

SUNAC 融創中國

INTERIM  
REPORT

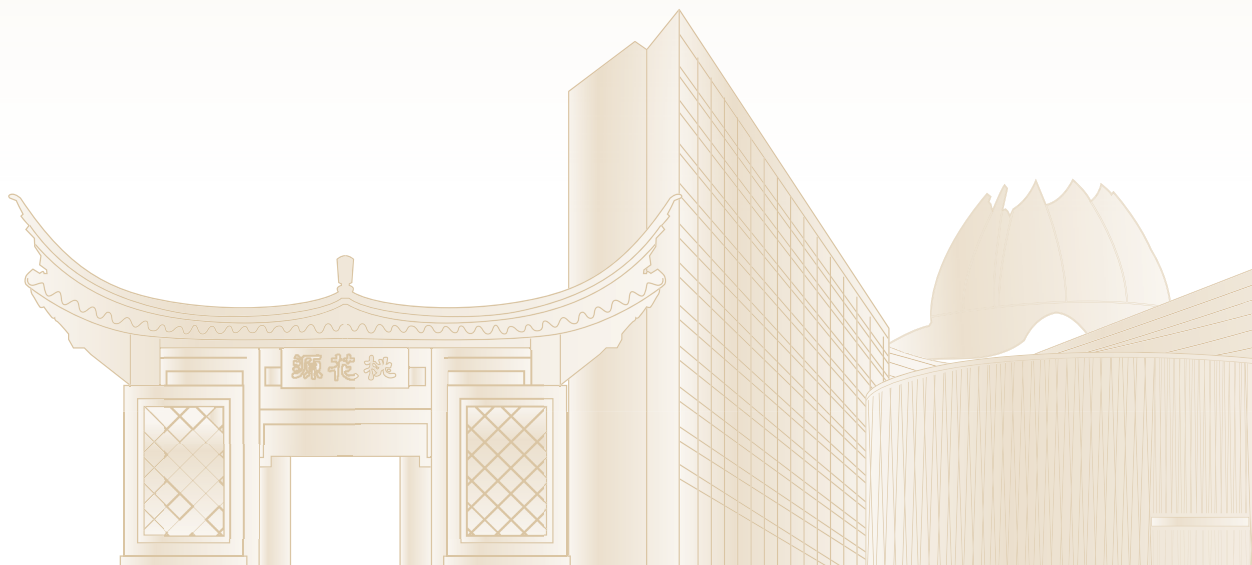
# 2024 中期報告

融創中國控股有限公司

SUNAC CHINA HOLDINGS LIMITED

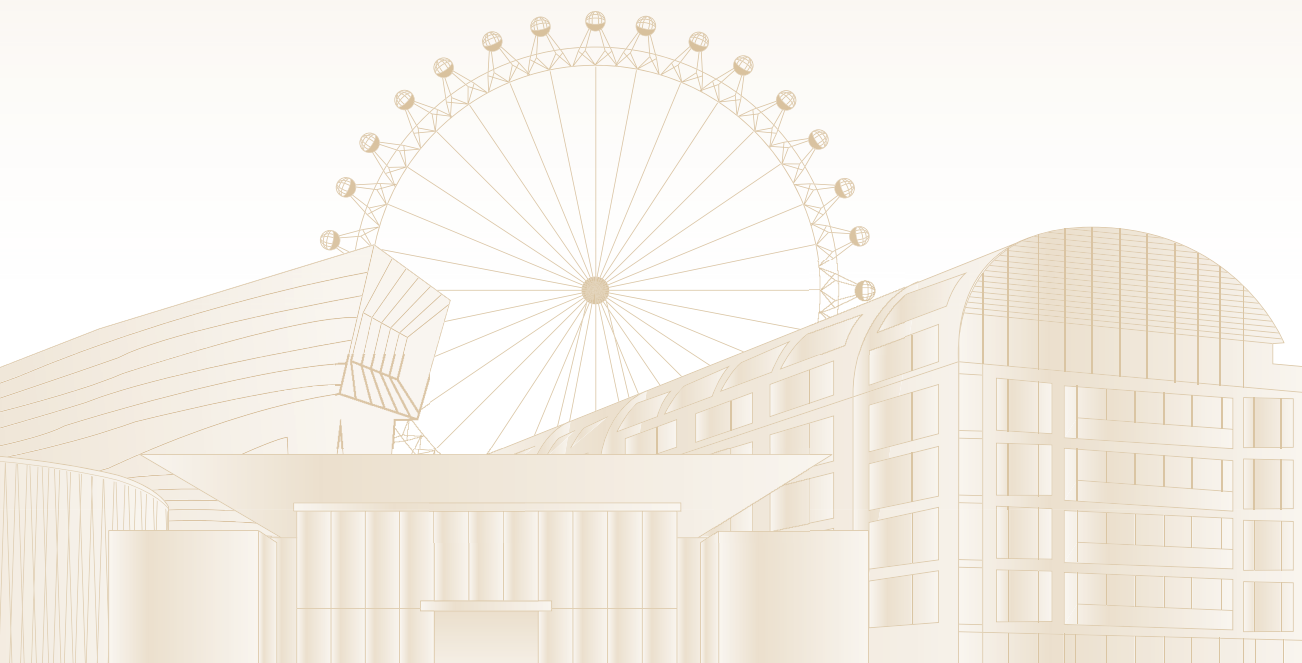
STOCK CODE 股份代號: 01918.HK

SUNAC



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 more than 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多年發展，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所有者，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, Central regions and Western regions, and is divided into 9 major regions for management, namely the Beijing region (including Beijing, Qingdao and Jinan, etc.), North China region (including Tianjin, Harbin and Dalian, 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 Zhengzhou, etc.), South China region (including Guangzhou and Sanya, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Cheng Yu region (including Chongqing and Chengdu, etc.) and Yun Gui region (including Kunming, Guiyang and Xishuangbanna, etc.).

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，並劃分為九大區域進行管理，即北京區域(含北京、青島及濟南等城市)、華北區域(含天津、哈爾濱及大連等城市)、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、長沙及鄭州等城市)、華南區域(含廣州及三亞等城市)、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)及雲貴區域(含昆明、貴陽及西雙版納等城市)。

**SUNAC  
CHINA  
HOLDINGS  
LIMITED**

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Sun Hongbin (*Chairman*)  
Mr. Wang Mengde (*Chief Executive Officer*)  
Ms. Ma Zhixia (*appointed on 20 May 2024*)  
Mr. Jing Hong (*retired on 20 May 2024*)  
Mr. Tian Qiang  
Mr. Huang Shuping  
Mr. Sun Kevin Zheyi

### NON-EXECUTIVE DIRECTOR

Mr. Lam Wai Hon

### 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

*Before 23 September 2024:*

Room 10, Level 43  
AIA Tower  
183 Electric Road  
North Point, Hong Kong

*On and after 23 September 2024:*

31/F, Tower Two  
Times Square, 1 Matheson Street  
Causeway Bay, Hong Kong

## HEADQUARTERS AND PRINCIPAL PLACES OF BUSINESS IN THE PRC

### BEIJING OFFICE

26/F, Block B  
