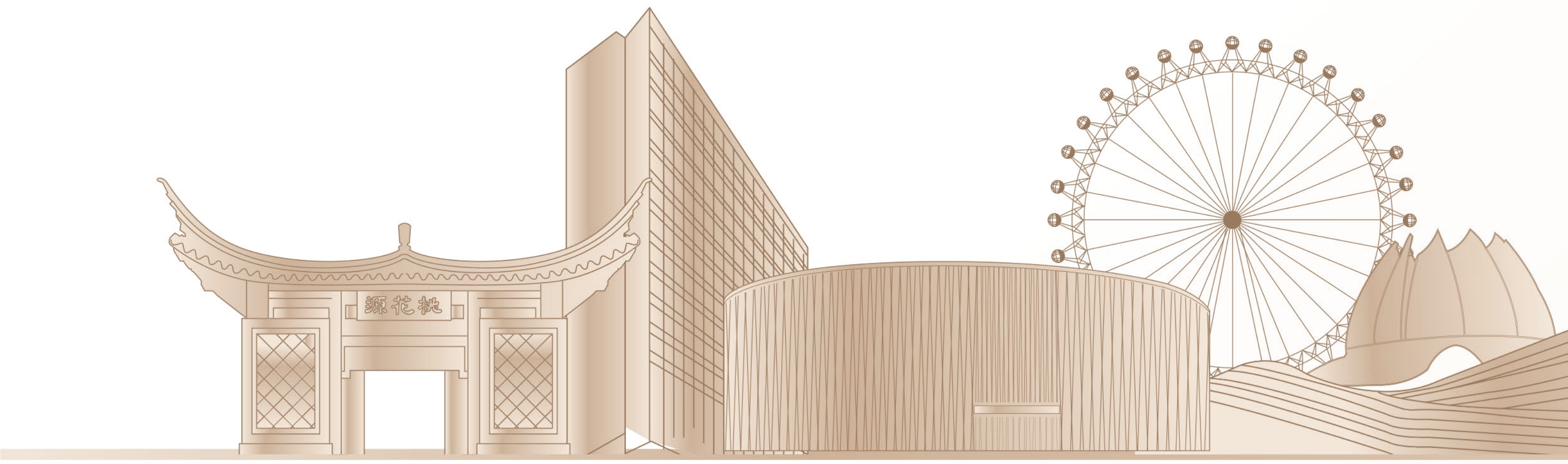
2026中期報告

INTERIM REPORT

融創中國控股有限公司

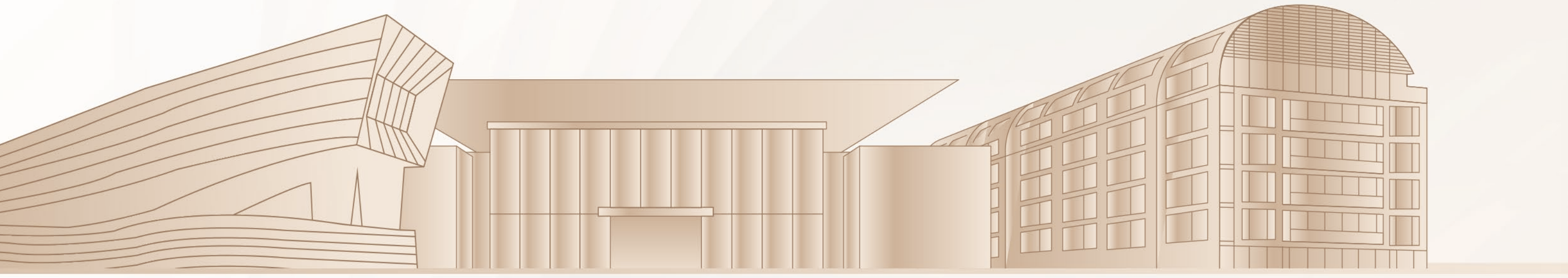
SUNAC CHINA HOLDINGS LIMITED

STOCK CODE 股份代號: 01918.HK



Sunac China Holdings Limited (the "Company" and, together with its subsidiaries, the "Group") is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from 2010. With the brand philosophy of "passion for perfection", the Group is committed to providing wonderful living environment and services for Chinese families through high-quality products and services and integration of high-quality resources. With a focus on its core business of real estate, the Group implements its strategic layout in real estate development, property management, ice & snow operation management, cultural and tourism and other business segments. After more than 20 years of development, the Group has become one of the most influential high-quality property development enterprise and property service enterprise in China's real estate industry, a leading ice & snow industry operator and a leading cultural and tourism industry operator and property owner in China.

融創中國控股有限公司(「本公司」，連同其附屬公司統稱為「本集團」)是一家於開曼群島註冊成立的有限公司，其股份於2010年在香港聯合交易所有限公司(「聯交所」)主板上市。本集團以「至臻 • 致遠」為品牌理念，致力於通過高品質的產品與服務，整合優質資源，為中國家庭提供美好生活場景與服務。本集團以地產為核心主業，佈局房地產開發、物業管理、冰雪運營管理、文旅等業務板塊。經過20多年發展，本集團已是中國房地產行業最具影響力的高品質物業開發企業和物業服務企業之一，並成為中國領先的冰雪產業運營服務商、文旅產業運營商和物業持有者。



Relying on its high-quality land bank with an advantageous layout and leading product development capabilities, the Group's real estate development business is mainly located in the Yangtze River Delta, Bohai Rim, Southern China, Central region and Western region, and is 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).

本集團依託優勢佈局的高質量土地儲備以及領先的產品能力，房地產開發業務主要佈局於長三角、環渤海、華南、中部和西部地區，並劃分為十四個公司進行管理，即天津公司(含天津、哈爾濱等城市)、北京公司(含北京、石家莊等城市)、山東公司(含濟南、青島等城市)、滬蘇公司(含上海、南京、蘇州等城市)、東南公司(含杭州、福州、合肥等城市)、湖北公司(含武漢、宜昌等城市)、湘贛公司(含長沙、南昌等城市)、粵桂公司(含廣州、深圳、南寧等城市)、海南公司(含三亞、海口等城市)、重慶公司(含重慶等城市)、四川公司(含成都等城市)、雲貴公司(含昆明、貴陽等城市)、西北公司(含西安、太原等城市)及河南公司(含鄭州、洛陽等城市)。

SUNAC

CHINA

HOLDINGS

LIMITED

目 CONTENTS 錄

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Sun Hongbin *(Chairman)*
Mr. Wang Mengde *(Chief Executive Officer)*
Mr. Huang Shuping
Ms. Ma Zhixia
Mr. Sun Kevin Zheyi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Poon Chiu Kwok
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Mr. Gao Xi

AUTHORIZED REPRESENTATIVES

Mr. Wang Mengde
Mr. Gao Xi

AUDIT COMMITTEE

Mr. Poon Chiu Kwok *(Chairman)*
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

NOMINATION COMMITTEE

Mr. Sun Hongbin *(Chairman)*
Ms. Ma Zhixia
Mr. Poon Chiu Kwok
Mr. Ma Lishan
Mr. Yuan Zhigang

REMUNERATION COMMITTEE

Mr. Zhu Jia *(Chairman)*
Mr. Sun Hongbin
Mr. Poon Chiu Kwok
Mr. Ma Lishan
Mr. Yuan Zhigang

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. Wang Mengde *(Chairman)*
Mr. Poon Chiu Kwok
Mr. Zhu Jia
Mr. Ma Lishan
Mr. Yuan Zhigang

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai, Hong Kong

LEGAL ADVISER

As to Hong Kong law:
Sidley Austin

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Bank of China
China Construction Bank
Bank of Communications
China CITIC Bank
China Minsheng Bank
SPD Bank
China Merchants Bank
China Zheshang Bank
Industrial Bank Co., Ltd.
China Everbright Bank
China Bohai Bank

STOCK CODE

HKEx: 01918

COMPANY'S WEBSITE

www.sunac.com.cn

CHAIRMAN'S STATEMENT

Dear Shareholders and Investors,

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.

CHAIRMAN'S STATEMENT

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.

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	

MANAGEMENT DISCUSSION AND ANALYSIS

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 fair value through profit or loss ("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.

MANAGEMENT DISCUSSION AND ANALYSIS

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, 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.

(a) 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.

MANAGEMENT DISCUSSION AND ANALYSIS

(b) 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.

(c) 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, 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 HIGHLIGHTS

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
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**

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code on corporate governance and had, throughout the six months ended 30 June 2026, complied with all applicable code provisions as set out in the Corporate Governance Code.

The board (the "Board") of directors (the "Directors") of the Company recognizes the importance and benefits of good corporate governance and has adopted corporate governance and disclosure practices for achieving a higher standard of governance transparency and accountability. The Board has regular discussions about the business strategies and results performance of the Group. They, together with the relevant senior management of the Company, have also attended regular trainings on the Listing Rules and other regulatory requirements. The Company has established an internal reporting system within the Group in order to monitor the operation and business development of the Group.

