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)

1. INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2026
2. IMPLEMENTATION OF ACTION PLAN TO RESOLVE AUDITOR'S DISCLAIMER OF OPINION

RESULTS HIGHLIGHTS

For the six months ended 30 June 2026:

- Revenue of the Group was approximately RMB16.35 billion, representing a decrease of approximately 18.2% as compared with the same period last year;
- Gross loss of the Group was approximately RMB2.28 billion, representing an increase in loss of approximately 9.6% as compared with the same period last year;
- Loss attributable to owners of the Company was approximately RMB12.54 billion, representing a decrease in loss of approximately 2.1% as compared with the same period last year;
- As at 30 June 2026, the Group's total equity was approximately RMB39.24 billion, of which the equity attributable to owners of the Company was approximately RMB28.49 billion;
- As at 30 June 2026, total borrowings of the Group were approximately RMB186.18 billion, representing a decrease of approximately RMB2.08 billion as compared with approximately RMB188.26 billion as at the end of last year; and
- As at 30 June 2026, attributable land bank of the Group and its joint ventures and associates was approximately 72.262 million sq.m., of which approximately 58.594 million sq.m. was unsold.

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 2026 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Unaudited	
		Six months ended 30 June	
	Note	**2026**	2025
		RMB'000	*RMB'000*
Revenue	*3*	**16,349,262**	19,987,601
Cost of sales	*9*	**(18,630,901)**	(22,071,876)
Gross loss		**(2,281,639)**	(2,084,275)
Other income and gains	*10*	**6,152,722**	5,614,027
Selling and marketing costs	*9*	**(813,836)**	(1,086,906)
Administrative expenses	*9*	**(1,530,692)**	(1,687,102)
Other expenses and losses	*11*	**(6,898,802)**	(7,543,512)
Net impairment losses under expected credit loss model		**(1,954,286)**	(1,248,503)
Operating loss		**(7,326,533)**	(8,036,271)
Finance income	*12*	**25,204**	45,348
Finance expenses	*12*	**(3,517,305)**	(5,290,724)
Finance expenses – net		**(3,492,101)**	(5,245,376)
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	*4*	**(1,366,044)**	(285,412)
Loss before income tax		**(12,184,678)**	(13,567,059)
Income tax (expenses)/credits	*13*	**(1,710,976)**	689,210
Loss and total comprehensive loss for the period		**(13,895,654)**	(12,877,849)

		Unaudited	
		Six months ended 30 June	
	Note	**2026**	2025
		RMB'000	*RMB'000*
Loss and total comprehensive loss attributable to:			
– Owners of the Company		**(12,542,702)**	(12,808,660)
– Non-controlling interests		**(1,352,952)**	(69,189)
		(13,895,654)	(12,877,849)
Loss per share attributable to owners of the Company (expressed in RMB per share):	*14*		
– Basic		**(0.77)**	(1.26)
– Diluted		**(0.77)**	(1.26)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2026

	Note	**30 June 2026 (Unaudited)** *RMB'000*	31 December 2025 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**39,888,714**	41,089,135
Investment properties		**14,215,386**	15,415,175
Right-of-use assets		**10,805,651**	11,258,847
Intangible assets		**1,624,314**	1,709,825
Deferred tax assets		**31,122,273**	31,236,579
Investments accounted for using the equity method	*4*	**56,938,162**	59,877,447
Financial assets at fair value through profit or loss		**8,924,541**	9,424,077
Other receivables	*5*	**41,908**	39,407
Prepayments	*6*	**33,050**	33,995
		163,593,999	170,084,487
Current assets			
Properties under development		**349,133,766**	357,868,229
Completed properties held for sale		**100,887,670**	103,395,723
Inventories		**322,300**	433,571
Trade and other receivables	*5*	**45,226,598**	46,923,967
Contract costs		**2,853,362**	3,139,366
Amounts due from related companies		**78,730,974**	80,237,864
Prepayments	*6*	**9,776,990**	10,150,079
Prepaid income tax		**9,609,207**	10,063,662
Financial assets at fair value through profit or loss		**577,044**	346,833
Restricted cash		**5,564,056**	6,325,590
Cash and cash equivalents		**4,219,268**	5,681,859
Other current assets		**28,000**	28,000
		606,929,235	624,594,743
Total assets		**770,523,234**	794,679,230

	Note	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**1,769,903**	1,120,269
Other reserves		**59,128,595**	52,910,840
Accumulated losses		**(32,408,800)**	(19,866,098)
		28,489,698	34,165,011
Non-controlling interests		**10,754,408**	12,678,572
Total equity		**39,244,106**	46,843,583
LIABILITIES			
Non-current liabilities			
Borrowings	*8*	**37,738,266**	34,245,372
Derivative financial instruments		**2,874,611**	6,044,836
Lease liabilities		**396,700**	455,680
Deferred tax liabilities		**7,341,342**	7,925,773
Other payables	*7*	**69,085**	114,197
		48,420,004	48,785,858
Current liabilities			
Trade and other payables	*7*	**247,599,640**	247,314,068
Contract liabilities		**122,446,809**	131,386,203
Amounts due to related companies		**71,274,599**	70,598,498
Current income tax liabilities		**67,170,474**	66,064,514
Borrowings	*8*	**148,441,362**	154,011,017
Derivative financial instruments		**9,686,879**	17,777,633
Lease liabilities		**102,602**	111,527
Provisions		**16,136,759**	11,786,329
		682,859,124	699,049,789
Total liabilities		**731,279,128**	747,835,647
Total equity and liabilities		**770,523,234**	794,679,230

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, property management services, cultural and tourism city construction and operation 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 interim condensed consolidated financial information is presented in Renminbi ("RMB"), unless otherwise stated.

2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial years, except for the adoption of new standards, amendments and interpretations as set out below.

(a) New standards, amendments and interpretations adopted by the Group

The Group has applied the following new standards, amendments and interpretations for the first time for annual reporting periods commencing on 1 January 2026:

- *Contracts Referencing Nature-dependent Electricity* – Amendments to HKFRS 9 and HKFRS 7

- *Amendments to the Classification and Measurement of Financial Instruments* – Amendments to HKFRS 9 and HKFRS 7

- *Annual Improvements to HKFRS Accounting Standards – Volume 11*

The new standards, amendments and interpretations listed above did not have any material impact on the amounts recognised in prior and current periods.

(b) New standards, amendments and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for reporting period of 2026 and have not been early adopted by the Group.

	Effective for the financial year beginning on or after
Presentation and Disclosure in Financial Statements – HKFRS 18 and *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* – Hong Kong Interpretation 5	1 January 2027
Subsidiaries without Public Accountability: Disclosures – HKFRS 19 and subsequent amendments in October 2025	1 January 2027
Translation to a Hyperinflationary Presentation Currency – Amendments to HKAS 21	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures – Amendments to HKFRS 10 and HKAS 28	To be determined

Except for the new HKFRS mentioned below, the Directors anticipate that the application of all new standards, amendments and interpretations to HKFRS will have no material impact on the interim condensed consolidated financial information in the foreseeable future.

HKFRS 18 *Presentation and Disclosure in Financial Statements*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the HKICPA in July 2024 supersedes HKAS 1 and will result in major amendments to HKFRS including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

(c) Going concern basis

The Group incurred a net loss of approximately RMB13.90 billion for the six months ended 30 June 2026 and, as at 30 June 2026, the Group had net current liabilities of approximately RMB75.93 billion.

