融創中國

2023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 tourism, culture and other business segments. After 20 years of development, the Group has become a leading enterprise in China's real estate industry, a leading ice & snow industry operator and a leading cultural tourism industry operator and property owner in China, with nationwide leading capabilities in comprehensive urban development and integrated industrial operation.

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、文化等業務板塊。經過20年發展，本集團已是中國房地產行業的頭部企業及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，具備全國領先的綜合城市開發與產業整合運營能力。

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, South China, and core cities in Central regions and Western regions, and is divided into 10 major regions for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin and Zhengzhou, 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.), Cheng Yu region (including Chongqing and Chengdu, etc.), Yun Gui region (including Kunming and Guiyang, etc.) and Global Sunac (including the Global Sunac projects in Sichuan, Yunnan and Hunan Province).

本集團依托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、中部和西部地區核心城市，並劃分為十大區域進行管理，即北京區域(含北京、濟南及青島等城市)、華北區域(含天津及鄭州等城市)、上海區域(含上海、南京及蘇州等城市)、東南區域(含杭州、福州及合肥等城市)、華中區域(含武漢、長沙及南昌等城市)、華南區域(含廣州及海南省等)、西北區域(含西安及太原等城市)、成渝區域(含重慶及成都等城市)、雲貴區域(含昆明及貴陽等城市)及環球融創(含四川、雲南及湖南地區環球融創項目)。

SUNAC
CHINA
HOLDINGS
LIMITED

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Sun Hongbin *(Chairman)*
Mr. Wang Mengde *(Chief Executive Officer)*
Mr. Jing Hong
Mr. Tian Qiang
Mr. Huang Shuping
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)*
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

Room 1517, Level 15
West Exchange Tower
322 Des Voeux Road Central
Sheung Wan, Hong Kong

HEADQUARTERS AND PRINCIPAL PLACES OF BUSINESS IN THE PRC

BEIJING OFFICE

Building 4, One Central
No.8, Dongzhimen North Street, Dongcheng District
Beijing
The PRC
Postal code: 100007

TIANJIN OFFICE

Building 1, East Side in Hopsca Center International,
No.278, Hongqi Road, Nankai District
Tianjin
The PRC
Postal code: 300381

REGISTERED OFFICE IN THE CAYMAN ISLANDS

One Nexus Way
Camana Bay
Grand Cayman, KY1-9005
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
Agricultural Bank of China
Bank of China
China Construction Bank
Bank of Communications
China CITIC Bank
China Minsheng Bank
SPD Bank
China Merchants Bank
CZBANK
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,

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. Sunac 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

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 report, 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 of the Company (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.

BUSINESS HIGHLIGHTS

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 '000 sq.m.	Total land bank '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**
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**

Urban circle	City	Attributable land bank '000 sq.m.	Total land bank '000 sq.m.
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**
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**

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities 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 2023, complied with all applicable code provisions under 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 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 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 10 to 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.

CHANGES OF INFORMATION OF DIRECTORS

Since 1 January 2023, Mr. Zhu Jia has promoted from the managing director to partner of Bain Capital Private Equity (Asia), LLC.

Since 20 January 2023, Mr. Yuan Zhigang has ceased to be an independent director of Shanghai Pudong Development Bank Co., Ltd..

Since 13 April 2023, Mr. Chi Xun and Mr. Shang Yu have resigned as executive directors of the Company.

Since 30 June 2023, Mr. Poon Chiu Kwok has been appointed as an independent non-executive director of China Isotope & Radiation Corporation (a company listed on the Stock Exchange (stock code: 01763.HK)), and has ceased to be an independent non-executive director of Yankuang Energy Group Company Limited (a company listed on the Stock Exchange (stock code: 01171.HK)) and Changan Minsheng APLL Logistics Co., Ltd. (a company listed on the Stock Exchange (stock code: 01292.HK)).

Since 9 September 2023, Mr. Poon Chiu Kwok has resigned as independent non-executive director of Yuanda China Holdings Limited (a company listed on the Stock Exchange (stock code: 02789.HK)).

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 2022 by the Company.

SHARE OPTION SCHEMES

The Company has adopted three share option schemes (collectively, the “Share Option Schemes”) as follows:

(i) The Company adopted a Pre-IPO share option scheme (the “Pre-IPO Share Option Scheme”) on 9 September 2010 and had granted in aggregate 51,080,000 share options to the Directors and employees under the Pre-IPO Share Option Scheme before the completion of the global offering of the Company, representing approximately 1.67% of the total issued shares of the Company immediately following the completion of the capitalization issue and the global offering. No share option could be offered or granted under the Pre-IPO Share Option Scheme upon the completion of the global offering of the Company. As at 30 June 2023, no share option remained outstanding and exercisable under the Pre-IPO Share Option Scheme;

(ii) The Company adopted a Post-IPO share option scheme (the “2011 Share Option Scheme”) on 29 April 2011 and proposed certain amendments to the 2011 Share Option Scheme, which were approved and adopted on 17 March 2014. The 2011 Share Option Scheme had a term of six years from its adoption date, i.e. 29 April 2011 and expired on 28 April 2017. The Company had granted in aggregate 99,900,000 share options to the Directors and employees during the period, representing approximately 3.33% of the total issued shares as at the adoption date of the 2011 Share Option Scheme. As at 30 June 2023, no share option remained outstanding and exercisable under the 2011 Share Option Scheme; and

(iii) The Company adopted a new share option scheme (the “2014 Share Option Scheme”) on 19 May 2014, which had a term of five years from its adoption date, i.e. 19 May 2014 and expired on 18 May 2019. The Company had granted in aggregate 166,374,246 share options to the Directors and employees, representing approximately 5% of the total issued shares as at the adoption date of the 2014 Share Option Scheme. As at 30 June 2023, no share options remained outstanding and exercisable under the 2014 Share Option Scheme.

SHARE AWARD SCHEME

In order to encourage the employees of the Group to continuously make greater contributions for the Group’s long-term growth in the future, the Board resolved to adopt a share award scheme (the “Share Award Scheme”) on 8 May 2018 (the “Adoption Date”).

Unless early terminated by the Board, the Share Award Scheme shall be effective for ten years from the Adoption Date. Pursuant to the Share Award Scheme, the Company will entrust the trustee of the Share Award Scheme to purchase existing ordinary shares of the Company (“Shares”, each a “Share”) in the open market based on the Company’s 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. The aggregated maximum number of Shares that the trustee may purchase must not exceed 5% of the total number of issued Shares on the Adoption Date (being 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 of the Company at the total consideration of approximately HK$2.57 billion pursuant to the terms of the trust deed and the rules of the Share Award Scheme. For the six months ended 30 June 2023, the trustee of the Share Award Scheme did not purchase any Shares.