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 Listing Rules as the guidelines for the Directors' dealings in the securities of the Company. Having made specific enquiry with all Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2026 in relation to their securities dealings, if any.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Poon Chiu Kwok has retired as an independent non-executive director of AUX International Holdings Limited (stock code: 2080, the shares of which are listed on the Main Board of the Stock Exchange) with effect from 27 August 2026.

Save as disclosed in this report, there is no change in Directors' information that is required to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules since the publication of the annual report for the year ended 31 December 2025 by the Company.

SHARE AWARD SCHEME

The Board resolved to adopt a share award scheme (the "Share Award Scheme") on 8 May 2018 (the "Adoption Date"), in order to:

(i) provide incentives for the employees of the Group to continuously make greater contributions to the Company's long-term growth in the future; and

(ii) attract and retain talented employees who may be beneficial to the growth and development of the Group.

The Board may, from time to time, select employees to join the Share Award Scheme and determine the number of shares of the Company ("Share(s)") to be awarded in accordance with the rules of the Share Award Scheme.

According to the Share Award Scheme, the Company will entrust the trustee to purchase the Shares on the open market based on the overall remuneration incentive plan. The trustee will hold such Shares on behalf of the relevant selected employees on trust, until such Shares are vested with the relevant selected employees in accordance with the rules of the Share Award Scheme.

Unless early termination as determined by the Board, the Share Award Scheme shall be effective for ten years from the Adoption Date. As at the date of this report, the remaining term of the Share Award Scheme was approximately one year and eight months.

The aggregated maximum number of Shares that the trustee may purchase must not exceed 5% of the total Shares in issue of the Company on the Adoption Date, which is 220,113,960 Shares.

During the period from the Adoption Date to 30 June 2019, the trustee of the Share Award Scheme purchased on the open market a total of 94,653,000 Shares at a total consideration of approximately HK$2.57 billion pursuant to the rules of the Share Award Scheme and the terms of the trust deed. Since 30 June 2019 and for the six months ended 30 June 2026, the trustee of the Share Award Scheme did not purchase any Shares.

Therefore, as of 30 June 2026, the trustee might further purchase 125,460,960 Shares on the open market for the purpose of the Share Award Scheme, representing approximately 0.63% of the Shares in issue as at the date of this report.

There is no provision on the minimum vesting period in the Share Award Scheme. Subject to the fulfilment of all the vesting conditions as designated by the Board at the time of grant of awards by a selected employee who is, therefore, entitled to the awarded Shares, the trustee shall transfer relevant vested Shares to the selected employee at nil consideration.

From the Adoption Date to 30 June 2026, there were 57,505,000 awarded Shares initially granted to selected employees (the number of awarded Shares actually granted amounted to 50,305,000 Shares in total excluding the number of awarded Shares granted but lapsed due to reasons such as the resignation of certain selected employees) under the Share Award Scheme on a cumulative basis, and there were no awarded Shares granted during the six months ended 30 June 2026.

The number of awards available for grant under the Share Award Scheme at the beginning and the end of the six months ended 30 June 2026 were 169,808,960 and 169,808,960 respectively, representing approximately 0.85% and 0.85% of the Shares in issue as of the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Set out below are the details of the awards granted under the Share Award Scheme for the six months ended 30 June 2026:

Name of grantees	Number of awards granted as at 1 April 2019	Number of awards granted as at 1 April 2020	Number of awards granted as at 1 April 2021	Total number of awards granted[1]	Number of awards unvested as at 1 January 2026	Number of awards granted during the six months ended 30 June 2026	Number of awards vested during the six months ended 30 June 2026	Number of awards cancelled during the six months ended 30 June 2026	Number of awards lapsed during the six months ended 30 June 2026	Number of awards unvested as at 30 June 2026
Directors										
Mr. Sun Hongbin	-	-	-	-	-	-	-	-	-	-
Mr. Wang Mengde	1,000,000	800,000	900,000	2,700,000	1,860,000	-	-	-	-	1,860,000
Mr. Huang Shuping	500,000	500,000	400,000	1,400,000	950,000	-	-	-	-	950,000
Ms. Ma Zhixia	600,000	550,000	450,000	1,600,000	1,075,000	-	-	-	-	1,075,000
Mr. Sun Kevin Zheyi	300,000	270,000	300,000	870,000	609,000	-	-	-	-	609,000
Senior management and employees	18,640,000	17,655,000	14,640,000	50,935,000	27,482,500	-	-	-	-	27,482,500
All employees	21,040,000	19,775,000	16,690,000	57,505,000	31,976,500	-	-	-	-	31,976,500

Note 1: All awarded Shares granted would be vested in three years, with 30%, 30% and 40% to be vested on the day before the first, the second and the third anniversary of the granting date of the Company's awarded Shares respectively. Taking into account the current industry conditions and the Company's business situation, the Board has resolved to suspend the vesting of awarded Shares granted to Directors and employees from 2019 to 2021.

Pursuant to the terms of the Share Award Scheme, the Company will not issue new Shares in respect of the awards granted under the Share Award Scheme. Therefore, the number of new Shares that may be issued in respect of awards granted under the Share Award Scheme during the six months ended 30 June 2026 divided by the weighted average number of Shares in issue for this period is not applicable.

EMPLOYEE STOCK OWNERSHIP PLAN

On 23 December 2025, the Company adopted the employee stock ownership plan (the "ESOP"), details of which are set out below:

1. PURPOSE

The purpose of the ESOP is to incentivize eligible participants to continue to contribute to the Group in the future by providing them with long-term supplementary form of remuneration, in order to promote the continuous operations and the long-term business recovery and growth of the Group. The ESOP will give the eligible participants an opportunity to have a personal stake in the Company and will help motivate the eligible participants in optimising their performance and efficiency, stabilize the workforce, and attract and retain the eligible participants whose contributions are important to the long-term business recovery and growth of the Group.

2. ELIGIBLE PARTICIPANTS

The eligible participants are the employee participants and the related entity participants.

Employee participants are the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted share awards under the ESOP as inducement to enter into employment contracts with any member of the Group). Related entity participants are the directors and employees (whether full-time, part-time or other employment arrangement) of any related entity, being any joint ventures and associates of the Company.

3. THE TOTAL NUMBER OF SHARES AVAILABLE FOR ISSUE UNDER THE ESOP TOGETHER WITH THE PERCENTAGE OF THE ISSUED SHARES (EXCLUDING TREASURY SHARES) THAT IT REPRESENTS AS AT THE DATE OF THIS REPORT

Since the date of adoption of the ESOP and as of 30 June 2026, no grant of share award has been made under the ESOP. Therefore, the number of new Shares that may be issued in respect of awards granted under the ESOP during the six months ended 30 June 2026 divided by the weighted average number of Shares in issue for this period is not applicable.

As of 1 January 2026 and 30 June 2026, the number of awards available for grant under the scheme mandate was 1,146,984,354 shares and 1,146,984,354 shares, respectively.

As at 30 June 2026, the total number of shares available for issue under the ESOP was 1,146,984,354 shares, representing approximately 5.74% of the issued shares (excluding treasury shares) as at the date of this report.

4. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of a share award to an eligible participant would result in the shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all awards granted to such eligible participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12) – month period up to and including the date of such grant representing in aggregate exceeding 1% of the shares in issue (excluding treasury shares), such grant must be separately approved by the shareholders in a general meeting of the Company where such eligible participant and the person's close associates or associates (if the eligible participant is a connected person) must abstain from voting.

5. PERIOD WITHIN WHICH THE SHARE AWARDS MAY BE EXERCISED BY THE GRANTEES

The period within which the share awards may be exercised by the grantees is to be determined and notified by the Company to the grantee at the time of making an offer provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant share award.

6. VESTING PERIOD

Save for the circumstances prescribed in the terms of the ESOP, a share award must be held by the grantee for a period that is not shorter than the minimum period (a period of twelve (12) months commencing on the offer date) before the share award can be exercised or deemed exercised.

7. THE AMOUNT PAYABLE ON APPLICATION OR ACCEPTANCE OF THE SHARE AWARD AND THE PERIOD WITHIN WHICH PAYMENT MUST BE PAID

An offer shall remain open for acceptance by the eligible participant concerned (and by no other person, including the eligible participant's personal representative) for a period of twenty-one (21) days from the date of the offer.

An offer shall be deemed to have been accepted by an eligible participant concerned in respect of all the awarded Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a payment in favour of the Company of RMB1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company.

8. BASIS OF DETERMINING THE PURCHASE PRICE (IF ANY)

With respect to a particular share award, the price per share at which the relevant grantee is required to pay to purchase or receive the Shares comprising the share award, shall be nil, taking into account the purpose of the ESOP as set out above.