As at 30 June 2026, the Group's current and non-current borrowings amounted to approximately RMB148.44 billion and RMB37.74 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB9.78 billion. As at 30 June 2026, the Group had not repaid borrowings in principal amount of approximately RMB116.28 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in aggregate principal amount of approximately RMB26.25 billion might be demanded for early repayment. As of the date of approval of this interim condensed consolidated financial information, the Group had not repaid borrowings in principal amount of approximately RMB117.18 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in aggregate principal amount of approximately RMB26.30 billion might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

In light of the above, the Directors have conducted prudent assessments on the future liquidity of the Group. The Directors have reviewed the Group's expected cash flow projections for the next 18 months from 30 June 2026 prepared by the management of the Company and have given full consideration to the future liquidity and performance of the Group and its available sources of financing, 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:

- During the period from December 2024 to January 2025, the restructuring plans in relation to the onshore corporate bonds and supply chain asset-backed plans (collectively, the "Onshore Bonds") issued by Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司) ("Sunac Real Estate"), a wholly-owned subsidiary of the Group, had all been considered and approved at the relevant meetings of bondholders. The onshore debt restructuring plan provides creditors with three options, including bond repurchase (i.e. cash tender offer), payment via equity economic income right, and debt settlement with assets. In 2025, Sunac Real Estate completed the implementation of the three options under the onshore debt restructuring plan, the remaining Onshore Bonds had been extended with the last maturity date being June 2034, and the annual interest rate of historical accrued and unpaid interest and future interest were reduced to 1%. This plan not only significantly reduced the scale of onshore public debts, but also alleviated the Group's short-term debt repayment pressure;

- The Company's offshore debt restructuring plan was successfully completed, and the restructuring became effective from 23 December 2025. Certain debts of the Company and its subsidiaries subject to the restructuring had been fully released and discharged, and simultaneously, the financial guarantees provided by the Company for certain existing debts subject to the restructuring had been fully released and discharged. The completion of the offshore debt restructuring resolved the Company's debt risks, achieved a sustainable capital structure, and further reinforced the confidence in the Group among various parties through the shareholding structure stability arrangement and the employee stock ownership plan. This will better facilitate the future advancement of various tasks, including resolving debt risks and revitalizing assets related to onshore real estate projects, and support the gradual recovery of the long-term creditworthiness and operations of the Group's property development segment;

- The Group has been actively negotiating with other lenders on the extension of borrowings, and as of the date of approval of this interim condensed consolidated financial information, extension of loans of approximately RMB33.54 billion had been agreed by the Group; in addition, as at 30 June 2026, approximately RMB153.33 billion of the Group's borrowings were secured by the Group's assets. The Group continues to actively negotiate with other existing lenders to promote a long-term solution to the current debt issue through a comprehensive approach such as extension, refinancing or restructuring and no immediate repayment until a solution is reached. Due to the diverse lender base and changing market environment, it takes time to finalise the extension plans case-by-case;

- The Group is actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies (the "AMC") or financial institutions, business cooperation with partners, asset disposal, etc. As of the date of approval of this interim condensed consolidated financial information, the Group and its joint ventures and associates had revitalised more than 10 key projects, mainly including projects such as Shanghai Bund One Sino Park* (上海外灘壹號院), Shanghai One Sino Park* (上海壹號院), Sunac Chongqing Bay* (融創重慶灣), Tianjin Meijiang One Sino Park* (天津梅江壹號院) and Quanzhou Yihe Park* (泉州宜和園). The revitalisation plans have restructured and revitalised the projects mainly through models such as controlling the increase of debts and resolving the existing debts by introducing AMC funds, partner funds and existing trusts, subsequently continuing to advance project development and sales, and resolution of existing debts;

- The Group will continue to actively communicate and negotiate with relevant creditors, and strive to formulate and implement solutions to resolve the pending onshore lawsuits. As of the date of approval of this interim condensed consolidated financial information, the Group had completed the settlement arrangements with certain creditors;

- The Group has adjusted its organisational structure to be flatter, reducing management levels and the headcount to enhance the management efficiency and effectively control costs and expenses; and

- The Group will continue to take measures to accelerate the pre-sale and sale of properties under development and completed properties. In addition, the Group will continue to implement initiatives to expedite the collection of sales proceeds and recovery of other receivables. The Group believes that with the intensifying policy support from the central government, coupled with the stabilization and recovery of the overall economy and the restoration of market confidence, the long-term supply and demand dynamics in the real estate market will rebalance, leading to a gradual stabilization of the market. Therefore, the Group will proactively adjust its sales and pre-sale strategies to respond to market changes and seize emerging demand opportunities.

* *For identification purposes only*

In the Directors' opinion, in view of the above plans and measures, the Group will be able to adequately fund its ordinary operations and meet its obligations as and when they fall due within the next 18 months from 30 June 2026. Accordingly, the Directors consider that the preparation of the interim condensed consolidated financial information for the six months ended 30 June 2026 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) successful advancement and completion of the aforementioned debt management measures, including successful negotiations with lenders for extension and deferral of repayment of certain borrowings of the Group, and the ability to secure additional or new financing when necessary;

(ii) successful dealing with the litigations involving financial institutions to reach an amicable settlement which have not yet come to a definitive conclusion and have a substantial significant impact on the Group's overall operations; and

(iii) successful implementation of plans and measures to achieve sales targets and collection of sales proceeds, thereby bolstering the Group's overall operational stability.

Since 2022, the real estate market in Chinese Mainland has gone through adjustment with duration and depth beyond previous expectations. There is uncertainty as to the stabilization and recovery of the Group's sales and the continued support from banks and the Group's lenders, hence, there is significant uncertainty as to the Group's ability to implement the above plans and measures.

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

If the Group is unable to achieve the above plans and measures and unable to continue as a going concern, adjustments must be made to reduce the carrying amount 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 to current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in this interim condensed consolidated 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 office building rentals and other business. 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 onshore and offshore debt restructuring gains, gains or losses from fair value changes on financial assets at fair value through profit or loss ("FVPL") and derivative financial instruments and disposal gains or losses on financial assets at FVPL, which are managed on a central basis.

Segment assets primarily consist of all assets excluding deferred tax assets, prepaid income tax and financial assets at FVPL. Segment liabilities primarily consist of all liabilities excluding derivative financial instruments, deferred tax liabilities and current income tax liabilities.

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 2026				
	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	**10,901,030**	**1,833,097**	**3,221,917**	**443,388**	**16,399,432**
Inter-segment revenue	**–**	**–**	**(50,170)**	**–**	**(50,170)**
Revenue from external customers	**10,901,030**	**1,833,097**	**3,171,747**	**443,388**	**16,349,262**
Net impairment losses under expected credit loss model	**(1,718,745)**	**–**	**(235,541)**	**–**	**(1,954,286)**
Net fair value losses on investment properties	**–**	**(546,000)**	**(1,651)**	**(4,093)**	**(551,744)**
Interest income	**237,453**	**–**	**256**	**–**	**237,709**
Finance income	**12,957**	**514**	**11,464**	**269**	**25,204**
Share of post-tax (losses)/profits of associates and joint ventures accounted for using the equity method, net	**(1,344,125)**	**(4,107)**	**4,608**	**(22,420)**	**(1,366,044)**
Segment results	**(9,324,887)**	**(2,476,276)**	**300,865**	**33,338**	**(11,466,960)**
Other information					
Capital expenditure	**151,303**	**33,337**	**36,895**	**9,687**	**231,222**

	As at 30 June 2026				
	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	**644,370,288**	**57,809,199**	**10,777,979**	**7,332,703**	**720,290,169**
Investments accounted for using the equity method	**54,342,722**	**1,290,222**	**30,977**	**1,274,241**	**56,938,162**
Total segment liabilities	**609,930,564**	**24,748,614**	**3,594,470**	**5,932,174**	**644,205,822**

	Six months ended 30 June 2025				
	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	13,996,462	2,168,522	3,546,605	352,372	20,063,961
Inter-segment revenue	–	–	(76,360)	–	(76,360)
Revenue from external customers	13,996,462	2,168,522	3,470,245	352,372	19,987,601
Net impairment losses under expected credit loss model	(982,640)	–	(265,863)	–	(1,248,503)
Net fair value losses on investment properties	–	(779,000)	(2,899)	(3,361)	(785,260)
Interest income	324,982	–	1,388	–	326,370
Finance income	30,208	1,003	14,098	39	45,348
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	(252,630)	(5,622)	(6,054)	(21,106)	(285,412)
Segment results	(10,416,830)	(486,839)	276,642	101,423	(10,525,604)
Other information					
Capital expenditure	37,798	68,772	31,499	20,457	158,526

	As at 31 December 2025				
	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	665,659,540	58,495,898	11,516,592	7,936,049	743,608,079
Investments accounted for using the equity method	57,249,515	1,294,329	29,000	1,304,603	59,877,447
Total segment liabilities	616,430,623	22,910,386	4,176,334	6,505,548	650,022,891

Reportable segment results are reconciled to loss for the period as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Total segment results	**(11,466,960)**	(10,525,604)
Depreciation and amortisation	**(1,588,103)**	(1,510,609)
Finance expenses	**(3,517,305)**	(5,290,724)
Other income and gains	**4,877,100**	4,074,767
Other expenses and losses	**(489,410)**	(314,889)
Income tax (expenses)/credits	**(1,710,976)**	689,210
Loss for the period	**(13,895,654)**	(12,877,849)

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

	30 June	31 December
	2026	2025
	RMB'000	*RMB'000*
Total segment assets	**720,290,169**	743,608,079
Deferred tax assets	**31,122,273**	31,236,579
Prepaid income tax	**9,609,207**	10,063,662
Financial assets at FVPL	**9,501,585**	9,770,910
Total assets	**770,523,234**	794,679,230
Total segment liabilities	**644,205,822**	650,022,891
Current income tax liabilities	**67,170,474**	66,064,514
Derivative financial instruments	**12,561,490**	23,822,469
Deferred tax liabilities	**7,341,342**	7,925,773
Total liabilities	**731,279,128**	747,835,647