From the Adoption Date to 30 June 2023, there have been 57,505,000 share awards granted to selected employees (not yet excluding share awards granted but lapsed due to the resignation of selected employees) under the Share Award Scheme on a cumulative basis, and there was no granted share award in the first half of 2023 (no share award granted in the first half of 2022). 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 2023 were 164,795,460 and 165,013,460, respectively, representing approximately 3.02% and 3.03% respectively of the Shares in issue as at the date of this report.

Details of the awards granted or to be granted under the Share Award Scheme for the six months ended 30 June 2023 were as follows:

Name of grantees	Number of awards granted on 1 April 2019	Number of awards granted on 1 April 2020	Number of awards granted on 1 April 2021	Total number of awards granted[1]	Number of awards unvested as at 1 January 2023	Number of awards granted during the six month-period ended 30 June 2023	Number of awards vested during the six month-period ended 30 June 2023	Number of awards cancelled during the six month-period ended 30 June 2023	Number of awards lapsed during the six month-period ended 30 June 2023	Number of awards unvested as at 30 June 2023
Directors										
Mr. Sun Hongbin	–	–	–	–	**–**	**–**	**–**	**–**	**–**	**–**
Mr. Wang Mengde	1,000,000	800,000	900,000	2,700,000	**1,860,000**	**–**	**–**	**–**	**–**	**1,860,000**
Mr. Jing Hong	1,000,000	800,000	650,000	2,450,000	**1,610,000**	**–**	**–**	**–**	**–**	**1,610,000**
Mr. Tian Qiang	900,000	800,000	650,000	2,350,000	**1,570,000**	**–**	**–**	**–**	**–**	**1,570,000**
Mr. Huang Shuping	500,000	500,000	400,000	1,400,000	**950,000**	**–**	**–**	**–**	**–**	**950,000**
Mr. Sun Kevin Zheyi	300,000	270,000	300,000	870,000	**609,000**	**–**	**–**	**–**	**–**	**609,000**
Five Highest Paid Individuals (in total)[2]	2,340,000	2,070,000	1,430,000	5,840,000	**3,815,000**	**–**	**–**	**–**	**–**	**3,815,000**
Other senior management and employees[3]	15,000,000	14,535,000	12,360,000	41,895,000	**26,576,000**	**–**	**–**	**–**	**218,000**	**26,358,000**
Employees of the Group	21,040,000	19,775,000	16,690,000	57,505,000	**36,990,000**	**–**	**–**	**–**	**218,000**	**36,772,000**

Notes:

1. All granted share awards 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 share awards respectively. For 37,033,000 share awards unvested ("Unvested Award Shares") and to be vested on or after 30 March 2022 (as at 30 June 2023, 36,772,000 share awards unvested), the Board resolved to extend the vesting of Unvested Award Shares in March 2022. In the future, the Board will make discretional decision on the conditions of revesting according to the Group's operation results and/or market condition.

2. The five highest paid individuals for the six-month period ended 30 June 2023 all were senior management.

3. The senior management and employees of the Group other than the Directors and the five highest paid individuals.

Pursuant to the terms of the Company's Share Award Scheme, the Company will not issue new Shares in connection with the awards granted under the Share Award Scheme. Accordingly, the number of new Shares that can be issued under the awards granted under all share award schemes of the Company during the six-month period ended 30 June 2023 divided by the weighted average number of Shares issued during the period was not applicable.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2023, 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 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 of the Company	Approximate percentage of interest in the Company[2]
Mr. Sun Hongbin	Interest in controlled corporations[1]	2,091,329,884	38.38%
	Beneficial owner	19,930,000	0.37%
Mr. Wang Mengde	Beneficial owner	17,177,000	0.32%
Mr. Jing Hong	Beneficial owner	11,546,000	0.21%
	Interest of spouse	609,000	0.01%
Mr. Tian Qiang	Beneficial owner	6,982,000	0.13%
Mr. Huang Shuping	Beneficial owner	5,400,000	0.10%
Mr. Sun Kevin Zheyi	Beneficial owner	261,000	0.005%

Notes:

1. These 2,091,329,884 Shares were held as to 2,042,623,884 Shares by Sunac International Investment Holdings Ltd ("Sunac International") and the remaining 48,706,000 Shares by 天津標的企業管理有限公司 (for identification only, Tianjin Biaodi Enterprise Management Limited) ("Tianjin Biaodi"). The entire issued share capital of Sunac International was held by Sun family trusts, 70% of which was held by the new family trust ("New Family Trust") and the remaining 30% was held by two original family trusts. The New Family Trust was established by Mr. Sun Hongbin in December 2018, with South Dakota Trust Company LLC as the trustee and Mr. Sun Hongbin and some of his family members as the beneficiaries. The two original family trusts were established in May and June 2018, respectively, the beneficiaries of which were family members of Mr. Sun Hongbin. All the shares of Tianjin Biaodi were held by Mr. Sun Hongbin. In accordance with the SFO, Mr. Sun Hongbin was deemed to be interested in the aforesaid Shares.

2. Calculated on the basis of 5,448,883,911 Shares in issue as at 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Name of Director	Number of unvested Shares awarded under the Share Award Scheme	Approximate percentage of interest in the Company[1]
Mr. Wang Mengde	1,860,000	0.03%
Mr. Jing Hong	1,610,000	0.03%
Mr. Tian Qiang	1,570,000	0.03%
Mr. Huang Shuping	950,000	0.02%
Mr. Sun Kevin Zheyi	609,000	0.01%

Note 1: Calculated on the basis of 5,448,883,911 Shares in issue as at 30 June 2023.

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]	2,035,847,856	–	2,035,847,856	66.60%
	Beneficial owner	1,191,472	275,000	1,466,472	0.05%
Mr. Wang Mengde	Beneficial owner	1,932,734	225,000	2,157,734	0.07%
Mr. Jing Hong	Beneficial owner	736,051	137,500	873,551	0.03%
	Interest of spouse	1,019,594	–	1,019,594	0.03%
Mr. Tian Qiang	Beneficial owner	1,750,321	100,000	1,850,321	0.06%
Mr. Huang Shuping	Beneficial owner	1,764,092	100,000	1,864,092	0.06%
Mr. Sun Kevin Zheyi	Beneficial owner	77,895	25,000	102,895	0.003%

Notes:

1. These 2,035,847,856 shares of Sunac Services were held as to:

   (i) 1,540,000,000 shares of Sunac Services by Sunac Services Investment Limited (融創服務投資有限公司) (“Sunac Services Investment”);

   (ii) 428,559,250 shares of Sunac Services by Sunac Shine (PTC) Limited (“Sunac Shine”);

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

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

Sunac Services Investment is wholly owned by Sunac China. Sunac Shine, wholly owned by Sunac China, has adopted a share award scheme in respect of shares of Sunac Services and acts as a trustee of the scheme on 11 June 2021. By virtue of the SFO, Sunac China is deemed to be interested in the shares of Sunac Services held by Sunac Services Investment and Sunac Shine, and Mr. Sun Hongbin is deemed to be interested in these shares of Sunac Services through Sunac China, Sunac International and Tianjin Biaodi.

