SUNAC CHINA HOLDINGS LIMITED
融創中國控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01918)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

RESULTS HIGHLIGHTS

For the six months ended 30 June 2023:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB52.14 billion;
- As at 30 June 2023, attributable land bank of the Group and its joint ventures and associates was approximately 122 million sq.m., and expected saleable resources of attributable land bank were approximately RMB1.39 trillion;
- Revenue of the Group was approximately RMB58.47 billion, representing an increase of approximately 20.5% compared to the same period last year;
- Gross loss of the Group was approximately RMB3.08 billion, representing a decline of approximately RMB2.98 billion, or approximately 49.2% compared to the same period last year;
- Loss attributable to owners of the Company was approximately RMB15.37 billion, representing a decline of approximately RMB3.39 billion, or approximately 18.1% compared to the same period last year; and

- Core net loss[1] was approximately RMB9.14 billion, representing a decline of approximately RMB1.92 billion, or approximately 17.4% compared to the same period last year.

Notes:

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

The board (the "Board") of directors (the "Directors") of Sunac China Holdings Limited (the "Company") announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2023 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Unaudited	
		Six months ended 30 June	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*3*	**58,472,750**	48,544,008
Cost of sales	*9*	**(61,551,516)**	(54,605,939)
Gross loss		**(3,078,766)**	(6,061,931)
Other income and gains	*10*	**1,885,839**	3,111,624
Selling and marketing costs	*9*	**(2,290,757)**	(2,626,234)
Administrative expenses	*9*	**(2,550,632)**	(3,809,778)
Other expenses and losses	*11*	**(6,418,210)**	(5,549,108)
Net impairment losses on financial assets		**(465,066)**	(1,645,136)
Operating loss		**(12,917,592)**	(16,580,563)
Finance income	*12*	**127,565**	666,279
Finance expenses	*12*	**(5,538,562)**	(6,696,764)
Finance expenses – net		**(5,410,997)**	(6,030,485)
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	*4*	**2,653,473**	816,932
Loss before income tax		**(15,675,116)**	(21,794,116)
Income tax (expenses)/credits	*13*	**(1,391,036)**	1,443,057
Loss and total comprehensive loss for the period		**(17,066,152)**	(20,351,059)

		Unaudited	
		Six months ended 30 June	
	Note	**2023**	2022
		RMB'000	*RMB'000*
Total comprehensive loss attributable to:			
– Owners of the Company		**(15,366,849)**	(18,760,457)
– Non-controlling interests		**(1,699,303)**	(1,590,602)
		(17,066,152)	(20,351,059)
Loss per share attributable to owners of the Company (expressed in RMB per share):	*14*		
– Basic		**(2.86)**	(3.51)
– Diluted		**(2.86)**	(3.51)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2023

	Note	**30 June 2023 (Unaudited)** *RMB'000*	31 December 2022 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**78,490,463**	80,423,788
Investment properties		**25,761,958**	27,048,652
Right-of-use assets		**13,991,758**	14,935,066
Intangible assets		**3,868,341**	4,095,373
Deferred tax assets		**31,433,633**	33,401,631
Investments accounted for using the equity method	*4*	**74,442,358**	75,702,996
Financial assets at fair value through profit or loss		**12,093,479**	13,006,130
Other receivables	*5*	**68,934**	61,171
Prepayments	*6*	**546,327**	2,283,415
Other non-current assets		**50,000**	–
		240,747,251	250,958,222
Current assets			
Properties under development		**574,105,980**	587,120,002
Completed properties held for sale		**59,230,447**	53,915,786
Inventories		**986,943**	990,898
Trade and other receivables	*5*	**57,752,254**	59,441,113
Contract costs		**6,121,536**	6,298,764
Amounts due from related companies		**62,224,471**	63,422,584
Prepayments	*6*	**18,822,744**	15,877,428
Prepaid income tax		**13,910,051**	13,491,155
Financial assets at fair value through profit or loss		**1,253,623**	1,109,845
Restricted cash		**27,524,214**	25,940,546
Cash and cash equivalents		**7,291,537**	11,601,128
		829,223,800	839,209,249
Total assets		**1,069,971,051**	1,090,167,471

	Note	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		**466,030**	466,030
Other reserves		**30,181,394**	30,354,373
Retained earnings		**12,281,210**	27,648,059
		42,928,634	58,468,462
Non-controlling interests		**24,303,020**	27,934,375
Total equity		**67,231,654**	86,402,837
LIABILITIES			
Non-current liabilities			
Borrowings	*8*	**72,144,243**	44,943,017
Lease liabilities		**476,635**	516,050
Deferred tax liabilities		**19,229,248**	22,959,345
Other payables	*7*	**65,270**	67,950
		91,915,396	68,486,362
Current liabilities			
Trade and other payables	*7*	**274,116,028**	256,967,051
Contract liabilities		**292,625,391**	318,845,924
Amounts due to related companies		**37,736,378**	42,876,511
Current income tax liabilities		**63,716,537**	61,789,903
Borrowings	*8*	**240,424,616**	253,476,200
Lease liabilities		**141,256**	130,608
Provisions		**2,063,795**	1,192,075
		910,824,001	935,278,272
Total liabilities		**1,002,739,397**	1,003,764,634
Total equity and liabilities		**1,069,971,051**	1,090,167,471

NOTES

1 GENERAL INFORMATION

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

The Company is a limited liability company incorporated in Cayman Islands. The address of its registered office is One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) New and amended standards adopted by the Group

Below new and amended standards became effective for annual reporting periods commencing on 1 January 2023 and adopted by the Group for the first time in 2023 interim report:

- *Insurance contracts* – HKFRS 17;
- *Disclosure of Accounting Policies – Amendments to* HKAS 1 and HKFRS Practice Statement 2;
- *Definition of Accounting Estimates – Amendments to* HKAS 8;
- *Deferred tax related to assets and liabilities arising from a single transaction – Amendments to* HKAS 12; and
- *International Tax Reform – Pillar Two Model Rules – Amendments to* HKAS 12.

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

(b) New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 2023 interim reporting period and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

	Effective for the financial year beginning on or after
Classification of liabilities as current or non-current – Amendments to HKAS 1	1 January 2024
Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)	1 January 2024
Lease liability in a Sale and Leaseback – Amendments to HKFRS 16	1 January 2024
Non-current liabilities with covenants – Amendments to HKAS 1	1 January 2024
Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7	1 January 2024
Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 and HKAS 28	To be determined

(c) Going concern basis

The Group incurred a net loss of approximately RMB17.07 billion for the six months ended 30 June 2023 and, as at 30 June 2023, the Group had net current liabilities of approximately RMB81.60 billion.

As at 30 June 2023, the Group's current and non-current borrowings amounted to approximately RMB240.42 billion and RMB72.14 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB34.82 billion. As at 30 June 2023, the Group had not repaid borrowings in principal amount of approximately RMB110.13 billion in aggregate according to their scheduled repayment dates, and as a result, total borrowings in principal amount of approximately RMB96.90 billion in aggregate might be demanded for early repayment. Up to the date of approval of the condensed consolidated interim financial information, the Group had not repaid borrowings in principal amount of approximately RMB129.23 billion in aggregate according to their scheduled repayment dates and as a result, total borrowings in principal amount of approximately RMB86.02 billion in aggregate might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons.