4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the interim condensed consolidated balance sheet are as follows:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Joint ventures	**41,992,388**	44,467,980
Associates	**14,945,774**	15,409,467
	56,938,162	59,877,447

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	
	2026 *RMB'000*	2025 *RMB'000*
At beginning of period	**44,467,980**	47,334,307
Increasing:		
– New investments in joint ventures	**10,000**	53,850
Decreasing:		
– Disposal and capital reduction of joint ventures	**(560,604)**	(1,407,441)
– Impact on assets acquisition transactions	**(302,348)**	(66,733)
Share of losses of joint ventures, net	**(1,061,440)**	(165,485)
Dividends from joint ventures	**(561,200)**	(448,481)
At end of period	**41,992,388**	45,300,017

4.2 Investments in associates

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

	Six months ended 30 June	
	2026 *RMB'000*	2025 *RMB'000*
At beginning of period	**15,409,467**	15,513,816
Increasing:		
– New investments in associates	**–**	3,000
– Subsidiaries becoming associates	**–**	1,235,593
Decreasing:		
– Disposal and capital reduction of associates	**(4,583)**	(809,963)
Share of losses of associates, net	**(304,604)**	(119,927)
Dividends from associates	**(154,506)**	(78,410)
At end of period	**14,945,774**	15,744,109

5 TRADE AND OTHER RECEIVABLES

The amounts recognised in the interim condensed consolidated balance sheet are as follows:

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Non-current –		
Other receivables *(iii)*	**43,193**	40,619
Less: loss allowance	**(1,285)**	(1,212)
	41,908	39,407
Current –		
Trade receivables from contracts with customers *(i)*	**5,356,740**	4,915,503
Amounts due from non-controlling interests and their related parties *(ii)*	**19,249,516**	19,961,528
Note receivables	**18,837**	51,245
Deposit receivables	**3,126,861**	3,327,013
Other receivables *(iii)*	**24,851,257**	25,786,265
	52,603,211	54,041,554
Less: loss allowance	**(7,376,613)**	(7,117,587)
	45,226,598	46,923,967

As at 30 June 2026 and 31 December 2025, 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 to their fair values.

Notes:

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

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Within 90 days	**1,336,336**	1,335,106
91–180 days	**698,023**	468,633
181–365 days	**657,076**	589,807
Over 365 days	**2,665,305**	2,521,957
	5,356,740	4,915,503

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

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

6 PREPAYMENTS

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Non-current –		
Prepayments for purchase of property, plant and equipment ("PP&E")	**33,050**	33,995
Current –		
Prepaid value-added taxes and other taxes	**4,560,510**	4,833,578
Prepayments for land use rights acquisitions	**2,712,935**	2,809,024
Prepayments for construction costs	**1,292,396**	1,294,352
Others	**1,211,149**	1,213,125
	9,776,990	10,150,079

7 TRADE AND OTHER PAYABLES

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Non-current –		
Other payables *(iii)*	**69,085**	114,197
Current –		
Trade payables *(i)*	**90,050,312**	92,174,632
Interest payables	**52,340,829**	46,034,499
Note payables *(iv)*	**21,486,031**	21,935,181
Other taxes payables	**10,527,119**	10,525,832
Amounts due to non-controlling interests and their related parties *(ii)*	**10,346,943**	12,296,167
Consideration payables for acquisition of equity investments	**4,369,663**	4,373,574
Payroll and welfare payables	**773,015**	802,505
Other payables *(iii)*	**57,705,728**	59,171,678
	247,599,640	247,314,068

Notes:

(i) As at 30 June 2026, 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 2026 *RMB'000*	31 December 2025 *RMB'000*
Within 90 days	**1,913,551**	4,631,906
91–180 days	**1,089,845**	1,422,750
181–365 days	**4,529,411**	2,663,456
Over 365 days	**82,517,505**	83,456,520
	90,050,312	92,174,632

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

(iii) As at 30 June 2026, other payables mainly included value-added tax relevant to pre-sale of properties amounting to RMB5.73 billion (as at 31 December 2025: RMB6.41 billion). The remaining payables mainly included deposits from customers, deposits on construction projects, deed tax and maintenance funds received on behalf of customers, amounts due to equity investment partners and accrued expenses etc..

(iv) As at 30 June 2026, the Group's overdue balances of note payables amounted to RMB21.49 billion (as at 31 December 2025: RMB21.94 billion).

8 BORROWINGS

	30 June 2026 *RMB'000*	31 December 2025 *RMB'000*
Non-current		
Secured,		
– Bank and other institution borrowings	**177,664,902**	176,299,724
– Corporate bonds	**1,480,835**	1,344,347
– Private domestic corporate bonds	**159,606**	1,144,895
	179,305,343	178,788,966
Unsecured,		
– Bank and other institution borrowings	**2,980,994**	2,903,689
	182,286,337	181,692,655
Less: current portion of non-current borrowings	**(144,548,071)**	(147,447,283)
	37,738,266	34,245,372
Current		
Secured,		
– Bank and other institution borrowings	**2,770,618**	5,465,450
Unsecured		
– Bank and other institution borrowings	**1,122,673**	1,098,284
	3,893,291	6,563,734
Add: current portion of non-current borrowings	**144,548,071**	147,447,283
	148,441,362	154,011,017
Total borrowings	**186,179,628**	188,256,389

9 EXPENSES BY NATURE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Costs of properties sold	**9,216,644**	13,997,256
Value-added tax surcharges	**41,361**	72,392
Staff costs	**2,307,571**	2,624,742
Write-down of properties under development and completed properties held for sale	**4,527,319**	2,755,528
Advertisement and promotion costs	**550,948**	713,839
Depreciation and amortisation*	**1,588,103**	1,510,609

* Depreciation and amortisation expense of RMB1.23 billion had been charged to cost of sales for the six months ended 30 June 2026 (for the six months ended 30 June 2025: RMB1.23 billion).

10 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Net fair value gains on derivative financial instruments	**4,313,206**	42,728
Gains from debt restructuring	**558,156**	4,015,315
Gains from disposal of subsidiaries	**266,701**	475,338
Interest income	**237,709**	326,370
Gains from disposal of joint ventures and associates	**99,282**	153,424
Net gains on disposal of financial assets at FVPL	**5,738**	16,724
Others	**671,930**	584,128
	6,152,722	5,614,027

11 OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Provision for litigations and other contingent liabilities	**3,584,399**	2,002,472
Losses from disposal of subsidiaries	**1,120,910**	1,955,503
Losses from disposal of joint ventures and associates	**600,768**	1,037,586
Net fair value losses on investment properties	**551,744**	785,260
Net fair value losses on financial assets at FVPL	**489,410**	314,889
Losses from disposal of PP&E, right-of-use assets and intangible assets	**22,923**	466,323
Losses on project demolition	**–**	94,103
Others	**528,648**	887,376
	6,898,802	7,543,512

12 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Finance expenses:		
Interest expenses	**8,235,396**	13,482,720
Interest expenses for lease liabilities	**24,003**	39,757
Less: capitalised finance expenses	**(4,759,890)**	(8,182,049)
	3,499,509	5,340,428
Net exchange losses/(gains)	**17,796**	(49,704)
	3,517,305	5,290,724
Finance income:		
Interest income on bank deposits	**(25,204)**	(45,348)
	3,492,101	5,245,376

13 INCOME TAX EXPENSES/(CREDITS)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Corporate income tax	**(2,132)**	(1,424,432)
Land appreciation tax	**1,713,108**	735,222
	1,710,976	(689,210)

14 LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss 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	
	2026	2025
Loss attributable to owners of the Company (RMB'000)	**12,542,702**	12,808,660
Weighted-average number of ordinary shares in issue (thousand)	**16,294,440**	10,227,322
Adjusted for shares repurchased for share award scheme (thousand)	**(76,325)**	(76,325)
Weighted-average number of ordinary shares for basic earnings per share (thousand)	**16,218,115**	10,150,997

(b) Diluted

For the six months ended 30 June 2026 and 2025, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from awarded shares and mandatory convertible bonds were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

15 DIVIDENDS

No interim dividend for the six months ended 30 June 2026 was proposed by the Board (for the six months ended 30 June 2025: Nil).