Rongke Wangjing Center, Chaoyang District  
Beijing, PRC

### TIANJIN OFFICE

Building 1, East Side in Sunac Center  
No.278, Hongqi Road, Nankai District  
Tianjin, PRC

## 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 ADVISER

As to Hong Kong law:  
Sidley Austin

## AUDITOR

BDO Limited  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## PRINCIPAL BANKERS

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

## STOCK CODE

HKEx: 01918

## COMPANY'S WEBSITE

[www.sunac.com.cn](http://www.sunac.com.cn)

# CHAIRMAN'S STATEMENT

**Dear Shareholders and Investors,**

In the first half of 2024, the real estate market downturn continued. The government increased its efforts to intensively launch a number of supportive policies to stabilize market expectations, strive to promote the stable and healthy development of the real estate market. With the support of the government policies, the Group continued to make every effort to implement various tasks such as guaranteed home delivery, revitalizing assets and resolving debt risks, and made proactive progress.

The Group has always taken the guaranteed home delivery as its primary operational objective, actively responded to the government's requirements for guaranteed home delivery, actively implemented the primary responsibilities, and actively utilised the financing resources such as special loans for guaranteed home delivery, supporting financing and application for "whitelist" to support the development and construction of property projects and the smooth completion and delivery of property projects. In the first half of 2024, the Group completed the delivery of approximately 58,000 houses in 52 cities by unremitting efforts. In the second half of 2024, the Group will continue to make its best, actively undertake guaranteed home delivery support policies, take multiple measures at the same time, and achieve delivery targets of more than 170,000 houses for the full year.