9. REMAINING LIFE OF THE ESOP

The ESOP was adopted on 23 December 2025 and shall be valid and effective until 22 December 2035, being the date which falls on the date immediately prior to the tenth anniversary of such date, unless terminated earlier in accordance with the terms of the ESOP. As at the date of this report, the remaining life of the ESOP is approximately nine years and four months.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2026, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

INTERESTS IN SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Nature of interest	Number of ordinary Shares	Approximate percentage of interest in the Company[2]
Mr. Sun Hongbin	Interest in controlled corporations[1]	4,604,124,068	23.06%
	Beneficial owner	19,930,000	0.10%
Mr. Wang Mengde	Beneficial owner	17,177,000	0.09%
Mr. Huang Shuping	Beneficial owner	5,400,000	0.03%
Ms. Ma Zhixia	Beneficial owner	3,829,000	0.02%
Mr. Sun Kevin Zheyi	Beneficial owner	261,000	0.001%

Notes:

1. Among the 4,604,124,068 Shares: (1) 2,681,078,233 Shares were held by Sunac International Investment Holdings Ltd ("Sunac International"), (2) 1,874,339,835 Shares were held by Sun Holdings II LLC, and (3) 48,706,000 Shares were held by Tianjin Biaodi Enterprise Management Limited* (天津標的企業管理有限公司) ("Tianjin Biaodi"). 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC, all issued shares of Sunac Holdings LLC were held by the HBS Family Trust (the "Family Trust"), and all the equity interests of Sun Holdings II LLC were held by a family trust newly established by Mr. Sun Hongbin (the "New Family Trust"). JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC) was the trustee of the Family Trust and the New Family Trust, the Family Trust and the New Family Trust were both established by Mr. Sun Hongbin, and Mr. Sun Hongbin and certain of his family members were the beneficiaries of the Family Trust and the New Family Trust. Mr. Sun Hongbin was deemed to be interested in all of the aforesaid Shares by virtue of the SFO.

2. Calculated on the basis of 19,965,499,620 Shares in issue as at 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERESTS IN THE UNDERLYING SHARES OF THE COMPANY (LONG POSITION)

Name of Director	Number of conversion Shares under the MCB[1]	Number of unvested Shares awarded under the Share Award Scheme	Approximate percentage of interest in the Company in total[2]
Mr. Sun Hongbin	1,129,007,166	–	5.65%
Mr. Wang Mengde	–	1,860,000	0.01%
Mr. Huang Shuping	–	950,000	0.005%
Ms. Ma Zhixia	–	1,075,000	0.01%
Mr. Sun Kevin Zheyi	–	609,000	0.003%

Notes:

1. As of 30 June 2026, the outstanding MCB 2 (as defined below) in principal amount of US$5,238,199 was held by Sunac International, and the outstanding MCB 2 in principal amount of US$552,028,159 was held by Sun Holdings II LLC. Upon full conversion based on the initial conversion price of HK$3.85 per share for MCB 2 and the agreed exchange rate of US$1 = HK$7.8, 10,612,455 Shares will be allotted and issued to Sunac International, and 1,118,394,711 Shares will be allotted and issued to Sun Holdings II LLC. 70% of the issued shares of Sunac International were held by Sunac Holdings LLC, all issued shares of Sunac Holdings LLC were held by the Family Trust, and all the equity interests of Sun Holdings II LLC were held by the New Family Trust. JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC) was the trustee of the Family Trust and the New Family Trust, the Family Trust and the New Family Trust were both established by Mr. Sun Hongbin, and Mr. Sun Hongbin and certain of his family members were the beneficiaries of the Family Trust and the New Family Trust. Mr. Sun Hongbin was deemed to be interested in the aforesaid 1,129,007,166 underlying Shares by virtue of the SFO.

2. Calculated on the basis of 19,965,499,620 Shares in issue as at 30 June 2026.

INTERESTS IN SHARES AND THE UNDERLYING SHARES OF SUNAC SERVICES, AN ASSOCIATED CORPORATION OF THE COMPANY (LONG POSITION)

Name of Director	Nature of interest	Number of ordinary shares of Sunac Services	Number of unvested shares awarded under the share award scheme of Sunac Services	Total	Approximate percentage of interest in the associated corporation[2]
Mr. Sun Hongbin	Interest in controlled corporations[1]	67,288,606	–	67,288,606	2.22%
	Beneficial owner	1,466,472	–	1,466,472	0.05%
Mr. Wang Mengde	Beneficial owner	2,157,734	–	2,157,734	0.07%
Mr. Huang Shuping	Beneficial owner	1,764,092	100,000	1,864,092	0.06%
Ms. Ma Zhixia	Beneficial owner	1,267,279	75,000	1,342,279	0.04%
Mr. Sun Kevin Zheyi	Beneficial owner	77,895	25,000	102,895	0.003%

Notes:

1. These 67,288,606 shares of Sunac Services were held as to:

   (i) 65,721,489 shares of Sunac Services by Sunac International; and

   (ii) 1,567,117 shares of Sunac Services by Tianjin Biaodi.

   In accordance with the SFO, Mr. Sun Hongbin was deemed to be interested in all the above shares.

2. Calculated on the basis of 3,027,973,000 shares in issue of Sunac Services as at 30 June 2026.

Save as disclosed herein, as at 30 June 2026, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTEREST OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 30 June 2026, the following persons (other than a Director or chief executive of the Company) had an interest in 5% or more in the Shares or underlying Shares of the Company as recorded in the register kept by the Company under section 336 of the SFO:

INTERESTS IN SHARES OF THE COMPANY (LONG POSITION)

Name of shareholder	Nature of interest/ capacity	Number of Shares	Approximate percentage of interest in the Company[3]
Sunac International	Beneficial owner[1]	2,681,078,233	13.43%
Sun Holdings II LLC	Beneficial owner[1]	1,874,339,835	9.39%
JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC)	Trustee of the trusts[1]	4,604,124,068	23.06%
Chongqing International Trust Co.,Ltd.* (重慶國際信託股份有限公司)[2]	Trustee	1,022,177,240	5.12%

Notes:

1. Among the 4,604,124,068 Shares: (1) 2,681,078,233 Shares were held by Sunac International, (2) 1,874,339,835 Shares were held by Sun Holdings II LLC, and (3) 48,706,000 Shares were held by Tianjin Biaodi. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC, all issued shares of Sunac Holdings LLC were held by the Family Trust, and all the equity interests of Sun Holdings II LLC were held by the New Family Trust. JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC) was the trustee of the Family Trust and the New Family Trust, the Family Trust and the New Family Trust were both established by Mr. Sun Hongbin, and Mr. Sun Hongbin and certain of his family members were the beneficiaries of the Family Trust and the New Family Trust. JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC) was deemed to be interested in the aforesaid 4,604,124,068 Shares by virtue of the SFO.

2. On 23 December 2025, the Company completed the offshore debt restructuring, and pursuant to the terms of the scheme, the Company issued MCB 1 (as defined below) in principal amount of US$891,128,876 to Chongqing International Trust Co.,Ltd. ("Chongqing Trust"). Chongqing Trust converted such MCB 1 into 1,022,177,240 Shares in February 2026.

3. Calculated on the basis of 19,965,499,620 Shares in issue as at 30 June 2026.

INTERESTS IN UNDERLYING SHARES OF THE COMPANY (LONG POSITION)

Name of shareholder	Nature of interest/ capacity	Number of underlying Shares	Approximate percentage of interest in the Company[2]
Sunac International	Beneficial owner[1]	10,612,455	0.05%
Sun Holdings II LLC	Beneficial owner[1]	1,118,394,711	5.60%
JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC)	Trustee of the trusts[1]	1,129,007,166	5.65%

Notes:

1. As of 30 June 2026, the outstanding MCB 2 in principal amount of US$5,238,199 was held by Sunac International, and the outstanding MCB 2 in principal amount of US$552,028,159 was held by Sun Holdings II LLC. Upon full conversion based on the initial conversion price of HK$3.85 per share for MCB 2 and the agreed exchange rate of US$1 = HK$7.8, 10,612,455 Shares will be allotted and issued to Sunac International, and 1,118,394,711 Shares will be allotted and issued to Sun Holdings II LLC. 70% of the issued shares of Sunac International were held by Sunac Holdings LLC, all issued shares of Sunac Holdings LLC were held by the Family Trust, and all the equity interests of Sun Holdings II LLC were held by the New Family Trust. JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC) was the trustee of the Family Trust and the New Family Trust, the Family Trust and the New Family Trust were both established by Mr. Sun Hongbin, and Mr. Sun Hongbin and certain of his family members were the beneficiaries of the Family Trust and the New Family Trust.