16 EVENTS AFTER THE BALANCE SHEET DATE

(a) As part of the offshore debt restructuring and following approval by votes at the shareholders' meeting and the relevant creditors' meeting, the Company adopted an employee stock ownership plan (the "ESOP") on 23 December 2025. Pursuant to the terms of the scheme for the offshore debt restructuring and subject to compliance with the relevant provisions of the Rules Governing the Listing of Securities on the Stock Exchange, the Company will grant share awards to eligible participants by way of allotment and issue of new shares of the Company (the "Shares"), and the number of such new Shares to be allotted and issued shall not exceed the total plan cap (i.e. no more than 1,847,766,212 Shares, the "Total Plan Cap"). The share awards will be granted over a period of 5 years or more and will be fully vested in no less than 8 years, that is, share awards in respect of no more than 20% of the Total Plan Cap will be granted each year, and any unused quota in any prior year may be carried forward to and utilised in subsequent years.

On 20 July 2026, the Company granted share awards to 439 eligible participants pursuant to the rules of the ESOP, involving an aggregate of 284,560,000 Shares, representing approximately 1.43% of the 19,965,499,620 Shares in issue as at the date of grant and approximately 15.40% of the Total Plan Cap.

(b) As at 24 August 2026, Sunac Property Management Limited (the "Purchaser"), an indirect wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the "Agreement") with Sunus Holdings Limited (the "Vendor"). Pursuant to the Agreement, the Purchaser conditionally agreed to acquire 100% equity interest (the "Acquisition") in Sun Success Investment Limited (the "Target Company"). The consideration of the Acquisition is approximately RMB123 million, which will be satisfied by the Company by way of allotment and issue of an aggregate of 260,258,500 new Shares to the Vendor at completion of the Acquisition.

The Target Company indirectly holds 100% of the equity interest in Erjin Construction Management Group Co., Ltd. (而今建設管理集團有限公司) ("Erjin Management"). Erjin Management is principally engaged in asset-light real estate project construction and operation management and asset management business. After completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company and its subsidiaries will be consolidated in the financial statements of the Group.

EXTRACT OF REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The Company's independent auditor has disclaimed a conclusion in its report on review of the interim condensed consolidated financial information of the Group for the six months ended 30 June 2026, an 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 condensed consolidated financial information, the Group incurred a net loss of approximately RMB13.90 billion for the six months ended 30 June 2026 and, as at 30 June 2026, the Group had net current liabilities of approximately RMB75.93 billion. The Group's current and non-current borrowings amounted to approximately RMB148.44 billion and RMB37.74 billion as at 30 June 2026 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB9.78 billion. As at 30 June 2026, the Group had not repaid borrowings in principal amount of approximately RMB116.28 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totalling of approximately RMB26.25 billion might be demanded for early repayment. As of the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB117.18 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totalling of approximately RMB26.30 billion 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 30(B) to the interim condensed consolidated financial information.

Nevertheless, the interim condensed consolidated financial information has been prepared on a going concern basis. In view of these circumstances, the directors of the Company have carefully considered the Group's cash flow projections for the next 18 months from 30 June 2026, and have given due consideration to the events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. The Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and has developed debt solutions which are set out in note 2(I) to the interim condensed consolidated financial information. The validity of going concern assumption on which the interim condensed consolidated financial information has been prepared depends upon the successful implementation of these plans and measures, which are subject to multiple uncertainties, including (i) successful advancement and completion of the aforementioned debt management measures, including successful negotiations with lenders for extension and deferral of repayment of certain borrowings of the Group, and the ability to secure additional or new financing when necessary; (ii) successful dealing with the litigations involving financial institutions to reach an amicable settlement which have not yet come to a definitive conclusion and have a substantial significant impact on the Group's overall operations; and (iii) successful implementation of plans and measures to achieve sales targets and collection of sales proceeds, thereby bolstering the Group's overall operational stability. The above events and conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

As a result of the multiple uncertainties, and the cumulative effect on the interim condensed consolidated financial information resulting from the potential interaction 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 condensed consolidated 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 condensed consolidated financial information.

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2025 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2025 are presented as corresponding figures in the interim condensed consolidated balance sheet as at 30 June 2026.

DISCLAIMER OF CONCLUSION

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

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

1 REVENUE

For the six months ended 30 June 2026, most of the Group's revenue came from sales of residential and commercial properties business, and other revenue came from property management services, cultural and tourism city construction and operation and other businesses.

The Group's real estate development business is mainly located in core cities in the Yangtze River Delta, Bohai Rim, Southern China, Western region and Central region, and has been divided into 14 companies for management, namely Tianjin Company (including Tianjin, Harbin and other cities), Beijing Company (including Beijing, Shijiazhuang and other cities), Shandong Company (including Jinan, Qingdao and other cities), Husu Company (including Shanghai, Nanjing, Suzhou and other cities), Southeast Company (including Hangzhou, Fuzhou, Hefei and other cities), Hubei Company (including Wuhan, Yichang and other cities), Xianggan Company (including Changsha, Nanchang and other cities), Yuegui Company (including Guangzhou, Shenzhen, Nanning and other cities), Hainan Company (including Sanya, Haikou and other cities), Chongqing Company (including Chongqing and other cities), Sichuan Company (including Chengdu and other cities), Yungui Company (including Kunming, Guiyang and other cities), Northwest Company (including Xi'an, Taiyuan and other cities) and Henan Company (including Zhengzhou, Luoyang and other cities).

For the six months ended 30 June 2026, the total revenue of the Group amounted to approximately RMB16.35 billion, representing a decrease of approximately RMB3.64 billion (approximately 18.2%) as compared with the total revenue of approximately RMB19.99 billion for the six months ended 30 June 2025.

The revenue breakdown by business segment is as follows:

	Six months ended 30 June			
	2026		2025	
	RMB billion	***%***	*RMB billion*	*%*
Revenue from sales of properties	**10.90**	**66.6**	14.00	69.9
Property management income	**3.17**	**19.4**	3.47	17.4
Cultural and tourism city construction and operation income	**1.83**	**11.2**	2.17	10.9
Revenue from other business	**0.45**	**2.8**	0.35	1.8
Total	**16.35**	**100.0**	19.99	100.0
Total gross floor area delivered during the period *(in million sq.m.)*	**1.122**		1.695	

The decrease in revenue for the period was mainly due to the decline in revenue from sales of properties. For the six months ended 30 June 2026, revenue from sales of properties amounted to approximately RMB10.90 billion, accounting for approximately 66.6% of the total revenue, and representing a decrease of approximately RMB3.10 billion (approximately 22.1%) as compared with that for the six months ended 30 June 2025, mainly due to the decrease in the delivery area of the properties. In recent years, the real estate industry has witnessed a continuous downturn, with the sales market experiencing a significant overall contraction. The debt issues emerging in certain real estate companies have led to the lack of confidence of homebuyers for properties under construction, further intensifying the difficulties in new houses sales. The liquidity pressure from the contraction in new sales scale and the narrowing of external financing channels has temporarily restricted the delivery progress of sold property projects, and the development and promotion and selling progress of new projects. The delivery area of properties decreased by approximately 0.573 million sq.m. (approximately 33.8%) as compared with that for the six months ended 30 June 2025, resulting in a significant decrease in the sales revenue of the Group for the period as compared with the same period last year.

2 COST OF SALES

Cost of sales mainly includes the costs incurred directly in the course of property development for the Group's properties sold, cost of property management operations and cost of cultural and tourism operations.

For the six months ended 30 June 2026, the Group's cost of sales was approximately RMB18.63 billion, representing a decrease of approximately RMB3.44 billion (approximately 15.6%) as compared with the cost of sales of approximately RMB22.07 billion for the six months ended 30 June 2025. The decrease in cost of sales was mainly due to the decrease in the delivery area of the properties.

3 GROSS LOSS

For the six months ended 30 June 2026, the Group's gross loss was approximately RMB2.28 billion, representing an increase of approximately RMB0.20 billion as compared with the gross loss of approximately RMB2.08 billion for the six months ended 30 June 2025. For the six months ended 30 June 2026, the Group's gross profit margin was approximately minus 14.0%, representing a decrease as compared with the gross profit margin of minus 10.4% for the six months ended 30 June 2025. The increase in gross loss and the decrease in gross profit margin were mainly due to the decline in revenue from sales of properties of the Group for the period and the increase in the provision for impairment of properties from the Group for the period as compared with the same period last year.