In the first half of 2024, the Group continued to proactively resolve its debt risks, and its overall debt remained stable. Given that the market recovery continued to fall short of expectations, the Group has rolled over the principal and interest payments on its onshore public debentures, which would have been paid in June and September 2024, to the end of the year, and at the same time promoted comprehensive and long-term solutions; most of the Group's project-level loans maintain a normal status. For some of the financing that needs to be extended due to the market decline, the Group continues to actively communicate with financial institutions to promote solutions. As the real estate market downturn continued and the adjustment depth and time exceeded expectations, in the second half of 2024, the Group will continue to actively communicate with creditors on current debt problems and potential debt pressures, seek extension and overall solutions, and strive to maintain the stability of debt fundamentals. At the same time, we will also continue to focus on reducing the cost of existing financing. In the second half of 2024, the Group will continue to deepen the overall principal-to-principal communication and cooperation with core financial institutions, and seek flexible and diverse solutions to resolve debt risks and revitalize assets. At the same time, we will closely follow the new financing support policies of the industry, and actively promote the adoption of new policies to support debt risk resolution, guaranteed home delivery and asset revitalization.

In the first half of 2024, the Group's revenue was approximately RMB34.28 billion, representing a decrease of approximately 41.4% as compared to the same period last year, and its gross loss was approximately RMB1.81 billion, representing a decrease in loss of approximately 41.2% as compared to the same period last year. The loss attributable to owners of the Company was approximately RMB14.96 billion, representing a decrease in loss of approximately 2.7% as compared to the same period last year. As at the end of June 2024, the net assets attributable to owners of the Company amounted to approximately RMB47.96 billion, indicating that the asset base was stable.



As at the end of June 2024, the Group, together with its joint ventures and associates, had a total land bank of approximately 145 million sq.m. (attributable land bank was approximately 97.38 million sq.m.), of which the unsold land bank was approximately 100 million sq.m. (attributable land bank was approximately 65 million sq.m.). Adequate land bank is a solid foundation to support the Group's gradual resumption of normal operations.

In the first half of 2024, the operating performance of Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK) of the Group's property management sector was improving steadily, achieving a revenue of approximately RMB3.48 billion and gross profit of approximately RMB0.89 billion, both representing a stable year-on-year growth. The management scale of Sunac Services remained stable, with GFA under management of approximately 282 million sq.m., and the number of property owners under management exceeded 1.6 million. Sunac Services has consistently adhered to a market strategy focused on and deep-rooted in core cities, with revenue from basic property management services in 40+ core cities accounting for more than 80% of total revenue.

In the first half of 2024, the Group's cultural tourism sector (theme park, commercial, hotel and ice and snow) achieved a revenue of approximately RMB2.48 billion, performing sound in overall operation and particularly with the revenue of the ice and snow segment amounting to approximately RMB0.42 billion, representing an increase of approximately 13% as compared to the same period last year.

Looking forward, the Group estimates that there is still uncertainty as to when the market will pick up. The Company is still suffering great pressures and challenges from fulfilling its core tasks such as guaranteed home delivery and resolving debt risks in short term. However, with the support of the Central Government's ever-intensifying policies, as the overall economy bottoms out and market confidence recovers, it is believed that the long-term supply and demand of the real estate market will return to balance and the market will gradually stabilize. The Group will maintain our long-term confidence and sufficient patience and make long-term arrangements and preparations. With the assistance and support from all parties, we will continue to make every effort to strive to ensure the expeditious completion of the guaranteed home delivery, with the core objective of stabilizing and enhancing our net assets, and steadily promote various work such as the resolution of debt risks and the asset revitalization, so as to gradually advance the Group back to the track of healthy development.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### 1 REVENUE

For the six months ended 30 June 2024, 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 2024, the Group's real estate development business is mainly located in core cities in the Yangtze River Delta, Bohai Rim, South China, Central regions and Western regions, which are divided into 9 major regional groups for management, namely the Beijing region (including Beijing, Qingdao and Jinan, etc.), North China region (including Tianjin, Harbin and Dalian, 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 Zhengzhou, etc.), South China region (including Guangzhou and Sanya, etc.), Northwestern China region (including Xi'an and Taiyuan, etc.), Chengdu-Chongqing region (including Chongqing and Chengdu, etc.) and Yun Gui region (including Kunming, Guiyang and Xishuangbanna, etc.).

Total revenue of the Group for the six months ended 30 June 2024 amounted to approximately RMB34.28 billion, representing a decrease of 41.4% compared with the total revenue of approximately RMB58.47 billion for the six months ended 30 June 2023.