2. Calculated on the basis of 19,965,499,620 Shares in issue as at 30 June 2026.

Save as disclosed herein, as at 30 June 2026, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which were required to be recorded in the register kept by the Company under section 336 of the SFO.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

There were no significant investments, material acquisitions or disposals of subsidiaries, joint ventures and associates undertaken by the Group during the six months ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

As of 30 June 2026, the Group had no definite plan authorised by the Board for material investments or purchase of capital assets.

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).

EQUITY LINKED AGREEMENTS

For the six months ended 30 June 2026, the Company did not enter into any equity linked agreements.

CORPORATE GOVERNANCE AND OTHER INFORMATION

ISSUE OF NEW SHARES UPON CONVERSION OF MANDATORY CONVERTIBLE BONDS

On 23 December 2025, the Company completed the offshore debt restructuring, and pursuant to the terms of the scheme, the Company issued mandatory convertible bonds 1 (the "MCB 1") and mandatory convertible bonds 2 (the "MCB 2", together with the "MCB 1", the "MCB") to the scheme creditors on the restructuring effective date (i.e., 23 December 2025) as consideration for the offshore debt restructuring. For details of the offshore debt restructuring, please refer to the announcements and circulars of the Company during the period from 17 April 2025 to 23 December 2025.

During the six months ended 30 June 2026, the MCB 1 in principal amount of US$6,403,179,298 had been converted into 7,344,823,048 Shares (with an aggregate nominal value of HK$734,482,304.8) at the initial conversion price of HK$6.80 per Share. As of 30 June 2026, MCB 1 had matured, and its outstanding principal amount was nil.

DILUTIVE IMPACT OF THE CONVERSION OF THE MCB

The principal amount of MCB 2 issued is US$2,400,133,056, which will be mandatorily converted into Shares upon its maturity on 23 June 2028. Upon full conversion of MCB 2 at the initial conversion price of HK$3.85 per Share and based on the agreed exchange rate of US$1 = HK$7.8, it will be converted into 4,862,607,230 Shares (with an aggregate nominal value of HK$486,260,723.0), representing approximately 24.36% of the total number of issued Shares as at 30 June 2026, and approximately 19.59% of the total number of issued Shares as enlarged by the allotment and issue of the conversion Shares (assuming no other changes to the issued share capital of the Company).

Set out below is the dilution effect on the equity interest of the substantial shareholders (within the meaning of the Listing Rules) of the Company if there had been full conversion of the outstanding MCB 2 as at 30 June 2026:

	As at 30 June 2026		Upon full conversion of the outstanding MCB as at 30 June 2026	
	Number of Shares held	Approximate percentage of shareholding[2]	Number of Shares held	Approximate percentage of shareholding[3]
Sunac International[1]	2,681,078,233	13.43%	2,691,690,688	10.84%
Sun Holdings II LLC[1]	1,874,339,835	9.39%	2,992,734,546	12.05%
JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC)[1]	4,604,124,068	23.06%	5,733,131,234	23.09%

Notes:

1. Sunac International held 2,681,078,233 Shares, Sun Holdings II LLC held 1,874,339,835 Shares, and Tianjin Biaodi held 48,706,000 Shares. The outstanding MCB 2 in principal amount of US$5,238,199 was held by Sunac International, and the outstanding MCB 2 in principal amount of US$552,028,159 was held by Sun Holdings II LLC. Upon full conversion based on the initial conversion price of HK$3.85 per share for MCB 2 and the agreed exchange rate of US$1 = HK$7.8, 10,612,455 Shares will be allotted and issued to Sunac International, and 1,118,394,711 Shares will be allotted and issued to Sun Holdings II LLC. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC, all issued shares of Sunac Holdings LLC were held by the Family Trust, and all the equity interests of Sun Holdings II LLC were held by the New Family Trust. JTC South Dakota Trust Company (former name: South Dakota Trust Company LLC) was the trustee of the Family Trust and the New Family Trust, the Family Trust and the New Family Trust were both established by Mr. Sun Hongbin, and Mr. Sun Hongbin and certain of his family members were the beneficiaries of the Family Trust and the New Family Trust.

2. As at 30 June 2026, the total number of issued Shares of the Company was 19,965,499,620.

3. Assuming the issued Shares of the Company would be 24,828,106,850 Shares (being the sum of 19,965,499,620 issued Shares as at 30 June 2026 and 4,862,607,230 MCB 2 conversion Shares).

As calculation based on loss attributable to owners of the Company of approximately RMB12.54 billion for the six months ended 30 June 2026, the Company's basic loss per Share amounted to RMB0.77 and diluted loss per Share amounted to RMB0.77.

The MCB is mandatorily convertible into Shares upon maturity and will not be redeemed by cash.

It would be equally financially advantageous for the holders of the MCB to convert or redeem the MCB thereunder based on the implied internal rate of return thereof, when the Company's share price approximates to the conversion price in the future.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 (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 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$48.90 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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:

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

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.

SUBSEQUENT EVENTS

GRANT OF SHARE AWARDS UNDER THE EMPLOYEE STOCK OWNERSHIP PLAN

The Company adopted 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.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2026, the Group had a total of 29,143 employees in the Chinese Mainland and Hong Kong. For the six months ended 30 June 2026, the staff cost of the Group was approximately RMB2.35 billion (for the six months ended 30 June 2025: RMB2.73 billion).

The employees' remuneration policy of the Group is determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal twice every year for its employees, the results of which are applied in annual salary review and promotion assessment. Social insurance contributions are made by the Group for its Chinese Mainland employees in accordance with the relevant PRC regulations. Insurance and mandatory provident fund schemes are also maintained by the Group for its Hong Kong staff. The Group also maintains social insurance or other retirement schemes for its overseas employees (if any) in accordance with local regulations overseas.

In order to attract and retain excellent talents, the Company adopted the Share Award Scheme on 8 May 2018 and awarded Shares were vested to selected employees in accordance with the rules of the Share Award Scheme and the terms of the trust deed, details of which are disclosed on pages 18 to 20 of this report. The Company also adopted an ESOP on 23 December 2025, to incentivize eligible participants to continue to contribute to the Group in the future by providing them with long-term supplementary form of remuneration, in order to promote the continuous operations and the long-term business recovery and growth of the Group, details of which are disclosed on pages 21 to 22 of this report. The Group also provides continuous learning and training programmes to its employees to enhance their skills and knowledge, so as to maintain their competitiveness. The Group did not experience any major difficulties in recruitment of employees for the six months ended 30 June 2026.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the applicable Listing Rules and code provisions of the Corporate Governance Code. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. 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 auditing, internal control and risk management systems and financial reporting, including the review of the unaudited interim results of the Group for the six months ended 30 June 2026.

The unaudited interim financial information for the six months ended 30 June 2026 has 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.

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

Hong Kong, 28 August 2026

* *For identification purpose only*

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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To the Board of Directors of Sunac China Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We were engaged to review the interim condensed consolidated financial information set out on pages 35 to 80, which comprises the interim condensed consolidated balance sheet of Sunac China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2026 and the related interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and material accounting policy information and other explanatory notes (the "interim condensed consolidated financial information"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the interim condensed consolidated financial information described in the "Basis for Disclaimer of Conclusion" paragraphs, we were not able to express a conclusion on the interim condensed consolidated financial information.

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.

REPORT ON REVIEW OF 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.

BDO Limited
Certified Public Accountants

Yau Shuk Yuen Amy
Practising Certificate Number: P06095

Hong Kong, 28 August 2026

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	7	**39,888,714**	41,089,135
Investment properties	8	**14,215,386**	15,415,175
Right-of-use assets	9	**10,805,651**	11,258,847
Intangible assets	10	**1,624,314**	1,709,825
Deferred tax assets		**31,122,273**	31,236,579
Investments accounted for using the equity method	11	**56,938,162**	59,877,447
Financial assets at fair value through profit or loss	12	**8,924,541**	9,424,077
Other receivables	15	**41,908**	39,407
Prepayments	16	**33,050**	33,995
		163,593,999	170,084,487
Current assets			
Properties under development	13	**349,133,766**	357,868,229
Completed properties held for sale	14	**100,887,670**	103,395,723
Inventories		**322,300**	433,571
Trade and other receivables	15	**45,226,598**	46,923,967
Contract costs	6	**2,853,362**	3,139,366
Amounts due from related companies	32(B)	**78,730,974**	80,237,864
Prepayments	16	**9,776,990**	10,150,079
Prepaid income tax		**9,609,207**	10,063,662
Financial assets at fair value through profit or loss	12	**577,044**	346,833
Restricted cash	17	**5,564,056**	6,325,590
Cash and cash equivalents	17	**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
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	**1,769,903**	1,120,269
Other reserves	19	**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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Note	30 June 2026 (Unaudited) RMB'000	31 December 2025 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	**37,738,266**	34,245,372
Derivative financial instruments	22	**2,874,611**	6,044,836
Lease liabilities	9	**396,700**	455,680
Deferred tax liabilities		**7,341,342**	7,925,773
Other payables	20	**69,085**	114,197
		48,420,004	48,785,858
Current liabilities			
Trade and other payables	20	**247,599,640**	247,314,068
Contract liabilities	6	**122,446,809**	131,386,203
Amounts due to related companies	32(B)	**71,274,599**	70,598,498
Current income tax liabilities		**67,170,474**	66,064,514
Borrowings	21	**148,441,362**	154,011,017
Derivative financial instruments	22	**9,686,879**	17,777,633
Lease liabilities	9	**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

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The interim condensed consolidated financial information on pages 35 to 80 was approved by the Board of Directors on 28 August 2026 and was signed on its behalf.