2. Calculated on the basis of 3,056,844,000 shares in issue of Sunac Services as at 30 June 2023.

Save as disclosed herein, as at 30 June 2023, 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 recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

INTEREST OF SUBSTANTIAL SHAREHOLDERS

So far as is known to the Company, as at 30 June 2023, 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 required to be 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]	2,042,623,884	37.49%
	Holder of equity derivative[2]	2,179,000	0.04%
South Dakota Trust Company LLC	Trustee[1]	2,042,623,884	37.49%
	Holder of equity derivative[2]	2,179,000	0.04%

Notes:

1. These 2,042,623,884 Shares were held by Sunac International. 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 New Family Trust. South Dakota Trust Company LLC was the trustee of the New Family Trust. The New Family Trust was established by Mr. Sun Hongbin and Mr. Sun Hongbin and some of his family members are the beneficiaries. Mr. Sun Hongbin was deemed to be interested in all those 2,042,623,884 Shares by virtue of the SFO.

2. The Company signed a total return swap agreement with a financial institution in December 2020. As at 30 June 2023, the financial institution has purchased a total of 2,179,000 Shares. According to the total return swap agreement, the financial institution may sell the Shares to the trustee of the Share Award Scheme, but will not make physical delivery of the Shares to the Company. Each of Sunac International and South Dakota Trust Company LLC, as the trustee of the New Family Trust, is deemed to have interests in the relevant Shares in the swap transaction through the Company.

3. Calculated on the basis of 5,448,883,911 Shares in issue as at 30 June 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed herein, as at 30 June 2023, 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 that were recorded in the register required to be kept under section 336 of the SFO.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The below sets out significant collaborations of subsidiaries, joint ventures and associates undertaken by the Group during the six months ended 30 June 2023:

RESTRUCTURING ARRANGEMENT OF 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.

Save as disclosed above, the Group had not undertaken any other significant investments, material acquisitions or disposals of subsidiaries, joint ventures and associates during the six months ended 30 June 2023.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

As at 30 June 2023, the Group had no definite plan authorised by the Board for material investments or purchase of capital assets.

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.

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

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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

2019 FACILITY AGREEMENT

As stated in the announcement of the Company dated 20 August 2019, on 20 August 2019, the Company as the borrower entered into a facility agreement (the "2019 Facility Agreement") with The Hongkong and Shanghai Banking Corporation Limited, China CITIC Bank International Limited, Credit Suisse AG, Singapore Branch, Industrial Bank Co., Ltd., Hong Kong Branch, Hang Seng Bank Limited, Deutsche Bank AG, Singapore Branch, Morgan Stanley Senior Funding, Inc. and EnTie Commercial Bank as the lenders (the "2019 Lenders"), and China Construction Bank (Asia) Corporation Limited as the facility agent (the "2019 Facility Agent"), in relation to a term loan facility (the "2019 Facility") up to US$400 million (or its equivalents). The term of the 2019 Facility is 36 months from the date of the 2019 Facility Agreement. Pursuant to the 2019 Facility Agreement, among other things, if (i) Mr. Sun Hongbin, his family members and family trusts, together, cease to hold, whether directly or indirectly through any person, beneficially (a) 30% or more of the issued share capital of the Company, or (b) issued share capital having the right to cast at least 30% of the votes capable of being cast in general meetings of the Company; (ii) Mr. Sun Hongbin, his family members and family trusts, together, cease to control the Company; or (iii) Mr. Sun Hongbin ceases to be the chairman of the Board, following the instructions given by the majority of the 2019 Lenders, the 2019 Facility Agent may cancel the 2019 Facility and declare all outstanding loans together with accrued interest and other payables immediately due and payable by giving prior notice to the Company.

2021 FACILITY AGREEMENT

As stated in the announcement of the Company dated 28 June 2021, on 25 June 2021, the Company as the borrower and certain subsidiaries of the Company as subsidiary guarantors entered into a facility agreement (the "2021 Facility Agreement") with The Hongkong and Shanghai Banking Corporation Limited, Hang Seng Bank Limited, Morgan Stanley Senior Funding, Inc., Chong Hing Bank Limited, and China CITIC Bank International Limited as the lenders (the "2021 Lenders"), and The Hongkong and Shanghai Banking Corporation Limited as the facility agent (the "2021 Facility Agent"), in relation to certain facilities (the "2021 Facility") up to US$350 million (or its equivalent). The term of the 2021 Facility is 36 months from the date of the 2021 Facility Agreement. The proceeds from the 2021 Facility will be used to refinance the existing debt of the Group. Pursuant to the 2021 Facility Agreement, among other things, if (i) Mr. Sun Hongbin, his family members and family trust and their respective affiliates (collectively, the "Permitted Holders"), together, cease to hold, whether directly or indirectly through any person, beneficially (a) 30% or more of the issued share capital of the Company, or (b) the issued share capital of the Company having the right to cast at least 30% of the votes capable of being cast in general meetings of the Company; (ii) the Permitted Holders, together, cease to control the Company; or (iii) Mr. Sun Hongbin ceases to be the chairman of the Board, following the instruction given by the majority of the 2021 Lenders, the 2021 Facility Agent will cancel the facilities under the 2021 Facility Agreement and declare all outstanding loans together with accrued interest and other payables immediately due and payable by giving prior notice to the Company.

Save as disclosed above, as at 30 June 2023, there was no other matter which was discloseable pursuant to any requirements under Rule 13.21 of the Listing Rules.

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 43,124 employees in the Mainland China and Hong Kong. For the six months ended 30 June 2023, the staff cost of the Group was approximately RMB3.47 billion (for the six months ended 30 June 2022: RMB5.37 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 Mainland China 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 in accordance with local regulations overseas.

In order to attract and retain excellent talents, the Company adopted the Pre-IPO Share Option on 9 September 2010, the 2011 Share Option Scheme on 29 April 2011 and the 2014 Share Option Scheme on 19 May 2014 for granting share options to eligible persons (including employees of the Group) entitling them the right to subscribe for shares of the Company, details of which are set out on page 17 of this report. Furthermore, 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 set out on pages 17 to 18 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 2023.