For the six months ended 30 June 2024, the total revenue of the Group and its joint ventures and associates was approximately RMB79.09 billion, representing a decrease of approximately RMB68.72 billion (approximately 46.5%) as compared with the total revenue of approximately RMB147.81 billion for the six months ended 30 June 2023, of which approximately RMB44.28 billion was attributable to owners of the Company, representing a decrease of approximately RMB48.57 billion (approximately 52.3%) as compared to approximately RMB92.85 billion for the six months ended 30 June 2023.

The following table sets forth certain details of the revenue:

	Six months ended 30 June			
	2024		2023	
	RMB billion	%	RMB billion	%
Revenue from sales of properties	28.08	81.9%	52.14	89.1%
Cultural and tourism city construction and operation income	2.48	7.2%	2.72	4.7%
Property management income	3.39	9.9%	3.32	5.7%
Revenue from other business	0.33	1.0%	0.29	0.5%
<b>Total</b>	<b>34.28</b>	<b>100.0%</b>	<b>58.47</b>	<b>100.0%</b>
Total gross floor area delivered during the period (in million sq.m.)	2.785		4.817	

For the six months ended 30 June 2024, revenue from sales of properties decreased by approximately RMB24.06 billion (approximately 46.1%) as compared with that for the six months ended 30 June 2023. Total area of delivered properties decreased by 2.032 million square meters (“sq.m.”) (approximately 42.2%) as compared with that for the six months ended 30 June 2023, the decrease in revenue from sales of properties was basically consistent with the decrease 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 2024, the Group's cost of sales was approximately RMB36.09 billion, representing a decrease of approximately RMB25.46 billion (approximately 41.4%) as compared to the cost of sales of approximately RMB61.55 billion for the six months ended 30 June 2023, mainly due to the decrease in the delivery area of the properties.

## 3 GROSS LOSS

For the six months ended 30 June 2024, the Group's gross loss was approximately RMB1.81 billion, representing a decrease of approximately RMB1.27 billion as compared with the gross loss of approximately RMB3.08 billion for the six months ended 30 June 2023. Decrease in gross loss was mainly due to the impact of the decreased proportion of loss projects carried forward from the Group's property sales revenue during the period.

For the six months ended 30 June 2024, the Group's gross profit margin was approximately minus 5.3%, remaining flat as compared to the six months ended 30 June 2023.

For the six months ended 30 June 2024, 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 RMB1.19 billion. The Group's gross profit would have been approximately RMB2.39 billion and gross profit margin would have been approximately 7.0% for the six months ended 30 June 2024 without taking into account such impact of fair value adjustments and provision for impairment of properties on gross profit.

## 4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES

The Group's selling and marketing costs decreased by approximately 51.5% from approximately RMB2.29 billion for the six months ended 30 June 2023 to approximately RMB1.11 billion for the six months ended 30 June 2024. 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 2024.

The Group's administrative expenses decreased by approximately RMB0.77 billion from approximately RMB2.55 billion for the six months ended 30 June 2023 to approximately RMB1.78 billion for the six months ended 30 June 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 5 OTHER INCOME AND GAINS

For the six months ended 30 June 2024, the Group recognised other income and gains of approximately RMB2.53 billion, which mainly comprised gains from the disposal of subsidiaries, joint ventures and associates of approximately RMB1.93 billion, and interest income received from joint ventures and associates, etc. of approximately RMB0.34 billion. The Group recorded an increase in other income and gains of approximately RMB0.64 billion as compared with that for the six months ended 30 June 2023 of approximately RMB1.89 billion, mainly due to the increasing of gains from the disposal of subsidiaries, joint ventures and associates.

## 6 OTHER EXPENSES AND LOSSES

For the six months ended 30 June 2024, other expenses and losses recognised by the Group amounted to approximately RMB6.40 billion, mainly including the provision for litigations and other contingent liabilities of approximately RMB3.25 billion, the losses on project demolition of approximately RMB0.79 billion, the losses of approximately RMB0.68 billion from the disposal of subsidiaries, joint ventures and associates and the losses of approximately RMB0.45 billion from the disposal of various assets. 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 losses 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 losses 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 fair value through profit or loss ("FVPL") of approximately RMB0.76 billion.

## 7 NET IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

For the six months ended 30 June 2024, the Group made provisions for expected credit losses of approximately RMB1.11 billion on amounts due from related companies, amounts due from non-controlling interests and their related parties and other receivables, representing an increase of approximately RMB0.64 billion as compared with that of approximately RMB0.47 billion for the six months ended 30 June 2023.