For the six months ended 30 June 2026, the adjustments of revaluation surplus related to the Group's gains from business combination in previous years for the properties acquired led to the increase in the gross loss for the period of approximately RMB0.65 billion. The Group's gross profit would have been approximately RMB2.37 billion and gross profit margin would have been approximately 14.5% for the six months ended 30 June 2026 without taking into account the impact of such revaluation surplus adjustments and provision for impairment of properties on gross profit.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs decreased by approximately RMB0.28 billion from approximately RMB1.09 billion for the six months ended 30 June 2025 to approximately RMB0.81 billion for the six months ended 30 June 2026. The decrease in selling and marketing costs was in line with the decrease trend in the Group's contracted sales amount for the six months ended 30 June 2026.

The Group's administrative expenses decreased by approximately RMB0.16 billion from approximately RMB1.69 billion for the six months ended 30 June 2025 to approximately RMB1.53 billion for the six months ended 30 June 2026. The decrease in administrative expenses was primarily attributable to the fact that the Group consistently controlled management costs and expenditures under the current market conditions taking into account the entity's operational status and debt pressure through certain active methods such as optimizing organisational structure, reducing headcount and cutting down routine administrative expenses, thereby enhancing management efficiency.

5 OTHER INCOME AND GAINS

For the six months ended 30 June 2026, other income and gains recognised by the Group amounted to approximately RMB6.15 billion, which mainly comprised the net fair value gains on derivative financial instruments of approximately RMB4.31 billion, gains from debt restructuring of approximately RMB0.56 billion, gains from disposal of subsidiaries, joint ventures and associates of approximately RMB0.37 billion, and the interest income received from joint ventures and associates, etc. of approximately RMB0.24 billion.

For the six months ended 30 June 2025, other income and gains recognised by the Group amounted to approximately RMB5.61 billion, which mainly comprised gains from debt restructuring of approximately RMB4.02 billion, gains from disposal of subsidiaries, joint ventures and associates of approximately RMB0.63 billion, and the interest income received from joint ventures and associates, etc. of approximately RMB0.33 billion.

6 OTHER EXPENSES AND LOSSES

For the six months ended 30 June 2026, other expenses and losses recognised by the Group amounted to approximately RMB6.90 billion, which mainly comprised the provision for litigations and other contingent liabilities of approximately RMB3.58 billion, losses from disposal of subsidiaries, joint ventures and associates of approximately RMB1.72 billion, the net fair value losses on investment properties of approximately RMB0.55 billion, and the net fair value losses on financial assets at FVPL of approximately RMB0.49 billion. The decrease of approximately RMB0.64 billion as compared with other expenses and losses of approximately RMB7.54 billion for the six months ended 30 June 2025 was mainly due to the decrease in losses from disposal of subsidiaries, joint ventures and associates for the period.

7 NET IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

For the six months ended 30 June 2026, the Group made provisions for expected credit losses of approximately RMB1.95 billion on amounts due from related companies, amounts due from non-controlling interests and their related parties and other receivables, representing an increase of approximately RMB0.70 billion as compared with approximately RMB1.25 billion for the six months ended 30 June 2025.

8 OPERATING LOSS

Concluding from the above analysis, the Group's operating loss decreased by approximately RMB0.71 billion from approximately RMB8.04 billion for the six months ended 30 June 2025 to the operating loss of approximately RMB7.33 billion for the six months ended 30 June 2026, mainly due to the following reasons:

(i) gross loss increased by approximately RMB0.20 billion;

(ii) selling and marketing costs and administrative expenses decreased by approximately RMB0.44 billion;

(iii) net impairment losses under expected credit loss model increased by approximately RMB0.70 billion; and

(iv) other income and gains increased by approximately RMB0.54 billion, and other expenses and losses decreased by approximately RMB0.64 billion.

9 FINANCE INCOME AND EXPENSES

The Group's finance expenses decreased by approximately RMB1.77 billion from approximately RMB5.29 billion for the six months ended 30 June 2025 to approximately RMB3.52 billion for the six months ended 30 June 2026, and finance income decreased by approximately RMB0.02 billion from approximately RMB0.05 billion for the six months ended 30 June 2025 to approximately RMB0.03 billion for the six months ended 30 June 2026 at the same time, mainly due to the decrease in the Group's borrowing balance following the completion of the Group's offshore debt restructuring and onshore public debt restructuring in 2025, which led to a decrease in interest expenses of the Group for the six months ended 30 June 2026 as compared with the same period last year.

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

For the six months ended 30 June 2026, share of post-tax losses of investments accounted for using the equity method, net recognised by the Group amounted to approximately RMB1.37 billion, representing an increase of approximately RMB1.08 billion as compared with approximately RMB0.29 billion for the six months ended 30 June 2025, mainly due to the increase in operating losses of the Group's joint ventures and associates for the period.

11 LOSS

Loss attributable to owners of the Company decreased by approximately RMB0.27 billion from approximately RMB12.81 billion for the six months ended 30 June 2025 to loss of approximately RMB12.54 billion for the six months ended 30 June 2026.

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

	Six months ended 30 June	
	2026	2025
	RMB billion	*RMB billion*
Loss during the period	**13.90**	12.88
Attributable to:		
Owners of the Company	**12.54**	12.81
Non-controlling interests	**1.36**	0.07
	13.90	12.88

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 total cash (including cash and cash equivalents and restricted cash) decreased from approximately RMB12.01 billion as at 31 December 2025 to approximately RMB9.78 billion as at 30 June 2026, of which non-restricted cash decreased from approximately RMB5.68 billion as at 31 December 2025 to approximately RMB4.22 billion as at 30 June 2026.

13 BORROWINGS AND SECURITIES

As at 30 June 2026, the total borrowings of the Group were approximately RMB186.18 billion, representing a decrease of approximately RMB2.08 billion as compared with approximately RMB188.26 billion as at 31 December 2025. Approximately RMB182.08 billion (as at 31 December 2025: approximately RMB184.25 billion) of the Group's total borrowings were secured or jointly secured by the Group's assets including properties under development, completed properties held for sale and etc. (total amount was approximately RMB303.79 billion (as at 31 December 2025: approximately RMB302.78 billion)), the equity interests of certain subsidiaries of the Group and the right for disposal gains of certain assets of the Group.

The Group will continue to maintain close communication with banks and other financial institutions to promote extension plans for project-level loans, while also proactively advancing collaborations with asset management companies and partners to formulate a comprehensive project revitalization and debt restructuring plan, with a view to resolving debt risks and meeting the funding requirements for project development and construction.

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 long-term 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 2026, the Group's gearing ratio was approximately 81.8%, representing an increase as compared with approximately 79.1% as at 31 December 2025.

The Group's gearing ratio experienced fluctuations, mainly due to the decrease in the Group's revenue carried forward as affected by changes in the market environment, and provision for impairment of assets and the provision for contingent liabilities at the same time.

15 FINANCIAL GUARANTEES AND LITIGATION

(a) Financial guarantees

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 RMB45.13 billion as at 30 June 2026 as compared with approximately RMB48.50 billion as at 31 December 2025. 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

As of the date of approval of this interim condensed consolidated financial information, certain parties filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction payables and daily operations payables, and delayed delivery of projects and other matters. Among them, there were about 695 litigation cases with individual amounts exceeding RMB50 million, and the aggregate amount claimed in such cases amounted to approximately RMB256.90 billion, which mainly included unpaid borrowings and outstanding construction payables. The Group assessed the impact of the above litigation matters and accrued provision for litigations and interest payables on the interim condensed consolidated financial information for the six months ended 30 June 2026. The Group is also actively negotiating with relevant creditors and seeking various ways to resolve these litigations.

16 PRINCIPAL RISKS AND UNCERTAINTIES

The Group faces certain risks in its business development and operational management. The principal risks and uncertainties are set out below.

(1) Real estate market risk and operational risk

The Group's real estate development business is primarily concentrated in the market in the Chinese Mainland, and market conditions have a significant impact on the Group's business development. Currently, the real estate industry is still in a phase of profound adjustment, with the supply-demand dynamics in the market continuing to restructure, divergences between cities of different tiers intensifying, inventory levels remaining high in certain regions and the sales cycle being prolonged. Concurrently, the overall financing environment has tightened, and market risk appetite remains cautious, posing certain constraints on the Group's liquidity management, project development, and expansion of new projects. In addition, affected by the continued downturn in the industry, the selling prices and sales pace of some projects have not met expectations, exerting continuous pressure on gross profit margins carried forward. Coupled with the impact of provisions for impairment of assets such as inventories, the Group has recorded losses for five consecutive years.