Sun Hongbin
Director

Wang Mengde
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Note	Unaudited Six months ended 30 June 2026 RMB'000	 2025 RMB'000
Revenue	6	**16,349,262**	19,987,601
Cost of sales	23	**(18,630,901)**	(22,071,876)
Gross loss		**(2,281,639)**	(2,084,275)
Other income and gains	24	**6,152,722**	5,614,027
Selling and marketing costs	23	**(813,836)**	(1,086,906)
Administrative expenses	23	**(1,530,692)**	(1,687,102)
Other expenses and losses	25	**(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	26	**25,204**	45,348
Finance expenses	26	**(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	11	**(1,366,044)**	(285,412)
Loss before income tax		**(12,184,678)**	(13,567,059)
Income tax (expenses)/credits	27	**(1,710,976)**	689,210
Loss and total comprehensive loss for the period		**(13,895,654)**	(12,877,849)
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):	28		
– Basic		**(0.77)**	(1.26)
– Diluted		**(0.77)**	(1.26)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

		Unaudited					
		Attributable to owners of the Company					
	Note	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2026		1,120,269	52,910,840	(19,866,098)	34,165,011	12,678,572	46,843,583
Loss and total comprehensive loss for the six months ended 30 June 2026		–	–	(12,542,702)	(12,542,702)	(1,352,952)	(13,895,654)
Transactions with owners, recognised directly in equity							
Transactions with non-controlling interests		–	(88,884)	–	(88,884)	(490,776)	(579,660)
Dividends to non-controlling interests		–	–	–	–	(80,436)	(80,436)
Shares issued upon the conversion of zero coupon mandatory convertible bonds due 2026	18(i)	649,634	6,298,139	–	6,947,773	–	6,947,773
Share award scheme:							
– Value of employee services	19(i)	–	8,500	–	8,500	–	8,500
		649,634	6,217,755	–	6,867,389	(571,212)	6,296,177
Balance at 30 June 2026		1,769,903	59,128,595	(32,408,800)	28,489,698	10,754,408	39,244,106

	Unaudited					
	Attributable to owners of the Company					
	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2025	817,490	46,624,606	(6,920,988)	40,521,108	14,625,260	55,146,368
Loss and total comprehensive loss for the six months ended 30 June 2025	–	–	(12,808,660)	(12,808,660)	(69,189)	(12,877,849)
Transactions with owners, recognised directly in equity						
Dividends to non-controlling interests	–	–	–	–	(342,006)	(342,006)
Disposal of subsidiaries	–	–	–	–	(124,802)	(124,802)
Transactions with non-controlling interests	–	168,969	–	168,969	(65,043)	103,926
Shares issued upon the conversion of mandatory convertible bonds and shareholder mandatory convertible bond	130,027	2,831,861	–	2,961,888	–	2,961,888
Share award scheme:						
– Value of employee services	–	8,419	–	8,419	–	8,419
	130,027	3,009,249	–	3,139,276	(531,851)	2,607,425
Balance at 30 June 2025	947,517	49,633,855	(19,729,648)	30,851,724	14,024,220	44,875,944

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Cash flows from operating activities		
Cash used in operations	**(222,487)**	(1,006,813)
Income tax paid	**(389,288)**	(754,827)
Net cash used in operating activities	**(611,775)**	(1,761,640)
Cash flows from investing activities		
Net cash outflow on disposal of subsidiaries	**(48,865)**	(114,933)
Proceeds from disposal and capital reduction of joint ventures and associates	**26,190**	119,300
Proceeds from the considerations of equity transactions	**34,777**	1,158
Investments in joint ventures and associates	**–**	(3,250)
Dividends received from joint ventures and associates	**1,161**	4,596
Loans granted to joint ventures and associates	**(58)**	(20,554)
Repayments of loans from joint ventures and associates	**3,461**	13,638
Purchases of financial assets at fair value through profit or loss	**(2,932,000)**	(3,939,600)
Proceeds from redemption of financial assets at fair value through profit or loss	**2,717,653**	3,361,287
Purchases of property, plant and equipment, land use rights, intangible assets and investment properties	**(138,718)**	(116,602)
Proceeds from disposal of property, plant and equipment, land use rights, intangible assets and investment properties	**21,552**	60,246
Interest received	**4,646**	10,993
Deposit received for borrowings	**209,186**	825,916
Others	**1,592**	(13,000)
Net cash (used in)/generated from investing activities	**(99,423)**	189,195

	Unaudited Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Cash flows from financing activities		
Proceeds from borrowings	**1,425,984**	1,824,698
Repayments of borrowings	**(1,380,183)**	(1,533,650)
Dividends or deemed distribution paid to non-controlling interests	**(25,964)**	(255,157)
Considerations paid for transactions with non-controlling interests	**(43,612)**	–
Repayments of loans from non-controlling interests and equity investment partners	**(64,972)**	(73,188)
Interest paid	**(589,377)**	(1,699,645)
Principal elements of lease payments	**(77,476)**	(21,017)
Net cash used in financing activities	**(755,600)**	(1,757,959)
Net decrease in cash and cash equivalents	**(1,466,798)**	(3,330,404)
Cash and cash equivalents at beginning of period	**5,681,859**	7,730,669
Effect of exchange difference	**4,207**	3,829
Cash and cash equivalents at end of period	**4,219,268**	4,404,094

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

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 the 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 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 *Interim Financial Reporting*. The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the Company during the interim reporting period.

(I) 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.

2 Basis of preparation *(Continued)*

(I) GOING CONCERN BASIS *(Continued)*

In light of the above, the directors of the Company (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 (the "Asset Option"). 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 was 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 (the "Offshore Restructuring Debts") 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;

* *For identification purposes only*

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

2 Basis of preparation *(Continued)*

(I) GOING CONCERN BASIS *(Continued)*

- 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.

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.

2 Basis of preparation *(Continued)*

(I) GOING CONCERN BASIS *(Continued)*

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2026

3 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.

(I) 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.

(II) 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 Venture – Amendments to HKFRS 10 and HKAS 28	To be determined

Except for the new HKFRS Accounting Standards ("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.

3 Accounting policies *(Continued)*

(II) NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ADOPTED *(Continued)*

HKFRS 18 *PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS*

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the Hong Kong Institute of Certified Public Accountants 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.

4 Estimates

The preparation of the interim financial information requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements and estimations made by the management were the same as those that applied to the consolidated financial statements for the year ended 31 December 2025.

5 Financial risk management and financial instruments

5.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2025.

There have been no significant changes in the risk or in any risk management policies since 31 December 2025.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

5 Financial risk management and financial instruments *(Continued)*

5.2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

(i) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2026 and 31 December 2025 on a recurring basis:

At 30 June 2026	Note	**Level 1 RMB'000**	**Level 2 RMB'000**	**Level 3 RMB'000**	**Total RMB'000**
Financial assets					
Financial assets at fair value through profit or loss ("FVPL")	12	**6,518**	**–**	**9,495,067**	**9,501,585**
Financial liabilities					
Derivative financial instruments	22	**–**	**–**	**12,561,490**	**12,561,490**

At 31 December 2025	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	12	8,563	–	9,762,347	9,770,910
Financial liabilities					
Derivative financial instruments	22	–	–	23,822,469	23,822,469

5 Financial risk management and financial instruments *(Continued)*

5.2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(i) Fair value hierarchy *(Continued)*

During the six months ended 30 June 2026, there were no transfers between levels 1, 2 and 3 for recurring fair value measurements.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, debentures and derivative financial instruments.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- discounted cash flow method and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- market approach, equity allocation model, option pricing method and discounted cash flow model with observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability (the "DLOM"), discount rate, market multiples rate, etc; and
- for option embedded in the mandatory convertible bonds contracts – option pricing method or Monte-Carlo Simulation method with prominent factors that will materially affect value of the options, including terms and conditions of the option of the mandatory convertible bonds, expected volatility, discount rate, etc.