## 8 OPERATING LOSS

Concluding from the above analysis, the Group's operating loss decreased by approximately RMB3.24 billion from approximately RMB12.92 billion for the six months ended 30 June 2023 to the operating loss of approximately RMB9.68 billion for the six months ended 30 June 2024, mainly due to the following reasons:

- (i) gross loss decreased by approximately RMB1.27 billion;
- (ii) selling and marketing costs and administrative expenses decreased by approximately RMB1.95 billion;
- (iii) net impairment losses under expected credit loss model increased by approximately RMB0.64 billion; and
- (iv) other income and gains increased by approximately RMB0.64 billion.

## 9 FINANCE INCOME AND EXPENSES

The Group's finance expenses increased by approximately RMB0.95 billion from approximately RMB5.54 billion for the six months ended 30 June 2023 to approximately RMB6.49 billion for the six months ended 30 June 2024, and finance income decreased by approximately RMB0.03 billion from approximately RMB0.13 billion for the six months ended 30 June 2023 to approximately RMB0.10 billion for the six months ended 30 June 2024 at the same time, mainly due to the following reasons: (i) a decrease in proportion of capitalised interests in total interest expenses in line with the develop process of the Group's property development projects as compared to that of the six months ended 30 June 2023, which led to an increase of approximately RMB3.88 billion in expensed interest from approximately RMB2.30 billion for the six months ended 30 June 2023 to approximately RMB6.18 billion for the six months ended 30 June 2024; and (ii) due to the change in trend of foreign exchange rates fluctuations, the exchange gains and losses of the Group decreased by approximately RMB2.93 billion from net exchange losses of approximately RMB3.24 billion for the six months ended 30 June 2023 to net exchange losses of approximately RMB0.31 billion for the six months ended 30 June 2024.

## 10 SHARE OF POST-TAX (LOSSES)/PROFITS OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

For the six months ended 30 June 2024, the Group's recognised share of post-tax losses of investments accounted for using the equity method, net decreased by approximately RMB3.95 billion from recognised share of post-tax profits of approximately RMB2.65 billion for the six months ended 30 June 2023 to recognised share of post-tax losses of approximately RMB1.30 billion for the six months ended 30 June 2024, mainly due to the decrease in revenue and operating profit 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 RMB0.41 billion from approximately RMB15.37 billion for the six months ended 30 June 2023 to approximately RMB14.96 billion for the six months ended 30 June 2024.

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	
	2024 RMB billion	2023 RMB billion
Loss during the period	16.67	17.07
Attributable to:		
Owners of the Company	14.96	15.37
Non-controlling interests	1.71	1.70
	16.67	17.07

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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) increased to approximately RMB25.68 billion as at 30 June 2024 from approximately RMB24.62 billion as at 31 December 2023.

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 2024, the total borrowings of the Group were approximately RMB277.43 billion, representing a decrease of approximately RMB0.40 billion as compared to approximately RMB277.83 billion as at 31 December 2023. Approximately RMB274.74 billion (as at 31 December 2023: approximately RMB273.54 billion) of the Group's total borrowings were secured or jointly secured by the Group's properties under development, completed properties held for sale, etc. (total amount was approximately RMB398.82 billion (as at 31 December 2023: approximately RMB414.03 billion)) and disposal gains of certain equities or assets of the Group's subsidiaries.

## 14 GEARING RATIO

The gearing ratio is calculated by dividing the net debt by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) and lease liabilities less cash balances (including restricted cash). Total capital is calculated by adding total equity and net debt. As at 30 June 2024, the Group's gearing ratio was approximately 79.2%, representing an increase as compared to approximately 75.2% as at 31 December 2023.

The Group's gearing ratio experienced fluctuations, mainly due to the significant reduction in the recognised revenue as a result of the market downturn and the provision for contingent liabilities at the same time.

## 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.

	<b>As at 30 June 2024 RMB billion</b>	As at 31 December 2023 RMB billion
Floating interests		
Less than 12 months	<b>53.26</b>	46.27
1-5 years	<b>6.66</b>	12.35
Over 5 years	<b>0.36</b>	2.61
Subtotal	<b>60.28</b>	61.23
Fixed interests		
Less than 12 months	<b>140.23</b>	134.93
1-5 years	<b>66.39</b>	70.75
Over 5 years	<b>10.53</b>	10.92
Subtotal	<b>217.15</b>	216.60
Total	<b>277.43</b>	277.83

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 FVPL, derivative financial instruments, senior notes, convertible bonds 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 2024, the Group recorded an exchange loss in the amount of approximately RMB0.31 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 RMB79.92 billion as at 30 June 2024 as compared with approximately RMB79.98 billion as at 31 December 2023. 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 projects and other matters. Among them, there were about 368 cases with individual amounts exceeding RMB50 million, and the aggregated amounts of these cases amounted to approximately RMB139.94 billion, which mainly includes unpaid borrowings and outstanding construction payables. The directors of the Company have assessed the impact of the above litigation matters and accrued provision for litigations and interests payable on the interim condensed consolidated financial information for the six months ended 30 June 2024 of the Group. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations.