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 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.

The unaudited interim financial information for the six months ended 30 June 2023 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, 30 August 2023

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 75, 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 2023 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 a summary of significant accounting policies and other explanatory notes (the "interim 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 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. The directors of the Company are responsible for the preparation and presentation of the interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim 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.

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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 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 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.

BDO Limited
Certified Public Accountants

Amy Yau Shuk Yuen
Practising Certificate Number: P06095

Hong Kong, 30 August 2023

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	7	**78,490,463**	80,423,788
Investment properties	8	**25,761,958**	27,048,652
Right-of-use assets	9	**13,991,758**	14,935,066
Intangible assets	10	**3,868,341**	4,095,373
Deferred tax assets		**31,433,633**	33,401,631
Investments accounted for using the equity method	11	**74,442,358**	75,702,996
Financial assets at fair value through profit or loss	12	**12,093,479**	13,006,130
Other receivables	15	**68,934**	61,171
Prepayments	16	**546,327**	2,283,415
Other non-current assets		**50,000**	—
		240,747,251	250,958,222
Current assets			
Properties under development	13	**574,105,980**	587,120,002
Completed properties held for sale	14	**59,230,447**	53,915,786
Inventories		**986,943**	990,898
Trade and other receivables	15	**57,752,254**	59,441,113
Contract costs	6	**6,121,536**	6,298,764
Amounts due from related companies	31(C)	**62,224,471**	63,422,584
Prepayments	16	**18,822,744**	15,877,428
Prepaid income tax		**13,910,051**	13,491,155
Financial assets at fair value through profit or loss	12	**1,253,623**	1,109,845
Restricted cash	17	**27,524,214**	25,940,546
Cash and cash equivalents	17	**7,291,537**	11,601,128
		829,223,800	839,209,249
Total assets		**1,069,971,051**	1,090,167,471
EQUITY			
Equity attributable to owners of the Company			
Share capital	18	**466,030**	466,030
Other reserves	19	**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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	**72,144,243**	44,943,017
Lease liabilities	9	**476,635**	516,050
Deferred tax liabilities		**19,229,248**	22,959,345
Other payables	20	**65,270**	67,950
		91,915,396	68,486,362
Current liabilities			
Trade and other payables	20	**274,116,028**	256,967,051
Contract liabilities	6	**292,625,391**	318,845,924
Amounts due to related companies	31(C)	**37,736,378**	42,876,511
Current income tax liabilities		**63,716,537**	61,789,903
Borrowings	21	**240,424,616**	253,476,200
Lease liabilities	9	**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

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

The condensed consolidated interim financial information on pages 29 to 75 was approved by the Board of Directors on 30 August 2023 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 2023

	Note	Unaudited Six months ended 30 June **2023** **RMB'000**	 2022 RMB'000
Revenue	6	**58,472,750**	48,544,008
Cost of sales	22	**(61,551,516)**	(54,605,939)
Gross loss		**(3,078,766)**	(6,061,931)
Other income and gains	23	**1,885,839**	3,111,624
Selling and marketing costs	22	**(2,290,757)**	(2,626,234)
Administrative expenses	22	**(2,550,632)**	(3,809,778)
Other expenses and losses	24	**(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	25	**127,565**	666,279
Finance expenses	25	**(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		**2,653,473**	816,932
Loss before income tax		**(15,675,116)**	(21,794,116)
Income tax (expenses)/credits	26	**(1,391,036)**	1,443,057
Loss and total comprehensive loss for the period		**(17,066,152)**	(20,351,059)
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):	27		
– Basic		**(2.86)**	(3.51)
– Diluted		**(2.86)**	(3.51)

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 2023

		Unaudited					
		Attributable to owners of the Company					
	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		466,030	30,354,373	27,648,059	58,468,462	27,934,375	86,402,837
Total comprehensive loss for the six months ended 30 June 2023		—	—	(15,366,849)	(15,366,849)	(1,699,303)	(17,066,152)
Transactions with owners, recognised directly in equity							
Capital contributions from non-controlling interests		—	—	—	—	120	120
Acquisition of assets and liabilities through acquisition of subsidiaries		—	—	—	—	108,048	108,048
Disposal of subsidiaries	30(B)	—	—	—	—	(470,587)	(470,587)
Transactions with non-controlling interests		—	(267,430)	—	(267,430)	(1,107,549)	(1,374,979)
Dividends to non-controlling interests		—	—	—	—	(462,084)	(462,084)
Capital contributions from controlling shareholder		—	64,241	—	64,241	—	64,241
Share award scheme:							
– Value of employee services	19	—	30,210	—	30,210	—	30,210
		—	(172,979)	—	(172,979)	(1,932,052)	(2,105,031)
Balance at 30 June 2023		466,030	30,181,394	12,281,210	42,928,634	24,303,020	67,231,654

	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Other non-controlling interests RMB'000	Total equity RMB'000
		Unaudited					
		Attributable to owners of the Company					
Balance at 1 January 2022		429,113	25,977,044	56,063,172	82,469,329	42,204,917	124,674,246
Total comprehensive loss for the six months ended 30 June 2022		—	—	(18,760,457)	(18,760,457)	(1,590,602)	(20,351,059)
Transactions with owners, recognised directly in equity							
Capital contributions from non-controlling interests		—	—	—	—	4,290	4,290
Disposal of subsidiaries		—	—	—	—	(279,794)	(279,794)
Transactions with non-controlling interests		—	(236,926)	—	(236,926)	(132,257)	(369,183)
Dividends to non-controlling interests		—	—	—	—	(1,487,391)	(1,487,391)
Capital contributions from controlling shareholder		—	58,494	—	58,494	—	58,494
Share award scheme:							
– Value of employee services	19	—	120,088	—	120,088	—	120,088
Proceeds from placing of new shares		36,917	3,625,259	—	3,662,176	—	3,662,176
		36,917	3,566,915	—	3,603,832	(1,895,152)	1,708,680
Balance at 30 June 2022		466,030	29,543,959	37,302,715	67,312,704	38,719,163	106,031,867