As at 30 June 2026 and 31 December 2025, the Group's level 3 instruments included equity investments measured at FVPL, debt instruments, option embedded in zero coupon mandatory convertible bonds due 2026 (the "MCB 1") and zero coupon mandatory convertible bonds due 2028 (the "MCB 2") and derivative component of certain Offshore Restructuring Debts and debts under Asset Option. For the investment in unlisted equity securities and debt instruments, as these instruments are not traded in an active market, their fair values were determined by using various applicable valuation techniques, including market approach etc.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

5 Financial risk management and financial instruments *(Continued)*

5.2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value

The following table presents the changes in level 3 items for the six months ended 30 June 2026:

	Financial assets at FVPL			
	Equity investments RMB'000	Debt instruments RMB'000	Total RMB'000	Derivative financial instruments RMB'000
Opening balance at 1 January 2026	9,347,040	415,307	9,762,347	(23,822,469)
Additions	–	2,932,000	2,932,000	–
Deductions	–	(2,717,653)	(2,717,653)	–
Exercise of conversion of options attached to MCB 1	–	–	–	6,947,773
(Losses)/gains recognised in profit and loss*	(497,492)	15,865	(481,627)	4,313,206
Closing balance at 30 June 2026	8,849,548	645,519	9,495,067	(12,561,490)
* includes unrealised (losses)/gains recognised in profit or loss attributable to balances held at the end of the reporting period	(497,492)	10,127	(487,365)	4,313,206

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Description	Fair value at 30 June 2026 RMB'000	Fair value at 31 December 2025 RMB'000	Valuation method	Significant unobservable inputs	Range of significant unobservable inputs 30 June 2026	Range of significant unobservable inputs 31 December 2025
Unlisted equity instruments	**8,849,548**	9,347,040	Market approach, equity allocation model, option pricing method and discounted cash flow model	DLOM	**15.0%-25.0%**	10.0%-23.0%
				Expected volatility rate	**35.4%-100.9%**	28.0%-116.6%
				Discount rate	**12.8%**	14.5%
Other financial instruments	**645,519**	415,307	Discounted cash flow model and net assets value	Discount rate	**3.0%**	3.0%
Derivative financial instruments	**(12,561,490)**	(23,822,469)	Monte-Carlo Simulation method and discounted cash flow model	Expected volatility rate	**97.7%**	46.6%-109.3%
				Discount rate	**3.1%-14.8%**	3.4%-14.9%

5 Financial risk management and financial instruments *(Continued)*

5.2 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

(iii) Fair value measurements using significant unobservable inputs (level 3) and valuation inputs and relationships to fair value *(Continued)*

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher DLOM, the lower fair value;
- The higher rate of expected volatility, the lower fair value.

The management performs the valuation of financial instruments for financial reporting purposes. Unobservable inputs including DLOM, expected volatility rate and discount rate are assessed by the independent valuers based on current market assessments of the time value of money and the risk specific to the asset being valued.

(iv) Fair values of other financial instruments (unrecognised)

The Group also has a number of financial instruments which are not measured at fair value in the consolidated balance sheet. The carrying amounts of these financial instruments are a reasonable approximation of their fair values, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

6 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.

6 Segment information *(Continued)*

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 the 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 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.

6 Segment information *(Continued)*

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

6 Segment information *(Continued)*

	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

6 Segment information *(Continued)*

	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 RMB'000	2025 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)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

6 Segment information *(Continued)*

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

	30 June 2026 RMB'000	31 December 2025 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

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Contract liabilities	**122,446,809**	131,386,203

The Group had no material contract assets as at 30 June 2026 and 31 December 2025.

In addition to the contract balances disclosed above, the Group has also recognised the sales commissions directly attributable to obtaining a contract as contract costs as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Contract costs	**2,853,362**	3,139,366

7 Property, plant and equipment

	Buildings and equipment RMB'000	Vehicles RMB'000	Furniture and office equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 31 December 2025						
Cost	73,509,649	108,884	803,165	924,791	7,677,182	83,023,671
Accumulated depreciation and impairment	(40,277,699)	(74,721)	(529,194)	(635,295)	(417,627)	(41,934,536)
Net book amount	33,231,950	34,163	273,971	289,496	7,259,555	41,089,135
Six months ended 30 June 2026						
Opening net book amount	33,231,950	34,163	273,971	289,496	7,259,555	41,089,135
Additions	9,701	2,521	8,130	8,908	185,408	214,668
Transfers	3,257	–	–	–	(3,257)	–
Transfers to completed properties held for sale ("CPHFS") and properties under development ("PUDs")	(71,782)	–	–	–	–	(71,782)
Disposal of subsidiaries (note 31(B))	(11)	–	(5,645)	(39)	–	(5,695)
Disposals	(114,589)	(676)	(1,186)	(1,745)	(828)	(119,024)
Depreciation charges	(1,184,400)	(2,860)	(7,968)	(23,360)	–	(1,218,588)
Closing net book amount	31,874,126	33,148	267,302	273,260	7,440,878	39,888,714
At 30 June 2026						
Cost	73,301,434	105,870	789,591	922,936	7,858,505	82,978,336
Accumulated depreciation and impairment	(41,427,308)	(72,722)	(522,289)	(649,676)	(417,627)	(43,089,622)
Net book amount	31,874,126	33,148	267,302	273,260	7,440,878	39,888,714

For the six months ended 30 June 2026, depreciation expense of RMB966.58 million, RMB16.60 million and RMB235.41 million has been charged to "cost of sales", "selling and marketing costs" and "administrative expenses" respectively.

(I) IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT ("PP&E") AND LAND USE RIGHTS

As at 30 June 2026, the management of the Group identified impairment indicators of certain cash generating units ("CGUs") in the cultural and tourism city construction and operation segment and carried out an impairment review on the CGUs' non-current assets, mainly PP&E and land use rights (note 9). The recoverable amounts of those CGUs, to which these assets were belonged, were determined at the higher of fair value less cost of disposal and its value-in-use. The valuation models used to estimate the fair values of relevant assets were with reference to recent prices of similar assets of similar conditions when such prices could be reliably obtained, where applicable. The fair values upon which recoverable amounts of these assets were based were within level 3 of fair value hierarchy. There were no significant changes to the valuation techniques and key assumptions for the six months ended 30 June 2026 as comparing with 31 December 2025. No further impairment losses were recognised in "Other expenses and losses" for the six months ended 30 June 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

8 Investment properties

Office buildings, shopping malls and commercial properties at fair value:

	Total RMB'000
At 31 December 2025	15,415,175
Additions	12,297
Disposals	(189,342)
Disposal of subsidiaries (note 31(B))	(471,000)
Fair value changes	(551,744)
At 30 June 2026	14,215,386

The Group's investment properties are all office buildings, shopping malls and commercial properties located in the PRC.

As at 30 June 2026, all the investment properties are within level 3 of the fair value hierarchy. The management obtains independent valuations for its investment properties. Cushman & Wakefield Limited, an independent professional valuer, performed the independent valuation of these buildings. There were no significant changes to the valuation techniques for the six months ended 30 June 2026.

9 Leases

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Total RMB'000
Right-of-use assets				
31 December 2025	10,871,804	384,336	2,707	11,258,847
Additions	–	14,724	909	15,633
Transfer to CPHFS and PUDs	(135,557)	–	–	(135,557)
Disposals	(43,356)	(9,803)	–	(53,159)
Depreciation charges	(226,067)	(52,730)	(1,316)	(280,113)
30 June 2026	10,466,824	336,527	2,300	10,805,651

	30 June 2026 RMB'000	31 December 2025 RMB'000
Lease liabilities		
Current	**102,602**	111,527
Non-current	**396,700**	455,680
Total lease liabilities	**499,302**	567,207

For the six months ended 30 June 2026, depreciation expense of RMB229.65 million and RMB50.46 million has been charged to "cost of sales" and "administrative expenses" respectively.

10 Intangible assets

	Goodwill (A) RMB'000	Concession Right RMB'000	Customer relationships and others RMB'000	Total RMB'000
At 31 December 2025				
Cost	8,118,353	776,150	2,610,348	11,504,851
Accumulated amortisation and impairment	(7,464,510)	(59,355)	(2,271,161)	(9,795,026)
Net book amount	653,843	716,795	339,187	1,709,825
Six months ended 30 June 2026				
Opening net book amount	653,843	716,795	339,187	1,709,825
Additions	–	–	4,257	4,257
Disposals	–	–	(55)	(55)
Disposal of subsidiaries (note 31(B))	–	–	(311)	(311)
Amortisation charges	–	(29,677)	(59,725)	(89,402)
Closing net book amount	653,843	687,118	283,353	1,624,314
At 30 June 2026				
Cost	8,118,353	776,150	2,573,895	11,468,398
Accumulated amortisation and impairment	(7,464,510)	(89,032)	(2,290,542)	(9,844,084)
Net book amount	653,843	687,118	283,353	1,624,314

(A) IMPAIRMENT ASSESSMENT FOR GOODWILL

Goodwill was generated from business combination and allocated to each project or a group of projects, which is expected to benefit from the synergies of the combination. Each project is identified as a CGU and the recoverable amount of a CGU or group of CGUs is determined based on value-in-use calculation.