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

In light of the above, the Directors have carefully considered the Group's expected cash flow projections for the next 18 months from 30 June 2023 and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with debt solutions to alleviate the liquidity pressure. The Group has continued to implement the following plans and measures regarding various factors:

- the Company and members of an ad-hoc group of creditors (the "AHG"), together with their respective advisors, have been engaged in a constructive dialogue towards a consensual restructuring arrangement of the Company's offshore indebtedness. Since the date of 28 March 2023 on which the Company and the AHG entered into the restructuring support agreement and up to the date of publication of this announcement, creditors representing approximately 87% of the existing relevant debt have acceded to the restructuring supporting agreement. By acceding to the restructuring support agreement, the creditors have undertaken to take all necessary actions, including to vote for the restructuring plan at the meeting of creditors of the Company (the "Scheme Creditors") whose claims against the Company and any subsidiary guarantors in regard to the aggregate outstanding principle amount of all existing debts held by them, to facilitate the successful implementation of restructuring plan in respect of the existing senior notes and other offshore debt instruments of the Company in a principle amount of approximately US$9.048 billion (or approximately of RMB65.379 billion). Upon the finalization of effective date of the debt restructuring, the Company will (i) issue new notes; (ii) issue convertible bonds; (iii) issue mandatory convertible bonds (on the assumption that the Scheme Creditors to select on a voluntary basis) and (iv) transfer the existing shares of Sunac Services Holdings Limited (Stock Code: 01516) (on the assumption that the Scheme Creditors to select on a voluntary basis) to the Scheme Creditors. The offshore debt restructuring arrangement will reduce the Group's overall debt scale and debt pressure, increase the net assets, improve the Company's financial position and alleviate the liquidity pressure. In addition, in accordance with the order of the High Court of the Hong Kong Special Administration Region (the "High Court"), the Company proposes to convene the meeting of the Scheme Creditors on 18 September 2023 and the ruling hearing of the petition is to be held on 5 October 2023 at the High Court, to complete the offshore court proceedings required for the offshore debt restructuring. The Group will work with the financial adviser to complete the relevant legal procedures for the implementation of the proposed offshore debt restructuring plan in accordance with the timetable. The Directors believe that the Group will be able to complete the implementation of the proposed offshore debt restructuring plan based on the communication between the Group and AHG and a fairly high support proportion from creditors generally for restructuring plan at present;

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

- The Group has been actively negotiating with other lenders on the extension of borrowings, and up to the date of approval of the condensed consolidated interim financial information, extension of loans of approximately RMB39.30 billion has been agreed. Due to the diverse lender base and changing market environment, it takes time to finalise the extension plans case-by-case. In recent, relevant government authorities uniformly have extended the applicable period of the Notice of the People's Bank of China and the China Banking and Insurance Regulatory Commission on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (《中國人民銀行、中國銀行保險監督管理委員會關於做好當前金融支持房地產市場平穩健康發展工作的通知》) to 31 December 2024. Having considered the successful extension of loans so far, the Group's credit history and longstanding relationships with the relevant lenders, the Directors believe that the Group will be able to complete the signing of the relevant extension agreements for the remaining borrowings progressively;

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

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

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

- In response to the government's call for guaranteed delivery, the Group has sustained to focus on the completion and delivery of property projects. With the continuous optimisation of real estate policies, a large number of policies that strongly support rigid and improved housing demands, such as "recognizing the property without verifying the loan" policy (認房不認貸), have been introduced, pushing the industry forwards a healthy development track in a gradual manner. The Group will continue to steadily promote the work of guaranteed delivery, implement its responsibilities, and restore a reliable market image. Meanwhile, the Group will actively adjust sales strategies to adapt to market changes, to enhance the Group's business stability and ability to operate as a going concern.

The Directors have reviewed the cash flow projections of the Group prepared by the management covering a period of at least 18 months from 30 June 2023. In their opinion, in view of the above plans and measures, the Group will be able to adequately fund its operations and meet its financial obligations as and when they fall due within the next 18 months from 30 June 2023. Accordingly, the Directors consider that the preparation of the condensed consolidated interim financial information as at 30 June 2023 on a going concern basis is appropriate.

Taking into account the fluctuation in property market in Mainland China and the uncertainty in obtaining continued support from the Group's lenders, there are still material uncertainties as to whether the Group will be able to implement the above plans and measures.

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

3 SEGMENT INFORMATION

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

The executive directors of the Company assess the performance of the Group organised as follows:

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

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

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

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

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

The segment results are as follows:

	Six months ended 30 June 2023				
	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	**51,997,170**	**2,718,351**	**3,396,051**	**1,912,256**	**60,023,828**
Recognised at a point in time	**45,256,623**	**1,126,274**	**143,680**	**112,968**	**46,639,545**
Recognised over time	**6,740,547**	**1,592,077**	**3,252,371**	**1,799,288**	**13,384,283**
Inter-segment revenue	**–**	**–**	**(77,316)**	**(1,473,762)**	**(1,551,078)**
Revenue from external customers	**51,997,170**	**2,718,351**	**3,318,735**	**438,494**	**58,472,750**
(Net impairment losses)/reversal of impairment losses on financial assets	**(565,806)**	**–**	**(28,255)**	**128,995**	**(465,066)**
Net fair value losses on investment properties	**–**	**(266,260)**	**(1,442)**	**(15,992)**	**(283,694)**
Interest income	**877,334**	**–**	**15,295**	**–**	**892,629**
Finance income	**86,341**	**–**	**41,224**	**–**	**127,565**
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	**2,843,566**	**3,935**	**3,115**	**(197,143)**	**2,653,473**
Segment results	**(6,867,136)**	**(1,092,146)**	**626,433**	**(363,858)**	**(7,696,707)**
Other information					
Capital expenditure	**864,703**	**784,814**	**85,881**	**7,244**	**1,742,642**

	As at 30 June 2023				
	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	**862,637,191**	**94,620,960**	**12,318,115**	**41,703,999**	**1,011,280,265**
Investments accounted for using the equity method	**72,417,350**	**25,438**	**63,406**	**1,936,164**	**74,442,358**
Total segment liabilities	**870,390,546**	**24,775,159**	**4,329,563**	**20,298,344**	**919,793,612**

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

	As at 31 December 2022				
	Property development *RMB'000*	Cultural and tourism city construction and operation *RMB'000*	Property management *RMB'000*	All other segments *RMB'000*	Total *RMB'000*
Total segment assets	865,988,001	107,922,725	13,179,246	42,068,738	1,029,158,710
Investments accounted for using the equity method	74,960,868	22,000	60,291	659,837	75,702,996
Total segment liabilities	868,995,221	25,352,677	4,289,008	20,378,480	919,015,386

Reportable segment results are reconciled to total loss as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Total segment results	**(7,696,707)**	(13,369,002)
Depreciation and amortisation	**(1,699,510)**	(1,887,488)
Finance expenses	**(5,538,562)**	(6,696,764)
Other income and gains	**23,246**	349,686
Other expenses and losses	**(763,583)**	(190,548)
Income tax (expenses)/credits	**(1,391,036)**	1,443,057
Loss for the period	**(17,066,152)**	(20,351,059)