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 2023

	Note	Unaudited Six months ended 30 June 2023 RMB'000	 2022 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations		**(7,825,183)**	21,101,510
Income tax paid		**(910,482)**	(832,121)
Net cash (used in)/generated from operating activities		**(8,735,665)**	20,269,389
Cash flows from investing activities			
Net cash inflow on disposal of subsidiaries		**192,826**	724,780
Proceeds from disposal and capital decreasing of joint ventures and associates		**203,280**	393,029
Proceeds received from/(payments for) the considerations of equity transactions		**118,578**	(289,394)
Cash advances received for potential equity transactions		**—**	319,056
Investments in joint ventures and associates		**(32,500)**	(632,876)
Dividend received from joint ventures and associates		**20,989**	—
Loans granted to joint ventures and associates		**(116,729)**	(2,295,089)
Repayments of loans received from joint ventures and associates		**597,141**	7,292,398
Payments for purchases of financial assets at fair value through profit or loss		**(1,087,482)**	(911,112)
Purchases of property, plant and equipment, land use rights, intangible assets and investment properties		**(686,196)**	(1,959,854)
Proceed from redemption of financial assets at fair value through profit or loss		**1,116,019**	1,660,054
Proceeds from disposal of property, plant and equipment, land use rights, intangible assets and investment properties		**100,294**	165,998
Interest received		**183,703**	433,278
Others		**—**	5,832
Net cash generated from investing activities		**609,923**	4,906,100

	Note	Unaudited Six months ended 30 June **2023** **RMB'000**	 2022 RMB'000
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**—**	3,662,176
Proceeds from borrowings		**15,331,680**	11,605,937
Repayments of borrowings		**(5,497,949)**	(38,918,353)
Proceeds paid for derivative financial instruments		**—**	(23,519)
Dividends or deem distribution paid to non-controlling interests		**(584,245)**	(473,829)
Loans from non-controlling interests and equity investment partners		**351,065**	1,529,597
Repayments of loans to non-controlling interests and equity investment partners		**(907,446)**	(3,135,923)
(Payments for)/proceeds received from transaction with non-controlling interests		**(1,284)**	45,345
Interest paid		**(3,207,008)**	(9,357,698)
Deposit (paid)/received for borrowings		**(1,575,931)**	8,819,956
Contribution from non-controlling interests		**120**	4,290
Principal elements of lease payments		**(83,512)**	(51,036)
Net cash generated from/(used in) financing activities		**3,825,490**	(26,293,057)
Net decrease in cash and cash equivalents		**(4,300,252)**	(1,117,568)
Cash and cash equivalents at beginning of period		**11,601,128**	14,344,001
Effect of exchange difference		**(9,339)**	97,228
Cash and cash equivalents at end of period		**7,291,537**	13,323,661

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2023

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 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2023 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 2022 and any public announcement made by the Company during the interim reporting period.

(I) 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.

2 Basis of preparation *(Continued)*

(I) GOING CONCERN BASIS *(Continued)*

In light of the above, the directors of the Company (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 this report, 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 principal 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 principal 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;

2 Basis of preparation *(Continued)*

(I) GOING CONCERN BASIS *(Continued)*

- 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.

2 Basis of preparation *(Continued)*

(I) GOING CONCERN BASIS *(Continued)*

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 Accounting policies

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

(I) NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

Below new and amended standards 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.

3 Accounting policies *(Continued)*

(II) IMPACT OF STANDARDS ISSUED BUT NOT YET APPLIED BY THE GROUP

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

4 Estimates

The preparation of the interim financial information requires 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 condensed consolidated interim financial information, the significant judgements and estimations made by management were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

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 currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information do 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 2022.

There have been no significant changes in the risk or in any risk management policies since 31 December 2022.

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 2023 and 31 December 2022 on a recurring basis:

At 30 June 2023	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	**14,567**	**2,772**	**13,329,763**	**13,347,102**

At 31 December 2022	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets at FVPL	12	20,023	8,908	14,087,044	14,115,975

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 2023, 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 equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked 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.

(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 model 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 for lack of marketability, discount rate, market multiples rate, etc; and
- for total return swap contracts – option pricing model and the present value of the estimated future premium payments set out in these contracts.

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

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

(ii) Valuation techniques used to determine fair values *(Continued)*

The financial instruments classified as level 2 mainly includes total return swap contracts entered into with a commercial bank.

As at 30 June 2023 and 31 December 2022, the Group's level 3 instruments included equity investments measured at fair value through profit or loss and debt instruments. For the investment in unlisted equity securities and debt instruments, as these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including market approach etc.

(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 2023:

	Financial assets at FVPL		
	Equity investment	Debt instruments	Total
	RMB'000	RMB'000	RMB'000
Opening balance at 1 January 2023	12,179,299	1,907,745	14,087,044
Acquisitions	—	1,085,001	1,085,001
Disposals	(196,493)	(919,526)	(1,116,019)
(Losses)/gains recognised in other expenses and losses*	(740,004)	13,741	(726,263)
Closing balance at 30 June 2023	11,242,802	2,086,961	13,329,763
* includes unrealised (losses)/gains recognised in profit or loss attributable to balances held at the end of the reporting period	(751,990)	5,993	(745,997)

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)*

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.

	Fair value at				Range of significant unobservable inputs	
Description	30 June 2023 RMB'000	31 December 2022 RMB'000	Valuation method	Significant unobservable inputs	30 June 2023	31 December 2022
Equity investments	**11,242,802**	12,179,299	Market approach, equity allocation model, option pricing method and discounted cash flow model	Discount for lack of marketability	**14%-30%**	10%-30%
				Expected volatility rate	**43.68%-75.50%**	49.13%-85.80%
				Discount rate	**13%**	13%
Debt instruments	**2,086,961**	1,907,745	Discounted cash flow model	Discount rate	**3.55%-4.20%**	3.65%-4.30%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher rate of discount for lack of marketability, 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 discount for lack of marketability, 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.

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

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

(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. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since either the interest receivable/payable is close to current market rates or the instruments are short-term in nature. Significant differences were identified for the following instruments at 30 June 2023:

	Carrying amount RMB'000	Fair value RMB'000
Non-current borrowings:		
– Senior Notes (note 21)	**55,469,224**	**9,600,082**
– Corporate bonds (note 21)	**10,794,891**	**3,079,257**
– Private domestic corporate bonds (note 21)	**4,146,622**	**1,182,830**

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.

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, defined as segment results. The segment results exclude the fair value and disposal gains or losses on financial assets at FVPL, which are managed on a central basis.

6 Segment information *(Continued)*

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

6 Segment information *(Continued)*

	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

6 Segment information *(Continued)*

	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 RMB'000	2022 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)

6 Segment information *(Continued)*

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

	30 June 2023 RMB'000	31 December 2022 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

ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	30 June 2023 RMB'000	31 December 2022 RMB'000
Related to development and sales of properties contracts:		
Contract liabilities	**292,625,391**	318,845,924

The Group had no material contract assets as at 30 June 2023 and 31 December 2022.