Facing a complex operating environment, the Group has been continuously promoting the revitalization of real estate projects and the resolution of debt risks. Nevertheless, the Group still faces significant operational pressures, which are mainly reflected in: the continued downward pressure on sales scale and prices; a lack of construction funds for some projects; financing channels not yet fully restored, and the limited refinancing capabilities; and the existence of ongoing debt issues and litigation disputes with creditors, business partners, customers, and other related parties. Furthermore, affected by factors such as debt defaults and litigation, some real estate projects and cultural and tourism assets still face the risk of being disposed of or auctioned, further intensifying the Group's operational pressures. If the market continues to decline, it will continue to adversely affect the Group's debt risk resolution and long-term business recovery efforts.

(2) Interest rate risk

As the Group has no material interest-bearing assets, the Group's income and operating cash flows are almost unaffected by 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. Interest rate fluctuations may result in higher interest rates on the Group's floating-rate borrowings, thereby exposing the Group to the risk of increased financing costs.

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 or the earliest dates the Group can be required to pay.

	As at 30 June 2026 *RMB billion*	As at 31 December 2025 *RMB billion*
Floating interests:		
Less than 12 months	**32.71**	32.14
1–5 years	**4.50**	5.42
Over 5 years	**0.79**	1.01
Subtotal	**38.00**	38.57
Fixed interests:		
Less than 12 months	**115.73**	121.87
1–5 years	**27.88**	25.42
Over 5 years	**4.57**	2.40
Subtotal	**148.18**	149.69
Total	**186.18**	188.26

The Group's interest rate risk management measures include optimizing the debt structure, reducing the interest rates, decreasing the debt size and using financial instruments related to interest rate. By constantly paying attention to interest rate risk, aligning closely with policy directions and maintaining communication with financial institutions and other creditors, the Group leverages opportunities to promote interest rate reductions and exemptions on borrowings, thereby minimizing the impact of interest rate risks on its operations.

(3) 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 certain of the Group's bank deposits, financial assets at FVPL, derivative financial instruments and other borrowings are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. The potential impacts of foreign exchange risks on the Group may include the following:

(i) Increased direct repayment costs: The Group needs to purchase foreign exchange using RMB to repay foreign currency principal and interest. If foreign currencies appreciate against the RMB, the Group will incur higher RMB expenditures, leading to increased financial costs;

(ii) Cash flow pressure: Sharp exchange rate fluctuations may require the Group to raise additional RMB funds within a short period, resulting in liquidity strain; and

(iii) Translation risk: At the end of an accounting period, foreign currency liabilities must be translated into RMB at the spot exchange rate. If foreign currencies appreciate, the carrying amounts of liabilities will rise, potentially increasing the asset-liability ratio and reducing net assets, among other effects.

For the six months ended 30 June 2026, the Group recorded net exchange losses of approximately RMB0.02 billion due to fluctuations in exchange rates in the market. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in exchange rates.

The Group's measures to manage foreign exchange risks include monitoring exchange rate fluctuations, adjusting foreign currency deposits in a timely manner, using financial instruments for hedging, and communicating with lenders to convert foreign currency debt into local currency debt, etc. The Group will prudently monitor foreign exchange risks, and control foreign exchange risks in line with its current operational realities according to the aforementioned measures in a timely manner to minimise their impact on the Group.

Business Review and Outlook

In the first half of 2026, the government work report emphasised the need to "strive to stabilise the real estate market", with policy focus further shifting towards promoting development, enhancing quality and transforming the model. The Group has resolved its debt risks at the listed company level and has substantially completed its guaranteed home delivery tasks. Its core focus at the current stage is to advance the resolution of debt risks and asset revitalisation in respect of its onshore real estate sector. At the same time, in light of policy directions, industry trends and its own fundamentals, the Group is also actively exploring the transformation and upgrading of its business model.

In the first half of 2026, the revenue of the Group was approximately RMB16.35 billion, representing a decrease of approximately 18.2% as compared with the same period last year. Gross loss was approximately RMB2.28 billion, representing an increase in loss of approximately 9.6% as compared with the same period last year. Loss attributable to owners of the Company was approximately RMB12.54 billion, representing a decrease in loss of approximately 2.1% as compared with the same period last year. As at the end of June 2026, total borrowings of the Group were approximately RMB186.18 billion, representing a decrease of approximately RMB2.08 billion as compared with the end of last year; the Group's total equity was approximately RMB39.24 billion, of which the equity attributable to owners of the Company was approximately RMB28.49 billion.

In the first half of 2026, the contracted sales amount of the Group and its joint ventures and associates was approximately RMB10.25 billion, representing a decrease of approximately 56.5% as compared with the same period last year. As at the end of June 2026, the Group and its joint ventures and associates had a total land bank of approximately 104 million sq.m. (attributable land bank was approximately 72.262 million sq.m.), of which the unsold land bank was approximately 86.111 million sq.m. (unsold attributable land bank was approximately 58.594 million sq.m.).

In the first half of 2026, the Group's property management sector, Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK), stabilised and improved its operating performance. In the first half of 2026, Sunac Services achieved a revenue of approximately RMB3.22 billion, representing a decrease of approximately 9% as compared with the same period last year, and excluding the impact of the disposal of the equity interest in Zhangtai Services Group Company Limited (彰泰服務集團有限公司) ("Zhangtai Services") in 2025, the revenue represented a slight decrease of 2% as compared with the same period last year. Sunac Services refined its operations, and stabilized its gross profit margin (excluding the impact of the disposal of Zhangtai Services); the continued optimisation and adjustment of its organisational structure resulted in a decrease of 1.2 percentage points in the administrative expense ratio as compared with the same period last year. Profit attributable to owners of Sunac Services reached approximately RMB0.12 billion, representing an increase of approximately 2% as compared with the same period last year, and an increase of approximately 71% as compared with the same period last year when excluding the impact of the disposal of Zhangtai Services. Sunac Services recorded a year-on-year improvement in its operating net cash flow, with available funds reaching approximately RMB3.29 billion. In the first half of 2026, Sunac Services focused on the key industrial and office business formats, and explored new leading customers in potential growth sectors such as chip manufacturing, computing centres and data centres. As at the end of June 2026, Sunac Services had a gross floor area under management of approximately 260 million sq.m..

In the first half of 2026, the cultural and tourism industry experienced overall consumption pressure, characterised by strong visitor traffic but weak spending. The Group's cultural and tourism sector (commercial, ice and snow, park, and hotel) achieved a revenue of approximately RMB1.83 billion, representing a decrease of approximately 15.7% as compared with the same period last year. The commercial business adheres to a differentiated development strategy of "commerce + cultural and tourism", continuously strengthening its core competitiveness in scenario-based experiences. By leveraging the scale advantages of its projects, it has been actively developing the first-store economy, continuously promoting property renovations, and gradually unveiling immersive streetscapes. In the first half of the year, visitor traffic recorded a year-on-year increase of 5%, and sales amount recorded a year-on-year increase of 2%. Continuous progress has been made in light-asset expansion, with seven light-asset projects under management and with Shijiazhuang Sunac Mall and the Shanghai Lingang Project Super Sports Hub newly added. The ice and snow business continued to consolidate its scale and professional advantages, with 11 ski resorts under management, and another three light-asset managed ski resorts have been signed and are awaiting opening. In the first half of 2026, three additional ski resorts met international event standards. Currently, a total of four ski resorts and eight ski runs have obtained certification from the International Ski Federation (FIS), and the Group successfully hosted the first FIS Asian Indoor Youth Alpine Skiing Championships. At the same time, the Group has further established collaborations with two major ski instructor systems from the United Kingdom and the United States, and has now assembled four major international authoritative ski certification systems from the US, the UK, Canada and Japan, continuously enhancing the professional operational capabilities and industry influence of its ice and snow business. The park business focuses on thematic performance clusters, while continuously upgrading its diverse business content across premium ocean aquariums, mechanical amusement parks, water parks, and other attractions. It has developed branded content offerings including the Dream Back series (夢回系列), the Hongzhou Thousand-Lantern Festival (洪州千燈會), the Mountain and Sea Leisurely Tour (山海逍遙游), the Journey to the West-themed block (西遊主題街區), and the Fengshen-themed block (封神街區). With a strong focus on scene creation and content development, the Group employs highly interactive game-based activities to craft immersive guest experiences. This has resulted in a composite product matrix combining performances, themed scenes, and amusement rides, which enhances the overall experience and product value of its parks. For the hotel business, the Group's joint venture with Huazhu Group, Yongle Huazhu, continues to expand its national footprint. In the first half of 2026, 11 new hotels were opened, 20 new hotels were contracted. As at the end of June 2026, there were a total of 121 hotels in operation and 149 reserve projects signed and awaiting opening, forming a tiered development structure of operation, reserve and delivery.