As at 30 June 2026 and 31 December 2025, the goodwill of the Group was mainly generated from acquisition of Zhejiang New Century Property Management Co., Ltd. and its subsidiaries and allocated in property management segment. There have been no significant changes in goodwill allocation for the six months ended 30 June 2026.

The management reviews the business performance and monitors the goodwill on individual CGU or group of CGUs basis and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group as at 30 June 2026.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

11 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

11.1 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

11 Investments accounted for using the equity method *(Continued)*

11.2 INVESTMENTS IN ASSOCIATES

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

	Six months ended 30 June	
	2026	2025
	RMB'000	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

12 Financial assets at fair value through profit or loss

	30 June	31 December
	2026	2025
	RMB'000	RMB'000
Listed equity securities	**6,518**	8,563
Unlisted equity securities	**8,849,548**	9,347,040
Debentures	**645,519**	415,307
	9,501,585	9,770,910

Information about the methods and assumptions used in determining the fair value of financial assets at FVPL is set out in note 5.2.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

13 Properties under development

	30 June 2026 RMB'000	31 December 2025 RMB'000
Comprising:		
Land use rights costs	**207,012,680**	214,587,485
Construction costs and capitalised expenditures	**81,465,362**	83,131,897
Capitalised finance costs	**92,462,036**	90,092,145
	380,940,078	387,811,527
Less: provision for loss on net realisable values	**(31,806,312)**	(29,943,298)
	349,133,766	357,868,229
Including: To be completed within 12 months	**110,633,986**	121,663,553
To be completed after 12 months	**238,499,780**	236,204,676
	349,133,766	357,868,229

The PUDs are all located in the PRC.

14 Completed properties held for sale

	30 June 2026 RMB'000	31 December 2025 RMB'000
Completed properties held for sale	**120,405,713**	120,778,376
Less: provision for loss on net realisable values	**(19,518,043)**	(17,382,653)
	100,887,670	103,395,723

The CPHFS are all located in the PRC.

15 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 TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

15 Trade and other receivables *(Continued)*

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..

16 Prepayments

	30 June 2026 RMB'000	31 December 2025 RMB'000
Non-current –		
Prepayments for purchase of PP&E	**33,050**	33,995
Current –		
Prepaid value-added tax 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

17 Cash and cash equivalents and restricted cash

	30 June 2026 RMB'000	31 December 2025 RMB'000
Cash at banks and on hand	**9,783,324**	12,007,449
Less: restricted cash (i)	**(5,564,056)**	(6,325,590)
	4,219,268	5,681,859

(i) Restricted cash mainly included the restricted cash from property pre-sale proceeds and guarantee deposits as reserve for bank loans. In certain subsidiaries of the Group, a portion of the proceeds from pre-sale of properties is saved as guarantee bank deposits in accordance with the municipal regulations and is released in line with certain development progress milestones. The deposits can be used for payments of constructions costs and other due debts of related property projects upon the approval of the relevant authorities.

18 Share capital

	Number of shares (thousands)	Share capital	
		HK$'000	Equivalent to RMB'000
Authorised:			
As at 1 January 2026 and 30 June 2026, HK$0.1 per share	**30,000,000**	3,000,000	
Issued and fully paid:			
As at 1 January 2026	**12,620,676**	1,262,070	1,120,269
Shares issued upon the conversion of MCB 1 (i)	**7,344,823**	734,482	649,634
As at 30 June 2026	**19,965,499**	1,996,552	1,769,903

(i) During the first half-year of 2026, the holders of MCB 1 respectively have exercised the options attached to the bonds to convert the respective bonds with principal amount of USD6.40 billion into 7,344,823,048 shares of the Company (the "Shares"). The share capital and other reserves of the Company increased by RMB649.63 million and RMB6,298.14 million, respectively, which is calculated based on the fair value of the option embed in the MCB 1 at conversion date, and the same amounts of financial liabilities of the MCB 1 were derecognised.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

19 Reserves

	Share premium RMB'000	Share option reserve RMB'000	Other reserves RMB'000	Total RMB'000
Six months ended 30 June 2026				
At 1 January 2026	**23,255,998**	**2,639,741**	**27,015,101**	**52,910,840**
Transactions with non-controlling interests	**–**	**–**	**(88,884)**	**(88,884)**
Shares issued upon the conversion of MCB 1 (note 18(i))	**6,298,139**	**–**	**–**	**6,298,139**
Share award scheme – Value of employee services (i)	**–**	**8,500**	**–**	**8,500**
At 30 June 2026	**29,554,137**	**2,648,241**	**26,926,217**	**59,128,595**
Six months ended 30 June 2025				
At 1 January 2025	17,547,152	2,631,439	26,446,015	46,624,606
Transactions with non-controlling interests	–	–	168,969	168,969
Shares issued upon the conversion of the mandatory convertible bonds and shareholder mandatory convertible bond	2,831,861	–	–	2,831,861
Share award scheme – Value of employee services	–	8,419	–	8,419
At 30 June 2025	20,379,013	2,639,858	26,614,984	49,633,855

(i) On 8 May 2018, a share award scheme under which shares may be granted to eligible employees for no cash consideration was approved by the board of Directors (the "Board") (the "2018 Share Award Scheme"). Pursuant to the rules relating to the 2018 Share Award Scheme, the Company entrusted a trustee to purchase existing ordinary Shares in the open market. The trustee will hold such Shares on behalf of the relevant selected employees on trust, until such Shares are vested with the relevant selected employees in accordance with the scheme rules. For the six months ended 30 June 2026, no additional share was purchased from open market pursuant to the 2018 Share Award Scheme and no additional share in connection with the 2018 Share Award Scheme was granted to the eligible employees.

On 11 June 2021, the sole director of Sunac Shine (PTC) Limited ("Sunac Shine"), a wholly owned subsidiary of the Group, resolved to adopt a share award scheme ("Sunac Services Share Award Scheme") in order to recognise the contributions to Sunac Services Holdings Limited ("Sunac Services", a subsidiary of the Group), by certain eligible employees and to give incentives to retain them for the continuing development of the Group. On 13 August 2026, Sunac Shine decided to terminate the Sunac Services Share Award Scheme. The termination of the Sunac Services Share Award Scheme will not affect any awards already granted and subject to vesting, but no new awards will be granted under such scheme following its termination. For the six months ended 30 June 2026, the total expense recognised in the profit or loss for Sunac Services Share Award Scheme granted to employees was RMB8.50 million.

20 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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

21 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 (A)	**1,480,835**	1,344,347
– Private domestic corporate bonds (A)	**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 (B)	**(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 (B)	**144,548,071**	147,447,283
	148,441,362	154,011,017
Total borrowings	**186,179,628**	188,256,389

21 Borrowings *(Continued)*

(A) CORPORATE BONDS AND PRIVATE DOMESTIC CORPORATE BONDS

Sunac Real Estate issued corporate bonds (the "Corporate Bonds") and private domestic corporate bonds (the "Private Bonds") on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The following table summarises the key terms of the Corporate Bonds and Private Bonds as at 30 June 2026:

Bond number	**Carrying amounts** RMB'000	**Interest rate**	**Remaining maturity**
Corporate Bonds, including			
163377.SH	569,584	1.0%	3.5–8 years
149436.SZ	469,206	1.0%	3.5–8 years
149350.SZ	237,760	1.0%	3.5–8 years
163376.SH	168,114	1.0%	3.5–8 years
136624.SH	36,171	1.0%	3.5–8 years
	1,480,835		
Private Bonds, including			
135548.SH	73,338	1.0%	3.5–8 years
114821.SZ	43,787	1.0%	3.5–8 years
133033.SZ	42,481	1.0%	3.5–8 years
	159,606		

On 10 June 2020, Sunac Real Estate issued a debt fix-income product via private placement on Beijing Financial Assets Exchange Co., Ltd. (the "2020 Private Bond") with principal amount of RMB1.00 billion and coupon rate of 6.5%. Effective from 1 January 2026, Beijing Financial Assets Exchange Co., Ltd. ceased to provide services for 2020 Private Bond and 2020 Private Bond was disclosed as bank borrowing. Pursuant to a debt restructuring agreement signed with the holder of 2020 Private Bond in June 2026, the maturity date of 2020 Private Bond has been extended to 10 June 2031 and the coupon rate was reduced to 3.5%. This restructuring was regarded as a substantial modification under the relevant accounting standard. The carrying amounts of 2020 Private Bond with the accrued interests was fully de-recognised and a new borrowing was recognised at fair values of RMB701.84 million. As a result of this debt restructuring, gain on debt restructuring of RMB558.16 million was recognised and included in "other income and gains" of the interim condensed consolidated statement of comprehensive income for the six months ended 30 June 2026. The fair values of 2020 Private Bond is within level 3 of fair value hierarchy. As at the effective date of this debt restructuring, the valuation method used to estimate the fair value is discount cash flow model and the significant unobservable input mainly includes discounted rate which is 15.4%.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

21 Borrowings *(Continued)*

(B) LONG-TERM BORROWINGS

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, non-current borrowings in principal amount of approximately RMB17.79 billion in aggregate might be demanded for early repayment. These borrowings have been reclassified as current liabilities as at 30 June 2026 accordingly. In addition, current portion of long-term borrowings classified as current borrowings of approximately RMB8.46 billion might be demand for early repayment.