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 2023 RMB'000	31 December 2022 RMB'000
Cost to obtain the contract	**6,121,536**	6,298,764

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 2022						
Cost	81,731,949	246,349	848,457	822,199	12,491,405	96,140,359
Accumulated depreciation and impairment	(14,701,811)	(91,824)	(484,800)	(438,136)	—	(15,716,571)
Net book amount	67,030,138	154,525	363,657	384,063	12,491,405	80,423,788
Six months ended 30 June 2023						
Opening net book amount	67,030,138	154,525	363,657	384,063	12,491,405	80,423,788
Additions	7,238	12,235	26,374	13,449	1,551,513	1,610,809
Transfers	883,596	—	—	—	(883,596)	—
Disposal of subsidiaries (note 30(B))	(7)	(126)	(1,494)	—	(333,775)	(335,402)
Disposals	(459,113)	(272)	(5,435)	(6,210)	(190,223)	(661,253)
Depreciation charges	(1,221,954)	(23,671)	(39,374)	(42,066)	—	(1,327,065)
Impairment charges	—	—	—	—	(1,220,414)	(1,220,414)
Closing net book amount	66,239,898	142,691	343,728	349,236	11,414,910	78,490,463
At 30 June 2023						
Cost	80,711,230	255,867	857,692	827,907	12,635,324	95,288,020
Accumulated depreciation and impairment	(14,471,332)	(113,176)	(513,964)	(478,671)	(1,220,414)	(16,797,557)
Net book amount	66,239,898	142,691	343,728	349,236	11,414,910	78,490,463

For the six months ended 30 June 2023, depreciation expense of RMB1,086 million, RMB22 million and RMB219 million has been charged to "cost of sales", "selling and marketing costs" and "administrative expenses" respectively.

7 Property, plant and equipment *(Continued)*

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

As at 30 June 2023, management of the Group identified impairment indicators of certain assets, which were classified as construction-in-progress, as a result of the changes in the Group's plan to recover the carrying amounts of these assets through sales. The recoverable amounts of the assets were determined at the higher of fair value less cost to sell and its value-in-use. As a result, an impairment loss of RMB1.22 billion was recognised in the interim financial information for the six months ended 30 June 2023.

In addition to the aforementioned assets, the management of the Group identified impairment indicators of certain cash generating unites ("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) as at 30 June 2023. The recoverable amounts of those CGUs, to which these assets were belonged, were determined at the higher of fair value less cost to sell 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. For individual CGUs with impairment indicators, the value-in-use calculation used cash flow projections based on financial forecasts approved by management covering ten years. There were no significant changes to the valuation techniques and key assumptions for the six months ended 30 June 2023 as comparing with 31 December 2022. Except the above, no further impairment losses were recognised in "Other expenses and losses" for the six months ended 30 June 2023.

8 Investment properties

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

	Total RMB'000
At 31 December 2022	27,048,652
Disposals	(1,003,000)
Fair value changes	(283,694)
At 30 June 2023	25,761,958

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

As at 30 June 2023, all the investment properties are within level 3 of the fair value hierarchy. Management obtains independent valuations for its investment properties including office buildings, shopping malls and commercial 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 2023.

9 Leases

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Total RMB'000
Right-of-use assets				
31 December 2022	14,474,030	443,109	17,927	14,935,066
Additions	30,588	68,158	3,240	101,986
Disposal of subsidiaries (note 30(B))	(407,209)	—	—	(407,209)
Disposals	(324,308)	(41,576)	(1,995)	(367,879)
Depreciation charges	(188,680)	(76,639)	(4,887)	(270,206)
30 June 2023	13,584,421	393,052	14,285	13,991,758

	30 June 2023 RMB'000	31 December 2022 RMB'000
Lease liabilities		
Current	**141,256**	130,608
Non-current	**476,635**	516,050
Total lease liabilities	**617,891**	646,658

For the six months ended 30 June 2023, depreciation expense of RMB191 million and RMB79 million has been charged to "cost of sales" and "administrative expenses" respectively.

10 Intangible assets

	Goodwill (A) RMB'000	Customer relationships and others RMB'000	Total RMB'000
At 31 December 2022			
Cost	8,639,689	2,876,607	11,516,296
Accumulated amortisation and impairment	(5,715,240)	(1,705,683)	(7,420,923)
Net book amount	2,924,449	1,170,924	4,095,373
Six months ended 30 June 2023			
Opening net book amount	2,924,449	1,170,924	4,095,373
Additions	—	101,245	101,245
Disposal of subsidiaries (note 30(B))	—	(226,038)	(226,038)
Amortisation charges	—	(102,239)	(102,239)
Closing net book amount	2,924,449	943,892	3,868,341
At 30 June 2023			
Cost	8,639,689	2,747,852	11,387,541
Accumulated amortisation and impairment	(5,715,240)	(1,803,960)	(7,519,200)
Net book amount	2,924,449	943,892	3,868,341

10 Intangible assets *(Continued)*

(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 method.

A segment-level summary of the goodwill allocation is presented below.

	30 June 2023 RMB'000	31 December 2022 RMB'000
Property management	**1,721,146**	1,721,146
Property development	**396,857**	396,857
All other segments	**806,446**	806,446
	2,924,449	2,924,449

There have been no significant changes in goodwill allocation for the six months ended 30 June 2023. Management reviews the business performance and monitors the goodwill on individual CGU or group of CGUs basis as at 30 June 2023.

The following table sets out the key assumptions for those CGUs that have significant goodwill allocated to them:

Assumption	**30 June 2023**
Revenue growth rate	3.7%-193.7%
Profit rate over the stable period	5.2%-31.1%
Terminal growth rate	2.0%
Pre-tax discount rate	16.6%-20.1%

The Directors and management have considered and assessed reasonably possible changes for above key assumptions and have not identified any instances that would have resulted in a significant impairment against the goodwill of the Group.

11 Investments accounted for using the equity method

The investment amounts recognised in the balance sheet were 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

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	
	2023 RMB'000	2022 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

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	
	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

12 Financial assets at fair value through profit or loss

	30 June 2023 RMB'000	31 December 2022 RMB'000
Equity investments	**11,260,141**	12,208,230
Debt investments	**2,086,961**	1,907,745
	13,347,102	14,115,975

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

13 Properties under development

	30 June 2023 RMB'000	31 December 2022 RMB'000
Comprising:		
Land use rights costs	**358,064,745**	370,777,630
Construction costs and capitalised expenditures	**147,161,835**	151,046,618
Capitalised finance costs	**99,952,357**	93,920,188
	605,178,937	615,744,436
Less: provision for loss on realisable value	**(31,072,957)**	(28,624,434)
	574,105,980	587,120,002
Including: To be completed within 12 months	**222,572,850**	202,609,432
To be completed after 12 months	**351,533,130**	384,510,570
	574,105,980	587,120,002

The properties under development ("PUDs") are all located in the PRC.