## BUSINESS HIGHLIGHTS

### SUMMARY OF LAND BANK

As at 30 June 2024, the Group and its joint ventures and associates had a total land bank of approximately 145 million sq.m. and attributable land bank of approximately 97.38 million sq.m.. The breakdown of land bank by city is as follows:

Urban circle	City	Attributable land bank 0'000 sq.m.	Total land bank 0'000 sq.m.
Yangtze River Delta	Wenzhou	208.4	244.9
	Shanghai	176.6	238.3
	Hangzhou	174.6	328.3
	Xuzhou	132.4	147.1
	Wuxi	129.1	208.6
	Shaoxing	96.9	183.7
	Changzhou	69.1	97.9
	Haiyan	68.7	68.7
	Nantong	64.0	96.3
	Ningbo	62.7	100.3
	Suzhou	59.0	100.6
	Others	267.4	567.3
		<b>Subtotal</b>	<b>1,508.9</b>
Bohai Rim	Qingdao	655.3	820.2
	Tianjin	544.4	591.3
	Harbin	198.9	216.4
	Taiyuan	156.3	241.4
	Jinan	137.2	185.2
	Dalian	136.5	137.0
	Shenyang	107.0	178.6
	Beijing	95.4	141.0
	Yantai	75.4	124.3
	Tangshan	73.2	93.0
	Langfang	65.7	78.1
Others	140.3	194.7	
	<b>Subtotal</b>	<b>2,385.6</b>	<b>3,001.2</b>

## BUSINESS HIGHLIGHTS

Urban circle	City	Attributable land bank 0'000 sq.m.	Total land bank 0'000 sq.m.
Southern China	Jiangmen	179.2	199.6
	Qingyuan	141.5	151.2
	Hainan Province	137.3	151.6
	Guangzhou	120.3	243.9
	Huizhou	70.1	73.6
	Zhaoqing	64.0	64.0
	Zhongshan	61.9	61.9
	Others	241.7	408.8
		<b>Subtotal</b>	<b>1,016.0</b>
Western regions	Chongqing	839.1	1,286.6
	Meishan	720.5	1,047.8
	Xishuangbanna	237.2	276.4
	Chengdu	201.7	255.2
	Xi'an	186.5	308.2
	Guiyang	178.9	319.1
	Kunming	177.7	324.7
	Nanning	137.5	258.3
	Guilin	133.7	239.1
	Dali	118.7	197.8
	Yinchuan	83.3	94.1
	Liuzhou	71.1	159.0
	Others	430.7	919.6
	<b>Subtotal</b>	<b>3,516.6</b>	<b>5,685.9</b>
Central regions	Wuhan	566.9	1,016.1
	Zhengzhou	214.3	288.3
	Changsha	170.0	224.7
	Xinxiang	121.3	121.3
	Xianning	56.9	81.3
	Others	181.8	339.4
	<b>Subtotal</b>	<b>1,311.2</b>	<b>2,071.1</b>
	<b>Total</b>	<b>9,738.3</b>	<b>14,494.8</b>

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own code on corporate governance and had, throughout the six months ended 30 June 2024, 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 has 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 C3 to the Listing Rules as the guidelines for the Directors’ dealings in the securities of the Company. Following specific enquiries of all the Directors, all the Directors confirmed that they had complied with the required standards as set out in the Model Code during the six months ended 30 June 2024 in relation to their securities dealings, if any.

## CHANGES IN INFORMATION OF DIRECTORS

On 20 May 2024, Mr. Jing Hong retired as an executive director of the Company and Ms. Ma Zhixia was appointed as an executive director of the Company.

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 2023 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 the Pre-IPO Share Option Scheme (the “Pre-IPO Share Option Scheme”) on 9 September 2010 and had granted in aggregate 51.08 million share options to 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 (“Shares”) 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;
- (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 99.9 million share options to 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; and

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (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 approximately 166.37 million share options to 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 2024, the terms of the Pre-IPO Share Option Scheme, 2011 Share Option Scheme and 2014 Share Option Scheme have expired and no share option remained outstanding and exercisable under the Pre-IPO Share Option Scheme, 2011 Share Option Scheme and 2014 Share Option Scheme. The purpose of each share option scheme is to provide an incentive for the Directors, management and employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of all its shareholders and to attract and retain high caliber working partners who are or may be beneficial to the growth and development of the Group.