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Total segment assets	**1,011,280,265**	1,029,158,710
Deferred tax assets	**31,433,633**	33,401,631
Other assets	**27,257,153**	27,607,130
Total assets	**1,069,971,051**	1,090,167,471
Total segment liabilities	**919,793,612**	919,015,386
Deferred tax liabilities	**19,229,248**	22,959,345
Other liabilities	**63,716,537**	61,789,903
Total liabilities	**1,002,739,397**	1,003,764,634

4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Joint ventures	**57,580,385**	58,327,840
Associates	**16,861,973**	17,375,156
	74,442,358	75,702,996

4.1 Investments in joint ventures

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
At beginning of period	**58,327,840**	61,603,834
Increasing:		
– New investments in joint ventures	**211,310**	820,636
– Subsidiaries becoming joint ventures	**235,436**	–
Decreasing:		
– Disposal and capital decreasing of joint ventures	**(1,803,898)**	(2,165,766)
– Impact on assets acquisition transactions	**(408,672)**	(1,292,570)
Share of profits of joint ventures, net	**1,746,508**	951,454
Dividends from joint ventures	**(728,139)**	(767,000)
At end of period	**57,580,385**	59,150,588

4.2 Investments in associates

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
At beginning of period	**17,375,156**	17,951,336
Increasing:		
– New investments in associates	**–**	561,000
– Subsidiaries becoming associates	**–**	166,272
Decreasing:		
– Disposal of associates	**(9,745)**	(1,516,662)
– Impact on assets acquisition transactions	**(1,401,172)**	–
Share of profits/(losses) of associates, net	**906,965**	(134,522)
Dividends from associates	**(9,231)**	(884,578)
At end of period	**16,861,973**	16,142,846

5 TRADE AND OTHER RECEIVABLES

The amounts recognised in the balance sheet are as follows:

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Non-current –		
Other receivables *(iii)*	**73,393**	65,433
Less: loss allowance	**(4,459)**	(4,262)
	68,934	61,171
Current –		
Trade receivables from contracts with customers *(i)*	**5,317,225**	3,992,793
Amounts due from non-controlling interests and their related parties *(ii)*	**29,063,703**	29,729,420
Notes receivables	**45,979**	48,532
Deposits receivables	**6,285,507**	7,372,925
Other receivables *(iii)*	**22,336,875**	23,260,903
	63,049,289	64,404,573
Less: loss allowance	**(5,297,035)**	(4,963,460)
	57,752,254	59,441,113

As at 30 June 2023 and 31 December 2022, the carrying amounts of the Group's trade and other receivables were all denominated in RMB and the carrying amounts of trade and other receivables approximated their fair values.

Notes:

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Within 90 days	**2,349,742**	1,954,481
91-180 days	**652,361**	333,652
181-365 days	**892,477**	405,619
Over 365 days	**1,422,645**	1,299,041
	5,317,225	3,992,793

(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, the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

6 PREPAYMENTS

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Non-current –		
Prepayments for equity transactions	**500,773**	2,227,644
Prepayments for purchase of property, plant and equipment ("PP&E")	**45,554**	55,771
	546,327	2,283,415
Current –		
Prepaid value added taxes and other taxes	**8,850,127**	6,153,693
Prepayments for land use rights acquisitions	**7,091,238**	6,622,671
Prepayments for construction costs	**1,398,787**	1,437,815
Others	**1,482,592**	1,663,249
	18,822,744	15,877,428

7 TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Non-current –		
Other payables *(iv)*	**65,270**	67,950
Current –		
Trade payables *(i)*	**94,676,327**	91,868,352
Amounts due to non-controlling interests and their related parties *(ii)*	**28,341,471**	27,628,868
Notes payables	**27,815,736**	30,427,842
Interests payable	**22,807,393**	13,296,068
Consideration payables for acquisition of equity investments	**11,584,634**	11,413,930
Other taxes payable	**10,067,661**	7,892,560
Consideration payables arising from non-controlling shareholders' put option *(iii)*	**1,305,001**	1,305,001
Payroll and welfare payables	**997,849**	1,454,061
Other payables *(iv)*	**76,519,956**	71,680,369
	274,116,028	256,967,051

Notes:

(i) At 30 June 2023, 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 2023 *RMB'000*	31 December 2022 *RMB'000*
Within 90 days	**25,373,158**	36,497,276
91-180 days	**7,635,588**	8,403,980
181-365 days	**25,274,832**	16,511,770
Over 365 days	**36,392,749**	30,455,326
	94,676,327	91,868,352

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

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

(iv) As at 30 June 2023, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB15.83 billion (as at 31 December 2022: RMB17.98 billion). The remaining balances mainly included deposits from customers, deed tax and maintenance funds received on behalf of customers, cash advanced for potential equity investment and amounts due to equity investment partners.

8 BORROWINGS

	30 June 2023 *RMB'000*	31 December 2022 *RMB'000*
Non-current		
Secured,		
– Bank and other institution borrowings	**219,376,188**	203,213,820
– Senior notes	**55,469,224**	53,531,981
– Corporate bonds	**10,794,891**	10,896,803
– Private domestic corporate bonds	**3,146,622**	3,191,882
	288,786,925	270,834,486
Unsecured,		
– Bank and other institution borrowings	**14,970,575**	15,996,152
– Private domestic corporate bonds	**1,000,000**	971,580
	15,970,575	16,967,732
	304,757,500	287,802,218
Less: current portion of non-current borrowings	**(232,613,257)**	(242,859,201)
	72,144,243	44,943,017

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
Current		
Secured,		
– Bank and other institution borrowings	**6,112,427**	7,601,521
Unsecured,		
– Bank and other institution borrowings	**1,698,932**	3,015,478
	7,811,359	10,616,999
Current portion of non-current borrowings	**232,613,257**	242,859,201
	240,424,616	253,476,200
Total borrowings	**312,568,859**	298,419,217

9 EXPENSES BY NATURE

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Costs of properties sold	**51,498,038**	36,427,375
Value-added tax surcharges	**176,545**	559,017
Staff costs	**3,167,350**	3,372,306
Provision for impairment of properties	**4,454,530**	11,282,630
Advertisement and promotion costs	**1,505,280**	1,360,671
Depreciation and amortisation*	**1,699,510**	1,887,488

* Depreciation and amortisation expense of RMB1.35 billion was charged to "cost of sales" for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB1.35 billion).

