for a healthy business development.

Summary of Land Bank

As at 30 June 2022, the Group and its joint ventures and associates had a total land bank of approximately 233 million sq.m. and an attributable land bank of approximately 139 million sq.m.. The breakdown of land bank by cities was as follows:

Urban circle	City	Attributable land bank *'000 sq.m.*	Total land bank *'000 sq.m.*
Yangtze River Delta	Hangzhou	3,428.5	6,935.4
	Wenzhou	2,752.2	3,535.1
	Wuxi	1,993.8	3,383.2
	Shaoxing	1,549.4	3,000.9
	Shanghai	1,498.7	3,513.6
	Jiaxing	1,489.7	1,779.5
	Xuzhou	1,446.8	1,933.9
	Ningbo	1,054.7	1,887.5
	Suzhou	976.4	2,004.7
	Nantong	890.8	1,564.7
	Nanjing	840.1	2,024.9
	Hefei	696.3	827.3
	Changzhou	602.9	975.2
	Others	2,901.6	7,143.1
	Subtotal	**22,121.9**	**40,509.0**

Urban circle	City	Attributable land bank *'000 sq.m.*	Total land bank *'000 sq.m.*
Bohai Rim	Qingdao	9,108.3	13,143.5
	Tianjin	6,794.0	7,929.4
	Ji'nan	4,102.3	6,418.9
	Taiyuan	2,382.7	3,750.3
	Dalian	2,043.9	2,125.9
	Harbin	1,955.7	3,456.4
	Shijiazhuang	1,267.2	2,177.9
	Beijing	1,214.1	2,037.9
	Shenyang	1,170.3	2,596.7
	Yantai	1,013.4	1,728.0
	Tangshan	877.4	1,075.1
	Langfang	840.8	1,523.4
	Others	2,631.6	3,341.9
	Subtotal	**35,401.7**	**51,305.3**
Southern China	Jiangmen	3,454.2	4,255.9
	Qingyuan	1,645.1	1,779.7
	Hainan Province	1,565.2	2,636.6
	Guangzhou	1,505.5	2,956.4
	Zhuhai	774.3	824.7
	Zhongshan	735.6	860.4
	Fuzhou	714.8	1,584.1
	Huizhou	706.4	740.7
	Zhaoqing	672.3	802.1
	Shenzhen	665.1	1,278.0
	Foshan	625.4	1,113.9
	Others	2,134.2	4,413.1
	Subtotal	**15,198.1**	**23,245.6**

Urban circle	City	Attributable land bank *'000 sq.m.*	Total land bank *'000 sq.m.*
Core Western China	Chongqing	11,617.8	17,530.7
	Meishan	6,279.4	12,069.7
	Kunming	3,542.3	6,919.7
	Xi'an	3,436.5	5,798.5
	Chengdu	2,766.7	6,713.7
	Xianyang	2,615.0	5,230.0
	Xishuangbanna	2,523.6	3,181.4
	Guiyang	2,508.0	4,660.7
	Guilin	2,069.9	3,903.3
	Nanning	1,899.8	3,832.0
	Dali	1,235.2	2,058.7
	Yinchuan	1,215.5	1,402.3
	Liuzhou	992.1	2,278.2
	Beihai	709.6	1,730.0
	Others	5,217.3	11,593.6
	Subtotal	**48,628.7**	**88,902.5**
Core Central China	Wuhan	7,283.6	12,988.6
	Zhengzhou	4,959.4	6,565.9
	Changsha	2,115.9	2,738.0
	Nanchang	721.8	1,111.6
	Yueyang	656.0	1,338.8
	Ezhou	583.2	1,264.2
	Xianning	569.3	813.3
	Others	1,166.6	2,234.4
	Subtotal	**18,055.8**	**29,054.8**
	Total	**139,406.2**	**233,017.2**

OTHER INFORMATION

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

Placing of Existing Shares and Subscription of New Shares during the Period

On 12 January 2022, the Company, Sunac International Investment Holdings Ltd (the "Vendor") and Morgan Stanley & Co. International plc (the "Placing Agent") entered into the Placing and Subscription Agreement, pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 452 million Shares at a price of HK$10 per Share on behalf of the Vendor, and the Vendor conditionally agreed to subscribe for 452 million Shares at the placing price of HK$10 per Share (the "Subscription"). The gross proceeds from the Subscription were HK$4.520 billion (equivalent to approximately US$580 million) and the net proceeds therefrom were HK$4.484 billion (equivalent to approximately US$575 million). Out of the net proceeds from the Subscription, the Company has used in accordance with its plan of (1) approximately 50% for general corporate purposes; and (2) approximately 50% for repayment of loans. Details of the placing of existing Shares and the subscription for new Shares are set out in the announcement of the Company dated 13 January 2022.

Purchase, Sale or Redemption of the Listed Securities of the Company

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 ended 30 June 2022, the trustee of the Share Award Scheme did not purchase any of the shares of the Company. As at 30 June 2022, on a cumulative basis, the trustee of the Share Award Scheme had purchased on the open market a total of 94,653,000 shares of the Company at the total consideration of approximately HK$2.57 billion.

Save as the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2022.

Subsequent Events

The Winding-up Petition and Its Latest Progress

On 8 September 2022, the Company received a winding-up petition against the Company (the "Petition") filed by Chen Huaijun at the High Court of the Hong Kong Special Administrative Region (the "High Court") in relation to the non-repayment by the Company of the senior notes held by him in a principal amount of US$22 million and accrued interests. At the hearing of the High Court on 16 November 2022, the High Court ordered the hearing of the Petition to be adjourned to 14 June 2023. Since the receipt of the Petition, the Company has been actively pursuing legal measures to resolutely oppose the Petition, and taking all necessary actions to protect its legal rights. The Company does not believe the Petition will have a meaningful impact on the restructuring plan or timetable.

Latest Progress of the Offshore Debt Restructuring

The Company has been working closely with its legal and financial advisors to formulate a viable restructuring plan aimed at addressing current liquidity constraints, enhancing the credit profile of the Group and protecting the interests of all stakeholders. Over the past few months, the Company and an ad-hoc group of offshore creditors of the Company (the "AHG"), together with their respective advisors, have been engaged in constructive dialogue towards a consensual restructuring of the Company's offshore indebtedness (the "Restructuring").

On 28 March 2023, the Company and the AHG entered into the restructuring support agreement (the "RSA") in relation to the terms of the Restructuring. The contemplated Restructuring is intended to (i) provide the Company with a long-term, sustainable capital structure; (ii) allow adequate financial flexibility and sufficient runway to stabilize the business; and (iii) protect the rights and interests, and maximize value, for all stakeholders. The Restructuring is expected to be implemented through one or more schemes of arrangement. The Company expects to commence the process of implementing the Restructuring on terms set forth in the RSA as soon as possible.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries of all the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2022 in relation to their securities dealings, if any.

Compliance with the 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 2022, 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 business strategies and performance 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 the Listing Rules. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan, and Mr. Yuan Zhigang, and is chaired by Mr. Poon Chiu Kwok who possesses the qualification of professional accountant. 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 may be 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, including the review of the unaudited interim results of the Group for the six months ended 30 June 2022.

Review of the Interim Results

The unaudited interim results for the six months ended 30 June 2022 have been reviewed by BDO Limited, 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 2022 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

Continued Suspension of Trading

References are made to the announcements of the Company dated 28 March 2022 and 1 April 2022. At the request of the Company, the trading in the Shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 1 April 2022. Trading in the Shares of the Company will remain suspended until further notice.

Holders of securities and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 31 March 2023

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