14 Completed properties held for sale

	30 June 2023 RMB'000	31 December 2022 RMB'000
Completed properties held for sale	**70,235,236**	65,705,202
Less: provision for loss on realisable value	**(11,004,789)**	(11,789,416)
	59,230,447	53,915,786

The completed properties held for sale ("CPHFS") are all located in the PRC.

15 Trade and other receivables

	30 June 2023 RMB'000	31 December 2022 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.

15 Trade and other receivables *(Continued)*

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 RMB'000	31 December 2022 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.

16 Prepayments

	30 June 2023 RMB'000	31 December 2022 RMB'000
Non-current –		
Prepayments for equity transactions	**500,773**	2,227,644
Prepayments for purchases of 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

17 Cash and cash equivalents and restricted cash

	30 June 2023 RMB'000	31 December 2022 RMB'000
Cash at banks and on hand	**34,815,751**	37,541,674
Less: restricted cash (A)	**(27,524,214)**	(25,940,546)
	7,291,537	11,601,128

(A) 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	Share capital Equivalent to RMB'000
Authorised:			
At 1 January 2023 and 30 June 2023, HK$0.1 per share	10,000,000	1,000,000	
Issued and fully paid:			
As at 1 January 2023 and 30 June 2023	5,448,884	544,890	466,030

19 Reserves

	Share premium RMB'000	Share option reserve RMB'000	Other reserves RMB'000	Total RMB'000
Six months ended 30 June 2023				
At 1 January 2023	**7,481,851**	**2,582,367**	**20,290,155**	**30,354,373**
Transactions with non-controlling interests	**—**	**—**	**(267,430)**	**(267,430)**
Capital contributions from controlling shareholder	**—**	**—**	**64,241**	**64,241**
Share award scheme				
– Value of employee services (i)	**—**	**30,210**	**—**	**30,210**
At 30 June 2023	**7,481,851**	**2,612,577**	**20,086,966**	**30,181,394**
Six months ended 30 June 2022				
At 1 January 2022	3,856,592	2,408,781	19,711,671	25,977,044
Transactions with non-controlling interests	—	—	(236,926)	(236,926)
Capital contributions from controlling shareholder	—	—	58,494	58,494
Share award scheme				
– Value of employee services	—	120,088	—	120,088
Proceeds from placing of new shares	3,625,259	—	—	3,625,259
At 30 June 2022	7,481,851	2,528,869	19,533,239	29,543,959

(i) A share award scheme under which shares may be granted to eligible employees for no cash consideration was approved by the board of directors of the Company (the "Board") on 8 May 2018 (the "Share Award Scheme"). Pursuant to the rules relating to the Share Award Scheme, the Company entrusted a trustee to purchase existing ordinary shares in the open market based on this Share Award Scheme. 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 2023, no additional share was purchased from open market pursuant to the Share Award Scheme. For the six months ended 30 June 2023, no additional shares in connection with the Share Award Scheme was granted to the eligible employees. The total expense recognised in the profit or loss for the Share Award Scheme granted to employees for the six months ended 30 June 2023 was RMB18.77 million.

20 Trade and other payables

	30 June 2023 RMB'000	31 December 2022 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 (v)	**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 payable 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) As at 30 June 2023, the ageing analysis of the 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.

(v) As at 30 June 2023, the balance of the overdue notes payables was RMB27.70 billion.

21 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 (A)	**55,469,224**	53,531,981
– Corporate bonds (B)	**10,794,891**	10,896,803
– Private domestic corporate bonds (C)	**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 (C)	**1,000,000**	971,580
	15,970,575	16,967,732
	304,757,500	287,802,218
Less: current portion of non-current borrowings (D)	**(232,613,257)**	(242,859,201)
	72,144,243	44,943,017
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 (D)	**232,613,257**	242,859,201
	240,424,616	253,476,200
Total borrowings	**312,568,859**	298,419,217

21 Borrowings *(Continued)*

(A) SENIOR NOTES

The Company issued senior notes ("Senior Notes") on the Singapore Exchange Securities Trading Limited, payable semi-annually in arrears. As at 30 June 2023, the total principal amount of the outstanding Senior Notes was USD7.70 billion.

For the six months ended 30 June 2023, the Company did not issue any new senior notes.

According to the terms of the Senior Notes, at any time and from time to time on or after the redemption date, which are set in the first to fourth year after the issue dates, the Company may redeem the Senior Notes, in whole or in part, at a redemption price in range of 101%-108.35% of principal amount plus accrued and unpaid interests, if any, to (but not including) the redemption date.

(B) CORPORATE BONDS

Sunac Real Estate issued corporate bonds (the "Corporate Bonds") on the Shanghai Stock Exchange and Shenzhen Stock Exchange, payable annually in arrears. During six months ended 30 June 2023, the Group did not issue any new Corporate Bonds.

(C) PRIVATE DOMESTIC CORPORATE BONDS

Sunac Real Estate issued private domestic corporate bonds (the "Private Bonds") on Shanghai Stock Exchange and Shenzhen Stock Exchange. During six months ended 30 June 2023, the Group did not issue any new Private Bond.

(D) SHORT-TERM BORROWINGS

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, non-current borrowings in principal amount of RMB58.41 billion in aggregate might be demanded for early repayment. These borrowings have been reclassified as current liabilities as at 30 June 2023 accordingly. In addition, current portion of long-term borrowings classified as current borrowings of approximately RMB38.49 billion might be demand for early repayment.

Up to the approval date of the condensed consolidated interim financial information, notwithstanding the Group has successfully renewed certain of the current and non-current borrowings of RMB39.30 billion, the Group had not repaid borrowings in principal amount of RMB129.23 billion in aggregate according to their scheduled repayment dates and as a result, non-current borrowings in principal amount of RMB52.39 billion in aggregate might be demanded for early repayment. In addition, current portion of long-term borrowings classified as current borrowings of approximately RMB33.63 billion might be demand for early repayment.

21 Borrowings *(Continued)*

(E) LONG-TERM BORROWINGS

As at 30 June 2023, RMB294.90 billion (as at 31 December 2022: RMB278.44 billion) of the Group's total borrowings were secured or jointly secured by the Group's certain assets, comprised of restricted cash, PUDs, CPHFS, PP&E, investment properties, land used rights and financial assets at FVPL, which total amount was RMB282.13 billion (as at 31 December 2022: RMB231.85 billion) and equity interests or disposal gains of certain subsidiaries of the Group.