10 OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest income	**892,629**	1,457,709
Gains from disposal of joint ventures and associates	**389,225**	248,564
Gains from disposal of subsidiaries	**303,789**	482,712
Net gains on disposal of financial assets at FVPL	**23,246**	–
Net fair value gains on financial assets at FVPL	**–**	349,686
Others	**276,950**	572,953
	1,885,839	3,111,624

11 OTHER EXPENSES AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Losses from disposal of joint ventures and associates	**1,347,574**	1,382,334
Impairment provisions for PP&E	**1,220,414**	–
Losses from disposal of PP&E, investment properties, right-of-use assets and intangible assets	**981,862**	611,216
Provisions for litigation	**869,384**	351,564
Net fair value losses on financial assets at FVPL	**763,583**	–
Losses from disposal of subsidiaries	**289,511**	1,801,293
Net fair value losses on investment properties	**283,694**	585,611
Losses from disposal of financial assets at FVPL	**–**	118,873
Others	**662,188**	698,217
	6,418,210	5,549,108

12 FINANCE INCOME AND EXPENSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Finance expenses:		
Interest expenses	**13,319,003**	13,495,532
Interest expenses for lease liabilities	**26,918**	29,686
Less: capitalised finance costs	**(11,050,470)**	(10,618,500)
	2,295,451	2,906,718
Net exchange losses	**3,243,111**	3,790,046
	5,538,562	6,696,764
Finance income:		
Interest income on bank deposits	**(127,565)**	(666,279)
	5,410,997	6,030,485

13 INCOME TAX EXPENSES/(CREDITS)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Corporate income tax		
– Current income tax	**2,291,023**	3,131,725
– Deferred income tax	**(263,688)**	(5,828,252)
	2,027,335	(2,696,527)
Land appreciation tax	**(636,299)**	1,253,470
	1,391,036	(1,443,057)

14 LOSSES PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2023	2022
Loss attributable to owners of the Company (RMB'000)	**15,366,849**	18,760,457
Weighted-average number of ordinary shares in issue (thousand)	**5,448,884**	5,418,917
Adjusted for shares repurchased for share award scheme (thousand)	**(76,325)**	(76,325)
Weighted-average number of ordinary shares for basic earnings per share (thousand)	**5,372,559**	5,342,592

(b) Diluted

For the six months ended 30 June 2023 and 2022, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from share options and awarded shares were not treated as dilutive as the conversion to ordinary shares would not increase the loss per share.

15 DIVIDENDS

No interim dividend for the six months ended 30 June 2023 was proposed by the Board (six months ended 30 June 2022: Nil).

16 EVENTS AFTER THE BALANCE SHEET DATE

(a) Latest Progress of the Offshore Debt Restructuring

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

Since the date of 28 March 2023, creditors representing approximately 87% of the existing relevant debt have acceded to the restructuring supporting agreement (the "RSA") upon the entering into of the RSA. At the convening hearing in respect of the Scheme held on 26 July 2023, the High Court has directed that a meeting of the Scheme Creditors is to be held for the purpose of considering and, if thought fit, approving a scheme of arrangement to be made between the Company and the Scheme Creditors (the "Scheme Meeting"). The Company proposes to convene the Scheme Meeting on 18 September 2023 and the substantive hearing of the petition at which the High Court will determine whether or not to sanction the scheme be held on 5 October 2023.

(b) Transaction with Xinxing Group

On 30 June 2023, the Group and Xinxing Cathay Asset Management Co., Ltd. and Xinxing Heavy Industries Group Co., Ltd. (collectively as the "Xinxing Group") entered into an agreement, pursuant to which Xinxing Group shall transfer its 45% interest in Zhaoqing Xingrong Real Estate Development Co., Ltd. (the "Zhaoqing Xingrong") to the Group at a consideration of approximately RMB0.51 billion. The consideration payable in respect of the transaction will be paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group, which will settle the debt and liabilities issues in connection with the joint development of the projects by the Group and Xinxing Group.

Upon completion of the transaction, the Group will hold 100% interest in Zhaoqing Xingrong. Zhaoqing Xingrong will become an indirect wholly-owned subsidiary of the Company.

(c) **Transfer of Equity Interests in Ningde Rongxi to BCDC**

On 10 August 2023, the Group, AVIC Trust Co., Ltd. (the "AVIC Trust") and Beijing Capital Development Co., Ltd. (the "BCDC") entered into an agreement, pursuant to which the aggregate of 67% equity interests in Ningde Rongxi Real Estate Co., Ltd. (the "Ningde Rongxi"), a wholly-owned subsidiary of the Group, and interests in the debt of RMB14.02 million owed by Ningde Rongxi to AVIC Trust will be transferred to BCDC at a consideration of RMB0.80 billion collectively.

Upon completion of the transaction, the Group will hold 33% interest in Ningde Rongxi. Ningde Rongxi will become an associate of the Group. Ningde Rongxi will cease to be a subsidiary of the Group and its financial results will no longer be consolidated in the Group's consolidated financial statements.

(d) **Disposal Transactions with Rongfeng Company**

On 7 July 2023, the Group and Rongfeng (Shanghai) Hotel Management Co., Ltd. (the "Rongfeng Company") entered into an agreement to sell 100% equity interests of Hangzhou Rongxinhan Real Estate Co., Ltd. (the "Zhenhuafu Project Company", a wholly-owned subsidiary of the Group) to Rongfeng Company or its designated party at a consideration of RMB0.20 billion. On 17 August 2023, the Group and Rongfeng Company entered into a sale and purchase agreement to sell the 100% interest in the Wangjinsha hotel project to Rongfeng Company or its designated party at a consideration of approximately RMB0.30 billion. Wangjinsha hotel project is under construction developed by Hangzhou Yuanrongkun Real Estate Development Co., Ltd. (a wholly-owned subsidiary of the Group). On 17 August 2023, the Group and Rongfeng Company entered into an agreement to sell 100% equity interests in Anhui Rongyuantai Real Estate Development Co., Ltd. (the "Anhui Rongyuantai") to Rongfeng Company or its designated party at a consideration of RMB0.73 billion. Anhui Rongyuantai is a wholly-owned subsidiary of the Group and mainly engaged to develop and construct the Hefei Xiuchang hotel project.

Upon completion of the transactions, the Group will not control Wangjinsha hotel project, and Zhenhuafu Project Company and Anhui Rongyuantai will cease to be subsidiaries of the Group, and their financial results will no longer be consolidated in the Group's consolidated financial statements.

EXTRACTS OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following is an extract of report on review of interim financial information for the interim reporting period issued by the Group's independent auditor:

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

EMPHASIS OF MATTER – MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Without qualifying our conclusion, we draw attention to Note 2(I) to the interim financial information, which indicates that the Group incurred a net loss of approximately RMB17.07 billion for the six months ended 30 June 2023 and, as at 30 June 2023, the Group had net current liabilities of approximately RMB81.60 billion. The Group's current and non-current borrowings amounted to approximately RMB240.42 billion and RMB72.14 billion as at 30 June 2023 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB34.82 billion. As at 30 June 2023, the Group had not repaid borrowings in principal amount of approximately RMB110.13 billion in aggregate according to their scheduled repayment dates, and had total borrowings in principal amount of approximately RMB96.90 billion in aggregate might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB129.23 billion in aggregate according to their scheduled repayment dates and as a result, total borrowings in principal amount of approximately RMB86.02 billion in aggregate might be demanded for early repayment. These events and conditions, along with other matters as set forth in Note 2(I) to the interim financial information indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

MANAGEMENT DISCUSSION AND ANALYSIS

1 REVENUE

For the six months ended 30 June 2023, most of the Group's revenue came from sales of residential and commercial properties business, and the other revenue came from cultural and tourism city construction and operation, property management and other businesses.