During the six months ended 30 June 2024, the number of new Shares that may be issued in respect of options granted under all share option schemes of the Company was zero. Accordingly, the number of new Shares that may be issued in respect of options granted under all share option schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of the Shares in issue for this period is also zero.

### SHARE AWARD SCHEME

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

- (i) provide incentives for the employees of the Group to continuously make greater contributions for the Company's long-term growth in the future; and
- (ii) attract and retain talented employees who may be beneficial to the growth and development of the Group.

The Board may, from time to time, select employees to join the Share Award Scheme and determine the number of awards to be granted in accordance with the rules of the Share Award Scheme.

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

Unless early terminated by the Board, the Share Award Scheme shall be effective for ten years from the Adoption Date. As at the date of this report, the remaining term of the Share Award Scheme was approximately four years.

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

During the period from the Adoption Date to 30 June 2019, the trustee of the Share Award Scheme purchased on the open market a total of 94,653,000 Shares at a total consideration of approximately HK\$2.57 billion pursuant to the rules of the Share Award Scheme and the terms of the trust deed. Since 30 June 2019 and for the six months ended 30 June 2024, the trustee of the Share Award Scheme did not purchase any Shares.

Therefore, as at 30 June 2024, the trustee might further purchase 125,460,960 Shares on the open market for the purpose of the Share Award Scheme, representing approximately 1.45% of the Shares in issue as at the date of this report.

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

From the Adoption Date to 30 June 2024, there were 57,505,000 share awards initially 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 2024.

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 2024 were both 165,013,460, representing approximately 1.91% 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 2024 were as follows:

Name of grantees	Number of awards granted as at 1 April 2019	Number of awards granted as at 1 April 2020	Number of awards granted as at 1 April 2021	Total number of awards granted <sup>1</sup>	Number of awards unvested as at 1 January 2024	Number of awards granted during the six-month period ended 30 June 2024	Number of awards vested during the six-month period ended 30 June 2024	Number of awards cancelled during the six-month period ended 30 June 2024	Number of awards lapsed during the six-month period ended 30 June 2024	Number of awards unvested as at 30 June 2024
<b>Directors</b>										
Mr. Sun Hongbin	-	-	-	-	-	-	-	-	-	-
Mr. Wang Mengde	1,000,000	800,000	900,000	2,700,000	1,860,000	-	-	-	-	1,860,000
Ms. Ma Zhixia <sup>2</sup>	600,000	550,000	450,000	1,600,000	1,075,000	-	-	-	-	1,075,000
Mr. Jing Hong <sup>3</sup>	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
<b>Senior management and employees</b>	16,740,000	16,055,000	13,340,000	46,135,000	29,098,000	-	-	-	-	29,098,000
<b>All employees</b>	21,040,000	19,775,000	16,690,000	57,505,000	36,772,000	-	-	-	-	36,772,000

Notes:

- 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. Taking into account the current market conditions and the Company's business situation, the Board has resolved to suspend the vesting of awarded Shares granted to Directors and employees from 2019 to 2021.
- Such Director was appointed with effect from 20 May 2024.
- Such Director retired with effect from 20 May 2024.

Pursuant to the terms of the Share Award Scheme of the Company, the Company will not issue any new Shares in respect of the awards granted under the Share Award Scheme. Therefore, the number of new Shares that may be issued in respect of awards granted under all share award schemes of the Company during the six months ended 30 June 2024 divided by the weighted average number of Shares in issue for this period is not applicable.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30 June 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

Name of Director	Nature of interest	Number of ordinary Shares	Approximate percentage of interest in the Company <sup>2</sup>
Mr. Sun Hongbin	Interest in controlled corporations <sup>1</sup>	2,523,668,639	29.28%
	Beneficial owner	19,930,000	0.23%
Mr. Wang Mengde	Beneficial owner	17,177,000	0.20%
Ms. Ma Zhixia	Beneficial owner	3,829,000	0.04%
Mr. Tian Qiang	Beneficial owner	6,982,000	0.08%
Mr. Huang Shuping	Beneficial owner	5,400,000	0.06%
Mr. Sun Kevin Zheyi	Beneficial owner	261,000	0.003%

Notes:

- These 2,523,668,639 Shares were held as to 2,474,962,639 Shares by Sunac International Investment Holdings Ltd ("Sunac International") and the remaining 48,706,000 Shares by Tianjin Biaodi Enterprise Management Limited\* (天津標的企業管理有限公司) ("Tianjin Biaodi"). 70% of the issued shares of Sunac International were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by HBS Family Trust (the "Family Trust"). South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun Hongbin and Mr. Sun Hongbin and some of his family members are the beneficiaries. 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.
- Calculated on the basis of 8,620,471,579 Shares in issue as at 30 June 2024.