For the six months ended 30 June 2023, extension of certain loans and bonds of the Group was agreed, details of which are set out in note 2(I) to the condensed consolidated interim financial information. The impact of the debt modification was immaterial to the condensed consolidated interim financial information of the Group.

22 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).

23 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

24 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 provision 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
Provision for litigations	**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

25 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)
Finance expenses – net	**5,410,997**	6,030,485

26 Income tax expenses/(credits)

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Corporate income tax ("CIT")		
– 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 ("LAT")	**(636,299)**	1,253,470
	1,391,036	(1,443,057)

(A) CIT

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% and the estimated assessable profits for the six months ended 30 June 2023 based on existing legislations, interpretations and practices.

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries or regions in which the Group operates.

Pursuant to the applicable rules and regulations of Cayman Islands and British Virgin Islands ("BVI"), the Company and the BVI subsidiaries of the Group are not subject to any income tax in those jurisdictions.

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

(B) LAT

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

27 Loss per share

(A) BASIC

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the period, excluding shares purchased for the Share Award Scheme (note 19).

	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 repurchase of shares 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.

28 Commitments

(A) Property development expenditures and capital expenditures at the balance sheet date but not yet incurred is as follows:

	30 June 2023 RMB'000	31 December 2022 RMB'000
Contracted but not provided for		
– PUDs and CPHFS	**169,324,351**	175,969,065
– PP&E	**7,308,126**	8,472,346
– Investment properties	**659,884**	660,288
– Land use rights	**100,133**	268,991
	177,392,494	185,370,690

28 Commitments *(Continued)*

(B) EQUITY INVESTMENTS

	30 June 2023 RMB'000	31 December 2022 RMB'000
– Contracted but not provided for	**679,766**	772,273

29 Contingent liabilities

(A) FINANCIAL GUARANTEES

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

	30 June 2023 RMB'000	31 December 2022 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**100,015,823**	102,094,067

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 purchaser 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.

In addition, the Group had provided guarantees for certain joint ventures and associates for their borrowings amounted to RMB27.05 billion (31 December 2022: RMB31.52 billion) together with the business partners on pro rata basis.

29 Contingent liabilities *(Continued)*

(B) LITIGATION

Up to the date of approval of the condensed consolidated interim financial information, various parties have filed litigation against the Group for the settlement of the 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 condition of the Group at the current stage.

30 Disposal of subsidiaries

(A) The financial impacts arising from the disposals are summarised as follows:

	Total RMB'000
Cash consideration received or receivable	558,000
Fair value of the remaining equity interest held by the Group at disposal	235,436
Less: carrying value of the disposed subsidiaries	(779,158)
Gains from disposal of subsidiaries	303,789
Losses from disposal of subsidiaries	(289,511)

30 Disposal of subsidiaries *(Continued)*

(B) The carrying values of the equity interests owned by the Group as at the disposal dates are summarised as follows:

	Total
	RMB'000
Non-current assets	
PP&E	335,402
Right-of-use assets	407,209
Intangible assets	226,038
Investments accounted for using the equity method	102,840
Deferred tax assets	53,534
Current assets	
PUDs	4,813,741
CPHFS	568,058
Restricted cash	34,005
Cash and cash equivalents	14,529
Other current assets	1,258,663
Non-current liabilities	
Borrowings	(903,380)
Current liabilities	
Borrowings	(69,200)
Other current liabilities	(5,591,694)
Net assets	1,249,745
Less: non-controlling interests	(470,587)
Carrying value of the equity owned by the Group	779,158

(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 2023	207,355
Cash of the subsidiaries disposed	(14,529)
Net cash impact	192,826

31 Related party transactions

(A) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the condensed consolidated interim financial information, the Group had the following significant 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	
	2023	2022
	RMB'000	RMB'000
Cash paid to joint ventures and associates	**(2,459,727)**	(41,051,712)
Cash received from joint ventures and associates	**4,200,855**	45,950,163
	1,741,128	4,898,451

(ii) Rendering of services and interest income

	Six months ended 30 June	
	2023	2022
Nature of transaction	**RMB'000**	RMB'000
Joint ventures:		
– Interest income	**758,362**	1,164,314
– Property management services	**75,909**	348,637
Associates		
– Interest income	**78,469**	183,585
– Property management services	**16,399**	34,783

Property management fee is charged at rates in accordance with respective contracts.

31 Related party transactions *(Continued)*

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Salaries and other short-term benefits	**19,902**	11,698
Share Award Scheme	**12,216**	44,878
	32,118	56,576

(C) RELATED PARTIES BALANCES

	30 June 2023	31 December 2022
	RMB'000	RMB'000
Amounts due from joint ventures		
– Trade receivable	**4,103,878**	4,863,362
– Interest receivable	**3,734,092**	3,714,672
– Other receivables	**54,619,956**	54,946,817
	62,457,926	63,524,851
Less: loss allowance	**(4,266,739)**	(4,505,618)
	58,191,187	59,019,233
Amounts due from associates		
– Trade receivable	**178,974**	174,706
– Interest receivable	**872,693**	815,646
– Other receivables	**3,277,349**	3,749,158
	4,329,016	4,739,510
Less: loss allowance	**(295,732)**	(336,159)
	4,033,284	4,403,351
Amounts due to joint ventures	**29,347,141**	33,217,022
Amounts due to associates	**4,833,583**	6,331,787
Amounts due to immediate controlling shareholder and key management	**3,555,654**	3,327,702
	37,736,378	42,876,511

31 Related party transactions *(Continued)*

(C) RELATED PARTIES BALANCES *(Continued)*

As at 30 June 2023, most of the amounts due from joint ventures and associates had no fixed repayment date and born interest rates from 2% to 14% per annum for the six months ended 30 June 2023.

As at 30 June 2023, the amounts due to joint ventures and associates were unsecured, interest-free and repayable on demand.

As at 30 June 2023, loan from the immediate controlling shareholder amounted to USD450 million (equivalent to approximately RMB3.25 billion) was unsecured and interest-free. Pursuant to the loan agreement, the final repayment date was the date falling sixty months after the utilisation date and the lender may, if it gives the borrower a reasonable prior notice, request the whole or any part of any loan to be prepaid before the final repayment date.

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

32 Dividends

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

33 Events after the balance sheet date

(I) 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.

33 Events after the balance sheet date *(Continued)*

(II) 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.

(III) 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.

(IV) 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.

http://www.sunac.com.cn/