As at 30 June 2023, the Group's national strategic layout of real estate development business consisted of core cities in the Yangtze River Delta, Bohai Rim, South China, Central regions and Western regions, which are divided into 10 major regional groups for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin, Zhengzhou and Shenyang, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southeastern China region (including Hangzhou, Fuzhou and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.), South China region (including Guangzhou and Hainan Province, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Chengdu-Chongqing region (including Chongqing and Chengdu, etc.), Yun Gui region (including Kunming and Guiyang, etc.) and Global Sunac region (including Huan Rong projects in Sichuan, Yunnan and Hunan).

Total revenue of the Group for the six months ended 30 June 2023 amounted to approximately RMB58.47 billion, representing an increase of 20.5% compared with the total revenue of approximately RMB48.54 billion for the six months ended 30 June 2022.

For the six months ended 30 June 2023, the total revenue of the Group and its joint ventures and associates was approximately RMB147.81 billion, representing an increase of approximately RMB33.33 billion (approximately 29.1%) as compared with the total revenue of approximately RMB114.48 billion for the six months ended 30 June 2022, of which approximately RMB92.85 billion was attributable to owners of the Company, representing an increase of approximately RMB19.74 billion (approximately 27.0%) as compared to approximately RMB73.11 billion for the six months ended 30 June 2022.

The following table sets forth certain details of the revenue:

	Six months ended 30 June			
	2023		2022	
	RMB billion	***%***	*RMB billion*	*%*
Revenue from sales of properties	**52.00**	**88.9%**	41.44	85.4%
Cultural and tourism city construction and operation income	**2.72**	**4.7%**	2.17	4.5%
Property management income	**3.32**	**5.7%**	3.22	6.6%
Revenue from other business	**0.43**	**0.7%**	1.71	3.5%
Total	**58.47**	**100.0%**	48.54	100.0%
Total gross floor area delivered during the period *(in million sq.m.)*	**4.817**		3.726	

For the six months ended 30 June 2023, revenue from sales of properties increased by approximately RMB10.56 billion (approximately 25.5%) as compared with that for the six months ended 30 June 2022. Total area of delivered properties increased by 1.091 million square meters ("sq.m.") (approximately 29.3%) as compared with that for the six months ended 30 June 2022, the increase in revenue from sales of properties was basically consistent with the increase in the delivered area.

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.

For the six months ended 30 June 2023, the Group's cost of sales was approximately RMB61.55 billion, representing an increase of approximately RMB6.94 billion (approximately 12.7%) as compared to the cost of sales of approximately RMB54.61 billion for the six months ended 30 June 2022, mainly due to the increase in the delivery area of the properties.

3 GROSS LOSS

For the six months ended 30 June 2023, the Group's gross loss was approximately RMB3.08 billion, representing a decrease of approximately RMB2.98 billion as compared with the gross loss of approximately RMB6.06 billion for the six months ended 30 June 2022. Decrease in gross loss was mainly due to the decrease in the provision for impairment of properties made by the Group during the period.

For the six months ended 30 June 2023, the Group's gross profit margin was approximately minus 5.3%, representing an increase as compared to approximately minus 12.5% for the six months ended 30 June 2022.

For the six months ended 30 June 2023, the adjustments of revaluation surplus related to gains from business combination for the properties acquired led to the reduction of the Group's gross profit in the amount of approximately RMB2.47 billion. The Group's gross profit would have been approximately RMB1.30 billion and gross profit margin would have been approximately 2.2% for the six months ended 30 June 2023 without taking into account such impact of fair value adjustments and provision for impairment of properties on gross profit.

For the six months ended 30 June 2023, total gross profit of the Group and its joint ventures and associates was approximately RMB9.26 billion, with a gross profit margin of approximately 6.3%, of which approximately RMB2.43 billion was gross profit attributable to owners of the Company. For the six months ended 30 June 2022, total gross profit of the Group and its joint ventures and associates was approximately RMB2.75 billion, with a gross profit margin of approximately 2.4%, of which approximately RMB1.27 billion was gross loss attributable to owners of the Company.

4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs decreased by approximately 12.9% from approximately RMB2.63 billion for the six months ended 30 June 2022 to approximately RMB2.29 billion for the six months ended 30 June 2023. The decrease in selling and marketing costs was in line with the decrease in the Group's contracted sales for the six months ended 30 June 2023.

The Group's administrative expenses decreased by approximately RMB1.26 billion from approximately RMB3.81 billion for the six months ended 30 June 2022 to approximately RMB2.55 billion for the six months ended 30 June 2023.

5 OTHER INCOME AND GAINS

For the six months ended 30 June 2023, the Group recognised other income and gains of approximately RMB1.89 billion, which mainly comprised income from capital utilisation fees received from joint ventures and associates, etc. of approximately RMB0.89 billion and the gain from the disposal of subsidiaries, joint ventures and associates of approximately RMB0.69 billion. The Group recorded a decrease in other income and gains of approximately RMB1.22 billion as compared with that for the six months ended 30 June 2022 of approximately RMB3.11 billion, mainly due to the decrease in capital utilisation fees received from joint ventures and associates, etc.

6 OTHER EXPENSES AND LOSSES

For the six months ended 30 June 2023, other expenses and losses recognised by the Group amounted to approximately RMB6.42 billion, mainly including the loss of approximately RMB1.64 billion from the disposal of subsidiaries, joint ventures and associates, the provision for impairment of long-term assets of approximately RMB1.22 billion, the loss of approximately RMB0.98 billion from the disposal of various assets, the provision for litigations of approximately RMB0.87 billion and fair value losses from financial assets at FVPL of approximately RMB0.76 billion. The Group recorded an increase in other expenses and losses of approximately RMB0.87 billion as compared with that for the six months ended 30 June 2022 of approximately RMB5.55 billion, which mainly due to the provision for impairment of long-term assets.

7 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

For the six months ended 30 June 2023, the Group made provisions for expected credit losses of approximately RMB0.47 billion on amounts due from related companies, amounts due from non-controlling interests and other receivables, representing a decrease of approximately RMB1.18 billion as compared with that of approximately RMB1.65 billion for the six months ended 30 June 2022.

8 OPERATING LOSS

Concluding from the above analysis, the Group's operating loss decreased by approximately RMB3.66 billion from approximately RMB16.58 billion for the six months ended 30 June 2022 to the operating loss of approximately RMB12.92 billion for the six months ended 30 June 2023, mainly due to the following reasons:

(i) gross loss decreased by approximately RMB2.98 billion;

(ii) selling and marketing costs and administrative expenses decreased by approximately RMB1.60 billion;

(iii) the provisions for expected credit losses on financial assets decreased by approximately RMB1.18 billion; and

(iv) other income and gains decreased by approximately RMB1.22 billion and other expenses and losses increased by approximately RMB0.87 billion.