The Group has resolved its debt risks at the listed company level and has substantially completed its guaranteed home delivery tasks. At present and in the coming years, its most critical work is to progressively resolve the debt and other issues in its onshore real estate sector. The Group will continue to review the asset and liability position of each project, formulate and continuously refine targeted revitalisation and debt restructuring plans, and proactively introduce new funds from asset management companies, partners and other sources to support the implementation of the revitalisation plans. For projects and liabilities for which effective solutions are difficult to achieve in the short term, the Group will also actively negotiate with the relevant creditors and endeavour to maintain a relatively stable interface. Furthermore, the Group also continues to monitor and learn from the advanced experiences of its peers in the market, and is exploring and researching other more efficient and more favourable systemic risk resolution plans for creditors and other relevant parties, taking into account its own circumstances.

To better facilitate and support the efficient advancement of key initiatives in this new phase, the Group has further adjusted and optimised the organisational structure in its real estate sector. A Real Estate Business Division was established, and the original ten regions and companies were subdivided into 14 frontline companies, comprehensively building a two-tier management and control system comprising the "Real Estate Headquarters – Frontline Companies". At the same time, specialised functional departments were set up within the Real Estate Business Division to strengthen the specialised organisation and promotion of core functions including project revitalisation, asset management and project construction and operation management. Following these adjustments, the Group's organisational structure has become flatter, the business focus has been sharpened, and the management efficiency has been further enhanced.

Looking ahead, in order to better adapt to industry trends and policy directions, the Group will leverage its own resource endowments and competitive advantages, and has clearly established "asset management + asset operations" as its strategic transformation direction, gradually advancing business transformation and upgrading. The property management and cultural and tourism segments will continue to refine their operational management capabilities across all business lines, actively expand third-party businesses, explore the establishment of asset management platforms such as funds and REITs, and promote a synergistic development model that combines asset-heavy and asset-light operations with mutual support and reinforcement, thereby achieving the strategic transformation and upgrading of "asset management + asset operations". For the real estate segment, in the face of new circumstances and changes, the Group will more clearly advance the transformation and upgrading of its real estate business from the traditional integrated investment and development model to a business model under which the two business segments of asset management and project construction and operation management will develop independently of each other: the asset management business focuses on capital integration and investment opportunity identification in the real estate sector, generating stable investment returns for capital providers so as to earn asset management income; the project construction and operation management business will provide professional real estate construction, operation, sales and other services for investment projects of the asset management business and third-party market projects, enabling project value enhancement through a light-asset model and earning service income. Asset management and project construction and operation management will independently expand their market businesses while also supporting each other for synergistic development. In the coming years, the Group will focus on the two core objectives of orderly resolving existing debt risks and promoting business transformation and upgrading, and will spare no effort in advancing all related initiatives to lay a foundation for achieving high-quality development.

Summary of Land Bank

As at 30 June 2026, the Group and its joint ventures and associates had a total land bank of approximately 104 million sq.m. and attributable land bank of approximately 72.262 million sq.m.. The breakdown of land bank by city is as follows:

Urban circle	**City**	**Attributable land bank** *0'000 sq.m.*	**Total land bank** *0'000 sq.m.*
Yangtze River Delta	Wenzhou	152.5	176.7
	Shanghai	103.8	162.5
	Shaoxing	92.7	121.7
	Xuzhou	75.0	89.4
	Hangzhou	70.2	169.4
	Haiyan	59.1	60.7
	Wuxi	57.6	106.6
	Changzhou	51.3	73.8
	Nantong	47.5	62.3
	Suzhou	43.6	74.9
	Others	191.2	440.9
	Subtotal	**944.5**	**1,538.9**
Bohai Rim	Qingdao	492.6	572.5
	Tianjin	418.5	459.0
	Harbin	184.7	197.5
	Taiyuan	156.5	226.3
	Dalian	106.0	106.0
	Shenyang	104.5	182.7
	Jinan	104.2	142.8
	Beijing	72.1	88.8
	Tangshan	52.8	61.9
	Yantai	41.6	80.9
	Zhangjiakou	39.2	55.9
	Others	120.6	155.4
	Subtotal	**1,893.3**	**2,329.7**

Urban circle	City	Attributable land bank *0'000 sq.m.*	Total land bank *0'000 sq.m.*
Southern China	Jiangmen	157.3	170.5
	Qingyuan	131.2	142.7
	Hainan Province	99.6	126.2
	Huizhou	65.3	68.4
	Zhaoqing	56.7	56.7
	Guangzhou	53.6	138.1
	Zhuhai	41.7	41.7
	Zhongshan	37.2	37.2
	Others	100.4	151.0
	Subtotal	**743.0**	**932.5**
Western region	Meishan	642.9	939.0
	Chongqing	633.0	979.4
	Xishuangbanna	236.8	273.9
	Guiyang	185.5	255.7
	Kunming	118.3	216.8
	Chengdu	113.7	169.4
	Xi'an	100.4	188.6
	Dali	81.5	135.6
	Yinchuan	77.1	86.4
	Guilin	69.1	70.8
	Nanning	63.7	92.6
	Liuzhou	36.0	79.5
	Others	277.7	582.6
	Subtotal	**2,635.7**	**4,070.3**

Urban circle	City	Attributable land bank	Total land bank
		0'000 sq.m.	*0'000 sq.m.*
Central region	Wuhan	391.2	696.7
	Changsha	147.6	193.1
	Zhengzhou	144.6	188.7
	Xinxiang	98.8	98.8
	Xianning	56.6	80.5
	Ezhou	40.9	93.6
	Others	130.0	188.7
	Subtotal	**1,009.7**	**1,540.1**
	Total	**7,226.2**	**10,411.5**

OTHER INFORMATION

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including treasury shares) during the six months ended 30 June 2026. As at 30 June 2026, the Company did not hold any treasury shares.

Update on Use of Proceeds from the Placing of Existing Shares and Subscription of New Shares in 2024

On 17 October 2024, the Company, Sunac International Investment Holdings Ltd (the "Vendor") and China International Capital Corporation Hong Kong Securities Limited (the "Placing Agent") entered into a placing and subscription agreement, pursuant to which the Placing Agent placed 489,000,000 existing shares of the Company (the "Shares") at a price of HK$2.465 per Share on behalf of the Vendor, and the Vendor subscribed for 489,000,000 new Shares at the placing price of HK$2.465 per Share (the "Subscription"). The Subscription was completed on 31 October 2024 and 489,000,000 new Shares were allotted and issued to the Vendor, with a nominal value of HK$48.9 million based on the par value of HK$0.1 per Share. The gross proceeds from the Subscription were approximately HK$1.205 billion and the net proceeds therefrom were approximately HK$1.192 billion. Accordingly, the net price of the Subscription was approximately HK$2.438 per Share. The net proceeds from the Subscription would be used by the Company in accordance with its plan of supporting the long-term solutions for its onshore corporate bonds, as well as for general working capital purposes. Details of the placing of existing Shares and the subscription for new Shares are set out in the announcement of the Company dated 17 October 2024.

As at 1 January 2025, all of the net proceeds of HK$1,192 million remained unutilised. Details of the utilisation of the net proceeds in the year ended 31 December 2025 and in the six months ended 30 June 2026 are set out below:

<table>
<tr><th>Use of proceeds from the Subscription</th><th>Utilised net proceeds during the year ended 31 December 2025
(HK$ million)</th><th>Unutilised net proceeds as at 31 December 2025
(HK$ million)</th><th>Utilised net proceeds during the six months ended 30 June 2026
(HK$ million)</th><th>Unutilised net proceeds as at 30 June 2026
(HK$ million)</th><th>Timetable
(Note)</th></tr>
<tr><td>(i) Primarily to support the long-term solutions for its onshore corporate bonds</td><td>941.9</td><td rowspan="5">116.4</td><td>1.3</td><td rowspan="5">12.0</td><td rowspan="5">On or before 31 July 2026</td></tr>
<tr><td>(ii) For general working capital purposes</td><td>133.7</td><td>103.1</td></tr>
<tr><td>– Salaries/remuneration for staff</td><td>14.1</td><td>79.2</td></tr>
<tr><td>– Offshore debt restructuring expenses</td><td>107.9</td><td>2.9</td></tr>
<tr><td>– Office expenses including professional service fees and rental costs</td><td>11.7</td><td>21.0</td></tr>
<tr><td>Total</td><td>1,075.6</td><td>116.4</td><td>104.4</td><td>12.0</td><td></td></tr>
</table>

Note: Working capital is primarily used to meet the capital requirements associated with the Group's daily operations. Due to market uncertainties, the Company has adopted a cautious approach in its fund usage, resulting in a slight extension in the expected timeline for the use of net proceeds as working capital from 2025 to the end of July 2026. The Board is of the view that such extension will not have any material adverse impact on the Group's existing business and operations, and is in the best interests of the Group and its shareholders as a whole. The proceeds allocated for general working capital purposes have been fully utilized as at 31 July 2026.