As of the date of approval of this interim condensed consolidated financial information, notwithstanding the Group has successfully renewed certain of the current and non-current borrowings of approximately RMB33.54 billion, the Group had not repaid borrowings in principal amount of approximately RMB117.18 billion in aggregate according to their scheduled repayment dates. As a result, borrowings in principal amount totalling of approximately RMB26.30 billion might be demanded for early repayment.

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 PUDs, CPHFS 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.

For the six months ended 30 June 2026, extension of certain bank and other institution borrowings of the Group was agreed, details of which are set out in note 2(I) to the interim condensed consolidated financial information. The impact of the debt modification was immaterial to the interim condensed consolidated financial information of the Group.

22 Derivative financial instruments

	30 June 2026 RMB'000	31 December 2025 RMB'000
Non-current		
Financial liabilities		
Derivative component of MCB 2 (i)	**2,607,073**	5,789,639
Derivative component of debts under Asset Option	**267,538**	255,197
	2,874,611	6,044,836
Current		
Financial liabilities		
Derivative component of certain Offshore Restructuring Debts	**9,686,879**	9,144,720
Derivative component of MCB 1	**–**	8,632,913
	9,686,879	17,777,633

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The change of fair value is recognised immediately in consolidated profit or loss. Refer to note 5.2 for information about the methods and assumptions used in determining the fair value of derivatives.

(i) As at 30 June 2026, the outstanding principal amounts of MCB 2 amounted to approximately USD2.40 billion.

23 Expenses by nature

	Six months ended 30 June	
	2026 RMB'000	2025 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 PUDs and CPHFS	**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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

24 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

25 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

26 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

27 Income tax expenses/(credits)

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

(A) CIT

The income tax provision of the Group in respect of operations in the Chinese Mainland has been calculated at the applicable tax rate of 25% and the estimated assessable profits for the six months ended 30 June 2026 based on existing legislations, interpretations and practices.

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profit for the six months ended 30 June 2026. Pursuant to the applicable rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Company and the Cayman Islands and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

Income tax expenses were recognised based on management's estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2026 was 25% (2025: 25%).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

27 Income tax expenses/(credits) *(Continued)*

(A) CIT *(Continued)*

In accordance with the Chinese Mainland Corporate Income Tax Law, a 10% withholding income tax is levied on dividends declared to foreign investors from the enterprises with foreign investments established in Chinese Mainland. The Group is therefore liable to withholding taxes on dividends distributable by those subsidiaries established in Chinese Mainland in respect of their earnings generated from 1 January 2008.

(B) LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures. LAT is included in the condensed consolidated statement of comprehensive income as income tax expense.

28 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 2018 Share Award Scheme (note 19).

	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 (thousands)	**16,294,440**	10,227,322
Adjusted for shares repurchased for 2018 Share Award Scheme (thousands)	**(76,325)**	(76,325)
Weighted-average number of ordinary shares for basic earnings per share (thousands)	**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.

29 Commitments

Property development expenditures and capital expenditures at the balance sheet date but not yet incurred are as follows:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Contracted but not provided for		
– PUDs and CPHFS	**103,932,708**	106,977,187
– PP&E	**5,670,449**	5,843,015
– Investment properties	**656,034**	656,034
– Right-of-use assets	**104,726**	104,726
	110,363,917	113,580,962

30 Financial guarantees and litigation

(A) FINANCIAL GUARANTEES

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities:

	30 June 2026 RMB'000	31 December 2025 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**45,130,192**	48,497,497

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees 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 of the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the mortgage. The Directors consider that the likelihood of default of payments by purchasers is minimal.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2026

30 Financial guarantees and litigation *(Continued)*

(A) FINANCIAL GUARANTEES *(Continued)*

As at 30 June 2026, the Group had provided guarantees for certain joint ventures and associates for their borrowings in principle amounted to RMB65.95 billion and related interest payables together with the business partners on pro rata basis. In addition, the Group previously provided guarantees for borrowing with related interests payables of certain companies which were disposed by the Group to third parties. Certain guarantees for borrowing principal amount of RMB10.97 billion provided by the Group have not been ceased as of 30 June 2026 and the corresponding borrowings are collateralised by the assets of the borrowing companies.

(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, 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.

31 Disposal of subsidiaries

(A) THE FINANCIAL IMPACTS ARISING FROM THE DISPOSALS ARE SUMMARISED AS FOLLOWS:

	Total
	RMB'000
Cash consideration received or receivable	118,133
Less: carrying values of assets and liabilities of the disposed subsidiaries	(972,342)
Net losses from disposal of subsidiaries	(854,209)

31 Disposal of subsidiaries *(Continued)*

(B) THE CARRYING VALUES OF THE ASSETS AND LIABILITIES OF THE DISPOSED SUBSIDIARIES AS AT THE DISPOSAL DATES ARE SUMMARISED AS FOLLOWS:

	Total
	RMB'000
Non-current assets	
PP&E	5,695
Investment properties	471,000
Intangible assets	311
Investments accounted for using the equity method	5,992
Deferred tax assets	255,550
Current assets	
PUDs	3,362,662
CPHFS	2,310
Inventories	102,381
Restricted cash	16,316
Cash and cash equivalents	48,965
Other current assets	476,120
Non-current liabilities	
Borrowings	(372,900)
Current liabilities	
Borrowings	(5,100)
Other current liabilities	(3,396,960)
Carrying values of the assets and liabilities of the disposed subsidiaries	972,342

(C) THE CASH IMPACT ARISING FROM THE DISPOSALS IN ABOVE TRANSACTIONS ARE SUMMARISED AS FOLLOWS:

	Total
	RMB'000
Cash considerations received as of 30 June 2026	100
Cash of the subsidiaries disposed	(48,965)
Net cash impact	(48,865)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2026

32 Related party transactions

(A) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions entered into the ordinary course of business between the Group and the related parties:

(i) Cash (paid to)/received from related parties

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Cash paid to joint ventures and associates	**(571,122)**	(778,279)
Cash received from joint ventures and associates	**699,703**	530,375
	128,581	(247,904)

(ii) Rendering of services and interest income

	Six months ended 30 June	
	2026	2025
Nature of transaction	**RMB'000**	RMB'000
Joint ventures:		
– Interest income	**182,334**	222,499
– Property management services	**20,090**	23,294
Associates:		
– Interest income	**54,255**	99,951
– Property management services	**10,032**	3,640

Interest income is charged at interest rates as specified in note 32(B) on the outstanding balances. Property management fee is charged at rates in accordance with respective contracts.

Except for above transactions, the Group provides fitting and decoration services to the related companies which the income is charged at rates in accordance with respective contracts.

32 Related party transactions *(Continued)*

(B) RELATED PARTIES BALANCES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Amounts due from joint ventures		
– Interest free	**61,951,902**	64,601,762
– Interest bearing	**3,583,288**	3,992,647
– Interest receivable	**4,832,596**	4,703,481
– Trade receivables	**1,101,540**	1,424,260
	71,469,326	74,722,150
Less: loss allowance	**(5,698,373)**	(6,082,455)
	65,770,953	68,639,695
Amounts due from associates		
– Interest free	**10,848,749**	8,025,354
– Interest bearing	**2,226,125**	2,781,690
– Interest receivable	**1,817,971**	1,704,737
– Trade receivables	**154,215**	114,151
	15,047,060	12,625,932
Less: loss allowance	**(2,087,039)**	(1,027,763)
	12,960,021	11,598,169
Amounts due to joint ventures	**59,644,025**	58,881,624
Amounts due to associates	**11,575,954**	11,515,154
Amounts due to management	**54,620**	201,720
	71,274,599	70,598,498
MCB 1 and MCB 2 held by related parties	**605,314**	3,230,852

Most of the amounts due from joint ventures and associates had no fixed repayment date, bearing interest rate from 4.4% to 13.0% per annum for the six months ended 30 June 2026.

The amounts due to joint ventures and associates were unsecured, interest-free and repayable on demand.

Loans from management were unsecured, interest-free and repayable on demand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION
For the six months ended 30 June 2026

33 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).

34 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, 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.

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