9 FINANCE INCOME AND EXPENSES

The Group's finance expenses decreased by approximately RMB1.16 billion from approximately RMB6.70 billion for the six months ended 30 June 2022 to approximately RMB5.54 billion for the six months ended 30 June 2023, and finance income decreased by approximately RMB0.54 billion from approximately RMB0.67 billion for the six months ended 30 June 2022 to approximately RMB0.13 billion for the six months ended 30 June 2023 at the same time, mainly due to the following reasons: (i) the construction area of the Group's property development projects increased, resulting in an increase in proportion of capitalised interests in total interest expenses as compared to that of the six months ended 30 June 2022, which led to a decrease of approximately RMB0.61 billion in expensed interest from approximately RMB2.91 billion for the six months ended 30 June 2022 to approximately RMB2.30 billion for the six months ended 30 June 2023; and (ii) due to the change in trend of foreign exchange rates fluctuations, the exchange gain or loss of the Group decreased by approximately RMB0.55 billion from a net exchange loss of approximately RMB3.79 billion for the six months ended 30 June 2022 to a net exchange loss of approximately RMB3.24 billion for the six months ended 30 June 2023.

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

Share of post-tax profits of investments accounted for using the equity method, net recognised by the Group increased by approximately RMB1.83 billion from approximately RMB0.82 billion for the six months ended 30 June 2022 to approximately RMB2.65 billion for the six months ended 30 June 2023, mainly due to the increase in revenue and operating profit from sales of the Group's joint ventures and associates during the period.

11 LOSS

Loss of the Group attributable to owners of the Company decreased by approximately RMB3.39 billion from approximately RMB18.76 billion for the six months ended 30 June 2022 to loss of approximately RMB15.37 billion for the six months ended 30 June 2023. After excluding the impact of gains from business combination and its effect on fair value adjustments, gains or losses on changes in fair value of financial assets, derivative financial instruments and investment properties, disposal gains or losses on financial assets, subsidiaries and investments in joint ventures and associates, exchange gain or loss, charitable donations and loss on project demolition, loss attributable to owners of the Company (the "core net loss", a non-GAAP financial measure) decreased by approximately RMB1.92 billion from approximately RMB11.06 billion for the six months ended 30 June 2022 to the core net loss of approximately RMB9.14 billion for the six months ended 30 June 2023.

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	
	2023	2022
	RMB billion	*RMB billion*
Loss during the period	**17.07**	20.35
Attributable to:		
Owners of the Company	**15.37**	18.76
Non-controlling interests	**1.70**	1.59
	17.07	20.35

12 CASH STATUS

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

The Group's cash balances (including restricted cash) decreased to approximately RMB34.82 billion as at 30 June 2023 from approximately RMB37.54 billion as at 31 December 2022, of which non-restricted cash decreased to approximately RMB7.29 billion as at 30 June 2023 from approximately RMB11.60 billion as at 31 December 2022.

The decrease in non-restricted cash was mainly due to:

(i) approximately RMB8.74 billion of net cash outflow used in operating activities;

(ii) approximately RMB0.61 billion of net cash inflow from investing activities; and

(iii) approximately RMB3.83 billion of net cash inflow from financing activities.

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

13 BORROWINGS AND SECURITIES

As at 30 June 2023, the total borrowings of the Group were approximately RMB312.57 billion, representing an increase of approximately RMB14.15 billion as compared to approximately RMB298.42 billion as at 31 December 2022. Approximately RMB294.90 billion (as at 31 December 2022: approximately RMB278.44 billion) of the Group's total borrowings were secured or jointly secured by the Group's restricted cash, properties under development, completed properties held for sale, etc. (total amount was approximately RMB282.13 billion (as at 31 December 2022: approximately RMB231.85 billion)) and equities or disposal gains of certain of the Group's subsidiaries.

As at 30 June 2023, the total borrowings of the Group and its joint ventures and associates were approximately RMB414.39 billion, representing an increase of approximately RMB10.14 billion as compared to approximately RMB404.25 billion as at 31 December 2022, of which the total borrowings of joint ventures and associates were approximately RMB101.82 billion, representing a decline of approximately RMB4.01 billion as compared to approximately RMB105.83 billion as at 31 December 2022.

14 GEARING RATIO

The gearing ratio is calculated by dividing the net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and lease liabilities less cash balances (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 30 June 2023, the Group's gearing ratio was approximately 80.5%, representing an increase as compared to approximately 75.2% as at 31 December 2022.

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

15 INTEREST RATE RISK

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

The Group's interest rate risk arises from long-term borrowings. Long-term borrowings include borrowings issued at variable rates and borrowings issued at fixed rates, of which borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates while borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the table are the liabilities stated at carrying amounts, categorised by maturity dates.

	As at 30 June 2023 *RMB billion*	As at 31 December 2022 *RMB billion*
Floating interests		
Less than 12 months	**50.72**	56.77
1-5 years	**10.96**	4.13
Over 5 years	**2.25**	–
Subtotal	**63.93**	60.90
Fixed interests		
Less than 12 months	**189.70**	196.71
1-5 years	**56.49**	37.22
Over 5 years	**2.45**	3.59
Subtotal	**248.64**	237.52
Total	**312.57**	298.42

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

16 FOREIGN EXCHANGE RISKS

As most of the Group's operating entities are located in China, the Group operates its business mainly in RMB. Given that some of the Group's bank deposits, financial assets at fair value through profit or loss, senior notes and other borrowings are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. For the six months ended 30 June 2023, the Group recorded an exchange loss in the amount of approximately RMB3.24 billion due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign exchange risks.

17 CONTINGENT LIABILITIES

(a) Guarantee on mortgage facilities

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 RMB100.02 billion as at 30 June 2023 as compared with approximately RMB102.09 billion as at 31 December 2022. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months after the properties' delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

(b) Litigation

Up to the date of this announcement, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of several projects and other matters. The Directors have assessed the impact of the above litigation matters on the condensed consolidated interim financial information for the six months ended 30 June 2023 and accrued provision on the condensed consolidated interim financial information of the Group. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial position of the Group at the current stage.

CHAIRMAN'S STATEMENT

Dear Shareholders and Investors,

Since the first half of 2023, the real estate market has been under pressure, and the government has been actively optimized and adjusted real estate regulatory policies with increasing efforts to stabilize the market expectation and been devoted to promoting the stable and healthy development of the real estate market. The Group, with the policy support, continued to ensure property project delivery with all its efforts and strove to mitigate debt risks and promote the resumption of normal operations, through which active progress has been made.

Since the first half of 2023, the Group has made significant and substantial progress in its public market debt restructuring. Since 28 March 2023, when the Group and the offshore creditors panel reached an agreement on the offshore restructuring plan and signed the restructuring support agreement, the offshore creditors accounting for approximately 87% of the existing relevant debts have joined the restructuring support agreement. The Hong Kong High Court has approved the Group to convene a scheme creditors' meeting to approve the scheme of arrangement in relation to the offshore debt restructuring proposal. The Group will strive to complete the necessary legal procedures for offshore debt restructuring within 2023. The Group believes that the success of the offshore debt restructuring will greatly reduce the cash flow pressure of the Company in the next two years, while the implementation of the deleveraging plan of US$3 billion to US$4 billion will optimize the Company's capital structure, and reduce the pressure of debt repayment in the future, thereby supporting the recovery of the Group's operations.