Important Events after the Reporting Period

Grant of Share Awards under the Employee Stock Ownership Plan

The Company adopted an employee stock ownership plan (the "ESOP") on 23 December 2025, details of which are set out in the announcements of the Company dated 18 August 2025 and 23 December 2025, and the circular dated 22 August 2025. Under the terms of the ESOP, the Company will grant share awards to its selected employees as a long-term supplementary form of remuneration by way of allotting and issuing new Shares, and the plan is also to incentivize future continuous contribution of the grantees to the Group, in order to promote the continuous operations and the long-term business recovery and growth of the Group.

On 20 July 2026 (the "Date of Grant"), the Company granted share awards to 439 eligible participants pursuant to the rules of the ESOP, involving an aggregate of 284,560,000 Shares, representing approximately 1.43% of the 19,965,499,620 Shares in issue as at the Date of Grant and approximately 15.40% of the total plan cap of 1,847,766,212 Shares, details of which are set out in the announcement of the Company dated 20 July 2026.

Acquisition of 100% Equity Interest in Erjin Management

On 24 August 2026, Sunac Property Management Limited (an indirect wholly-owned subsidiary of the Company) (the "Purchaser") and Sunus Holdings Limited (the "Vendor") entered into the sale and purchase agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 100% equity interest (the "Target Equity Interest") in Sun Success Investment Limited (the "Target Company"). The Target Company indirectly holds 100% of the equity interest in Erjin Construction Management Group Co., Ltd. (而今建設管理集團有限公司). The consideration for the acquisition of the Target Equity Interest is RMB123,150,000 (equivalent to HK$142,361,400, based on the exchange rate of RMB1 = HK$1.156), which will be satisfied by the Company by way of allotment and issue of the consideration shares (being an aggregate of 260,258,500 new shares of the Company) to the Vendor at completion. After completion of the acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and the financial results of the Target Company and its subsidiaries will be consolidated in the financial statements of the Group. Details of the acquisition are set out in the announcement of the Company dated 24 August 2026.

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 C3 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 in relation to their securities dealings during the six months ended 30 June 2026, if any.

Compliance with the Corporate Governance Code

The Company has adopted the corporate governance code (the "Corporate Governance Code") contained in Appendix C1 to the Listing Rules as its own code on corporate governance and had, throughout the six months ended 30 June 2026, complied with all applicable code provisions under the Corporate Governance Code.

The Board recognises the importance and benefits of good corporate governance and has adopted 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 Group, have also attended regular training 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 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 concerning the audit, 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 2026.

Review of the Interim Results

The unaudited interim results for the six months ended 30 June 2026 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 Announcement 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 2026 will be published on the aforementioned websites in due course.

IMPLEMENTATION OF ACTION PLAN TO RESOLVE AUDITOR'S DISCLAIMER OF OPINION

References are made to the annual report of the Company for the year ended 31 December 2024 ("FY2024") published on 28 April 2025 (the "2024 Annual Report"), the annual report for the year ended 31 December 2025 ("FY2025") published on 30 April 2026 (the "2025 Annual Report") and the quarterly update announcements of the Company dated 30 June 2025, 30 September 2025, 31 December 2025, 31 March 2026 and 30 June 2026 (the "Previous Announcements"). Unless otherwise defined, capitalised terms used in this section of the announcement shall have the same meanings as those used in the 2024 Annual Report, the 2025 Annual Report and the Previous Announcements.

As disclosed in the 2024 Annual Report and the 2025 Annual Report, the Auditor did not express an opinion on the consolidated financial statements of the Group for FY2024 and FY2025 (the "Disclaimer of Opinion") due to multiple uncertainties relating to going concern, the details of which are set out on pages 75 to 77 of the 2024 Annual Report and pages 87 to 89 of the 2025 Annual Report. The Group has been and will continue to implement the action plan as set out on the 2024 Annual Report and the 2025 Annual Report (the "Action Plan") to address the Disclaimer of Opinion.

In the Previous Announcements, the Group provided updates on the implementation of the Action Plan during the period from 28 April 2025, being the date of publication of the 2024 Annual Report, to 30 June 2026. The Group wishes to summarize the status of the implementation of the Action Plan during the six months ended 30 June 2026, as follows:

Debt resolution

(1) Offshore Debt Restructuring

References are made to (i) the announcements of the Company dated 17 April 2025, 13 May 2025, 26 May 2025, 6 June 2025, 24 June 2025, 18 August 2025, 9 September 2025, 15 September 2025, 19 September 2025, 14 October 2025, 5 November 2025, 17 December 2025, 23 December 2025 and 7 May 2026, and the circular of the Company dated 22 August 2025 in relation to, among other things, the Offshore Debt Restructuring.

The zero-coupon mandatory convertible bonds 1 (with a term of six months from the date of issue) (the "MCB 1") issued by the Company to the scheme creditors under the Offshore Debt Restructuring matured on 23 June 2026. On the record date for the mandatory conversion, the remaining outstanding principal amount of MCB 1 was US$2,533,121,757, and such bonds were mandatorily converted into shares of the Company on the maturity date in accordance with the terms and conditions of MCB 1. As of 30 June 2026, the outstanding principal amount of the MCB 1 was nil.

In addition, under the Offshore Debt Restructuring, the Company issued the zero-coupon mandatory convertible bonds 2 with a principal amount of US$2,400,133,056 (with a term of thirty months from the date of issue) (the "MCB 2") to the scheme creditors, with the conversion period of MCB 2 commencing on 23 June 2027. Subject to the terms and conditions of the MCB 2, the MCB 2 will mature on 23 June 2028 and be mandatorily converted into shares of the Company upon maturity.

Lastly, according to the terms of the restructuring agreement between the Company and Chiyu Banking Corporation Limited ("Chiyu"), principal of HK$250,000 was paid to Chiyu in June 2026, principal of HK$250,000 will be paid in December 2026, and principal of HK$300,000 will be paid before the end of June 2027.

(2) Onshore Debt Restructuring

According to the onshore debt restructuring plan, the Group will begin repaying principal and interest in June 2029. Therefore, no principal and interest on the remaining bonds had to be repaid during the six months ended 30 June 2026.

(3) Negotiation with other lenders

For the six months ended 30 June 2026, the Group repaid debt in an aggregate principal amount of approximately RMB3.26 billion with available funds (including project sales proceeds) and relevant assets; in addition, the Group extended the payment of maturing debt in principal amount of approximately RMB3.43 billion.

New Financing/Additional Capital Inflows

For the six months ended 30 June 2026, the Group secured new financing of approximately RMB1.43 billion through various channels (including new financing signed during the six months ended 30 June 2026, and financing signed prior to that period and drawn down during that period).

Pre-sale and Sale of Properties and Collection of Proceeds

For the six months ended 30 June 2026, the Group's collected sales proceeds were approximately RMB2.78 billion (comprising proceeds from contracted sales and proceeds from collection of account receivables).

Resolution of Pending Lawsuits

As at 30 June 2026, the Group had a total of 681 pending litigation cases the per case claim amount of which exceeds RMB50 million, involving a total amount of approximately RMB253.1 billion. Among these:

(1) there were 20 cases in which settlement agreements have been reached or settlement/mediation agreements were being performed, with a total value of approximately RMB6.1 billion; and

(2) there were 661 cases which were undergoing ongoing litigation or enforcement proceedings, involving a total amount of approximately RMB247.0 billion, and efforts were being made to reach settlement agreements with creditors regarding these cases.

During the six months ended 30 June 2026, three cases were concluded, involving a total amount of approximately RMB1.1 billion. These cases mainly involved the dismissal of the opposing party's claims or the withdrawal of the lawsuit by the opposing party. Therefore, the concluded cases have no significant impact on the Group's cash flow forecast.

The above progresses made by the Group in implementing the Action Plan during the six months ended 30 June 2026 have been largely consistent with the cash flow forecast prepared by the management of the Group for the 18 months from 31 December 2025. The Board will continue to use its best endeavours to implement the Action Plan with an aim to resolving the Disclaimer of Opinion as soon as possible. The Company will publish further announcement(s) to keep the Company's shareholders and potential investors informed of the status of implementation of the Action Plan as and when appropriate.

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, China, 28 August 2026

As at the date of this announcement, the executive directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. HUANG Shuping, Ms. MA Zhixia and Mr. SUN Kevin Zheyi; and the independent non-executive directors of the Company are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. MA Lishan and Mr. YUAN Zhigang.