The overall asset quality of the Group is good, and most of the Group's project loans are secured by sufficient underlying assets, and most of the Group's project level loans remain normal existence. For those financings that require extension due to the market downturn, the Group will continue to communicate actively with financial institutions to resolve the extension issues. Meanwhile, the Group will also actively seek ways to reduce existing financing costs to reduce interest burden.

The Group has been actively seeking new financings though various channels to help revitalizing its assets and restore its capital structure. The Group continued to work closely with asset-management companies to raise capital for its high-quality projects and to revitalize its assets. Benefiting from the Group's good asset quality and market reputation in first- and second-tier core cities, the Group has, amongst others, revitalized the Shanghai Dongjiadu project and the Wuhan Tao Hua Yuan project which were jointly developed with asset-management companies. Currently, several other projects are in progress. The Group will continue to work closely with asset-management companies to revitalize more high-quality projects, thereby supporting the overall recovery of the Group's business.

The Group has always regarded ensuring property project delivery as its primary operational objective while actively responding to the government's requirement of property project delivery, and fulfilled its primary responsibility. The Group has been actively applying for special funds for guaranteed home delivery, ancillary financing and other resources, in order to ensure the development and construction and the smooth completion and delivery of the property projects. Currently, the Group has received the first and second batches of special funds for guaranteed home delivery in the aggregate amount of approximately RMB19 billion. Furthermore, the Group is also actively discussing with banks for guaranteed home delivery ancillary financing, and has so far received such financing for a number of projects. As it still takes time for the financing market and contracted sales to recover, such special funds are crucial for resumption of project work and construction and normal project delivery as well as for future recovery. In the first half of 2023, the Group achieved the delivery of over 118,000 houses in 62 cities. The Group will strive to take full advantage of the policy opportunities to support and ensure the development, construction, completion and delivery of its property projects by applying for special loans for guaranteed home delivery, securing guaranteed home delivery ancillary financing from banks, and continuing its efforts to revitalize quality projects in collaboration with asset management companies and other financial institutions.

In the first half of 2023, the Group's financial performance was still under short-term pressure. The Group recorded a revenue of approximately RMB58.47 billion, representing an increase of approximately 20.5% compared to the same period last year, a gross loss of approximately RMB3.08 billion, representing a decrease of approximately 49.2% in loss compared to the same period last year, and loss attributable to owners of the Company of approximately RMB15.37 billion, representing a decrease of approximately 18.1% in loss compared to the same period last year. As at the end of June 2023, the Group and its joint ventures and associates had a total land bank of approximately 186 million sq.m. with expected saleable resources of approximately RMB2.09 trillion, of which attributable land bank was approximately 122 million sq.m. with expected saleable resources of RMB1.39 trillion. Sufficient and high quality land bank has laid a solid foundation for the Company to resume normal operation.

In the first half of 2023, Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK), the property management segment of the Group, achieved sound operating results, with continuous growth in non-related businesses. In the first half of 2023, Sunac Services achieved a revenue of approximately RMB3.396 billion, a gross profit of approximately RMB0.848 billion and profit attributable to the owners of Sunac Services of approximately RMB0.340 billion. As of the end of June 2023, Sunac Service had a contracted gross floor area ("GFA") of approximately 396 million sq.m., and a GFA under management of approximately 263 million sq.m., with a stable scale of basic development. Suanc Services will focus on its business in 45 first- and second-tier cities in the future to achieve high quality development.

In the first half of 2023, the Group's ice and snow segment achieved continuous and rapid growth in operating results. Xi'an Bonski, a new project under management, opened grandly in August. The number of operating indoor ski resorts under the management of the ice and snow segment reached 8. In the first half of 2023, the Bonski sports business gradually grew mature, with its revenue accounting for 23% of the total revenue from the ice and snow segment, which made it the second growth curve of the ice and snow segment.

Looking into the future, under the background that the government has been rolling out more proactive and effective policies to stabilize the economy and the real estate industry, the Group will maintain its confidence and patience in the recovery time of the market. With the assistance and support from all parties, the Group will be able to steadily advance all its work, orderly resolve problems, overcome difficulties and restore the normal course of operations to come back on track for a healthy business development.

Summary of Land Bank

As at 30 June 2023, the Group together with its joint ventures and associates had a total land bank of approximately 186 million sq.m. and an attributable land bank of approximately 122 million sq.m.. The breakdown of land bank by cities was as follows:

Urban circle	**City**	**Attributable land bank**	**Total land bank**
		'000 sq.m.	*'000 sq.m.*
Yangtze River Delta	Hangzhou	3,147.2	5,479.3
	Wenzhou	2,506.8	2,867.8
	Shanghai	2,221.9	3,086.0
	Shaoxing	1,589.9	2,197.5
	Wuxi	1,501.2	2,480.5
	Xuzhou	1,446.7	1,843.2
	Jiaxing	1,390.6	1,451.1
	Ningbo	806.8	1,558.9
	Changzhou	698.1	974.3
	Nantong	696.0	1,064.8
	Suzhou	665.4	1,221.9
	Others	2,894.3	6,723.2
	Subtotal	**19,564.9**	**30,948.5**

Urban circle	City	Attributable land bank '000 sq.m.	Total land bank '000 sq.m.
Bohai Rim	Qingdao	7,941.0	9,931.1
	Tianjin	6,495.0	7,302.3
	Ji'nan	3,200.2	4,790.0
	Taiyuan	2,357.6	3,312.3
	Harbin	2,126.9	2,853.1
	Dalian	1,966.2	1,973.5
	Shenyang	1,358.3	2,247.7
	Beijing	1,012.5	1,700.2
	Langfang	964.9	1,550.8
	Tangshan	877.4	1,075.1
	Yantai	844.5	1,431.1
	Shijiazhuang	783.5	1,260.1
	Others	1,855.6	2,293.1
	Subtotal	**31,783.6**	**41,720.4**
Southern China	Jiangmen	1,851.1	2,022.1
	Qingyuan	1,551.0	1,649.0
	Hainan Province	1,533.1	2,530.6
	Guangzhou	1,201.8	2,566.4
	Huizhou	748.6	784.0
	Zhuhai	669.2	709.3
	Fuzhou	649.9	1,212.0
	Zhaoqing	634.5	762.4
	Others	2,360.3	4,644.5
	Subtotal	**11,199.5**	**16,880.3**

Urban circle	City	Attributable land bank *'000 sq.m.*	Total land bank *'000 sq.m.*
Core Western China	Chongqing	10,011.0	15,343.9
	Meishan	7,847.1	11,662.6
	Chengdu	4,689.2	6,136.3
	Xishuangbanna	2,866.9	3,492.9
	Kunming	2,701.1	4,966.2
	Guiyang	2,691.2	4,228.9
	Xi'an	2,364.1	3,922.2
	Guilin	1,594.2	3,276.7
	Nanning	1,356.9	2,571.6
	Dali	1,235.2	2,058.7
	Yinchuan	1,184.3	1,331.0
	Liuzhou	731.5	1,935.5
	Others	4,660.9	11,274.2
	Subtotal	**43,933.6**	**72,200.7**
Core Central China	Wuhan	5,814.3	10,290.6
	Zhengzhou	4,498.2	5,898.5
	Changsha	2,053.5	2,649.0
	Xianning	569.3	813.3
	Others	2,212.1	4,404.1
	Subtotal	**15,147.4**	**24,055.5**
	Total	**121,629.0**	**185,805.4**

OTHER INFORMATION

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

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

The Company adopted a share award scheme with effect from 8 May 2018 (the "Share Award Scheme"), details of which are set out in the Company's announcement dated 8 May 2018. During the six months ended 30 June 2023, the trustee of the Share Award Scheme did not purchase any of the shares. As at 30 June 2023, on a cumulative basis, the trustee of the Share Award Scheme had purchased on the open market a total of 94,653,000 shares at a total consideration of approximately HK$2.57 billion.

Save as the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2023.

Restructuring arrangement in relation to Tianjin Greentown National Games Village Construction Development Co., Ltd.

On 25 May 2023, Sunac Huabei Development Group Co., Ltd. (融創華北發展集團有限公司) ("Sunac Huabei"), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) ("Greentown Real Estate"), AVIC Trust Co., Ltd. ("AVIC Trust") and Tianjin Greentown National Games Village Construction Development Co., Ltd. (天津綠城全運村建設開發有限公司) ("Target Company"), pursuant to which Sunac Huabei agreed to acquire the 51% equity interests in the Target Company held by Greentown Real Estate through the restructuring arrangement at a consideration of approximately RMB1,486 million, which has been offset by existing claims and debts and no actual cash payment. Upon completion of the transaction, Sunac Huabei holds 99.608% equity interests in the Target Company and the Target Company has become an indirect subsidiary of the Company. Please refer to the announcement of the Company dated 29 May 2023 for details.

Withdrawal of Winding Up Petition

On 8 September 2022, the Company received a winding-up petition against the Company (the "Petition") filed by Chen Huaijun at the High Court of the Hong Kong Special Administrative Region (the "High Court") in relation to the non-repayment by the Company of the senior notes held by him in a principal amount of US$22 million and accrued interests. As at 13 June 2023, the High Court has granted an order withdrawing the Petition, and the winding-up proceedings against the Company have been discontinued.

Subsequent Events

Latest Progress of the Offshore Debt Restructuring

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

Since the date of 28 March 2023, creditors representing approximately 87% of the existing relevant debt have acceded to the restructuring supporting agreement (the "RSA") upon the entering into of the RSA. At the convening hearing in respect of the Scheme held on 26 July 2023, the High Court has directed that a meeting of Scheme Creditors is to be held for the purpose of considering and, if thought fit, approving a scheme of arrangement to be made between the Company and the Scheme Creditors (the "Scheme Meeting"). The Company proposes to convene the Scheme Meeting on 18 September 2023 and the substantive hearing of the petition at which the High Court will determine whether or not to sanction the Scheme be held on 5 October 2023.

Transaction with Xinxing Group

On 30 June 2023, the Group and Xinxing Cathay Asset Management Co., Ltd. and Xinxing Heavy Industries Group Co., Ltd. (collectively as “Xinxing Group”) entered into an agreement, pursuant to which Xinxing Group shall transfer its 45% interest in Zhaoqing Xingrong Real Estate Development Co., Ltd. (the “Zhaoqing Xingrong”) to the Group at a consideration of RMB511.41 million. The consideration payable in respect of the transaction will be paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group, which will settle the debt and liabilities issues in connection with the joint development of the projects by the Group and Xinxing Group. Upon completion of the transaction, the Group will hold 100% interest in Zhaoqing Xingrong. Zhaoqing Xingrong will become an indirect wholly-owned subsidiary of the Company. Please refer to the announcements of the Company dated 3 July and 25 July 2023 for details.

Transfer of Equity Interests in Ningde Rongxi to BCDC

On 10 August 2023, the Group, AVIC Trust Co., Ltd. (“AVIC Trust”) and Beijing Capital Development Co., Ltd. (“BCDC”) entered into an agreement, pursuant to which the aggregate of 67% equity interests in Ningde Rongxi Real Estate Co., Ltd. (“Ningde Rongxi”), a wholly-owned subsidiary of the Group, and interests in the debt of RMB14,021,443.57 owed by Ningde Rongxi to AVIC Trust will be transferred to BCDC at a consideration of RMB800 million collectively. As Ningde Rongxi will be owned as to 33% by the Group following completion of the transaction, Ningde Rongxi will become an associate of the Group. Ningde Rongxi will cease to be a subsidiary of the Group and its financial results will no longer be consolidated in the Group’s consolidated financial statements. Please refer to the announcement of the Company dated 10 August 2023 for details.

Disposal Transactions with Rongfeng Company

On 7 July 2023, the Group and Rongfeng (Shanghai) Hotel Management Co., Ltd. ("Rongfeng Company") entered into an agreement to sell 100% equity interests of Hangzhou Rongxinhan Real Estate Co., Ltd. (the "Zhenhuafu Project Company", a wholly-owned subsidiary of the Group) to Rongfeng Company or its designated party at a consideration of RMB0.20 billion. On 17 August 2023, the Group and Rongfeng Company entered into a sale and purchase agreement to sell the 100% interest in the Wangjinsha hotel project to Rongfeng Company or its designated party at a consideration of approximately RMB0.30 billion. Wangjinsha hotel project was under construction developed by Hangzhou Yuanrongkun Real Estate Development Co., Ltd. (a wholly-owned subsidiary of the Group). On 17 August 2023, the Group and Rongfeng Company entered into an agreement to sell 100% equity interests in Anhui Rongyuantai Real Estate Development Co., Ltd. (the "Anhui Rongyuantai") to Rongfeng Company or its designated party at a consideration of RMB0.73 billion. Anhui Rongyuantai was a wholly-owned subsidiary of the Group and mainly engaged to develop and construct the Hefei Xiuchang hotel project.

Upon completion of the transaction, the Group will not control Wangjinsha hotel project, and Zhenhuafu Project Company and Anhui Rongyuantai will cease to be subsidiaries of the Group, and their financial results will no longer be consolidated in the Group's consolidated financial statements. Please refer to the announcement of the Company dated 17 August 2023 for details.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries on all the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2023 in relation to their securities dealings, if any.

Compliance with the Corporate Governance Code

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and had, throughout the six months ended 30 June 2023, complied with all applicable code provisions under the Corporate Governance Code.

The Board recognises and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the business strategies and performance of the Group. They, together with the relevant senior executives of the Company, have also attended regular trainings on the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice throughout the Group in order to monitor the operation and business development of the Group.

Audit Committee

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the Listing Rules. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang, and is chaired by Mr. Poon Chiu Kwok who possesses the qualification of professional accountant. The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure, internal control and risk management systems of the Company, to review the corporate governance policies and practices and to perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters related to auditing, internal control and risk management systems and financial reporting, including the review of the unaudited interim results of the Group for the six months ended 30 June 2023.

Review of the Interim Results

The unaudited interim results for the six months ended 30 June 2023 have been reviewed by BDO Limited, the independent auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Publication of the Interim Results and Interim Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.sunac.com.cn). The Company's interim report for the six months ended 30 June 2023 will be despatched to shareholders of the Company and published on the aforementioned websites in due course.

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

Hong Kong, 30 August 2023

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