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

Name of Director	Number of conversion Shares under the Shareholder MCB	Number of unvested Shares awarded under the Share Award Scheme	Approximate percentage of interest in the Company <sup>2</sup>
Mr. Sun Hongbin <sup>1</sup>	228,991,865	–	2.66%
Mr. Wang Mengde	–	1,860,000	0.02%
Ms. Ma Zhixia	–	1,075,000	0.01%
Mr. Tian Qiang	–	1,570,000	0.02%
Mr. Huang Shuping	–	950,000	0.01%
Mr. Sun Kevin Zheyi	–	609,000	0.01%

### Notes:

- As at 30 June 2024, the Shareholder MCB (as defined in the section headed “Convertible Bonds” in this report) in aggregate outstanding principal amount of US\$117,431,726 was held by Sunac International. Based on the minimum conversion price of HK\$4.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, such Shareholder MCB can be converted into 228,991,865 Shares. 70% of the issued shares of Sunac International were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The 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 228,991,865 underlying Shares by virtue of the SFO.
- Calculated on the basis of 8,620,471,579 Shares in issue as at 30 June 2024.

## 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 <sup>2</sup>
Mr. Sun Hongbin	Interest in controlled corporations <sup>1</sup>	67,288,606	–	67,288,606	2.20%
	Beneficial owner	1,466,472	–	1,466,472	0.05%
Mr. Wang Mengde	Beneficial owner	2,157,734	–	2,157,734	0.07%
Ms. Ma Zhixia	Beneficial owner	1,267,279	75,000	1,342,279	0.04%
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%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- These 67,288,606 shares of Sunac Services were held as to:
  - 65,721,489 shares of Sunac Services by Sunac International; and
  - 1,567,117 shares of Sunac Services by Tianjin Biaodi.
- Calculated on the basis of 3,056,844,000 shares in issue of Sunac Services as at 30 June 2024.

Save as disclosed herein, as at 30 June 2024, 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 2024, 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 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 <sup>2</sup>
Sunac International	Beneficial owner <sup>1</sup>	2,474,962,639	28.71%
South Dakota Trust Company LLC	Trustee <sup>1</sup>	2,474,962,639	28.71%

### Notes:

- These 2,474,962,639 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 Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The 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 2,474,962,639 Shares by virtue of the SFO.
- Calculated on the basis of 8,620,471,579 Shares in issue as at 30 June 2024.



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

Name of shareholder	Nature of interest/ capacity	Number of Underlying Shares	Approximate percentage of interest in the Company <sup>2</sup>
Sunac International	Beneficial owner <sup>1</sup>	228,991,865	2.66%
South Dakota Trust Company LLC	Trustee <sup>1</sup>	228,991,865	2.66%

### Notes:

- As at 30 June 2024, the Shareholder MCB in aggregate outstanding principal amount of US\$117,431,726 was held by Sunac International. Based on the minimum conversion price of HK\$4.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, such Shareholder MCB can be converted into 228,991,865 Shares. 70% of the issued shares of Sunac International were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The 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 228,991,865 underlying Shares by virtue of the SFO.
- Calculated on the basis of 8,620,471,579 Shares in issue as at 30 June 2024.

Save as disclosed herein, as at 30 June 2024, 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 that were recorded in the register required to be kept under section 336 of the SFO.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS

The following sets forth the material cooperation with subsidiaries, joint ventures and associates undertaken by the Group during the six months ended 30 June 2024:

### 1 RESTRUCTURING COOPERATION OF THE TARGET COMPANY

On 8 February 2024, Sunac Real Estate Group Co., Ltd.\* (融創房地產集團有限公司), Global Sunac Exhibition & Travel Group Co., Ltd.\* (環球融創會展文旅集團有限公司), Chengdu Minglu Enterprise Management Consulting Co., Ltd.\* (成都銘麓企業管理諮詢有限公司) (collectively, the "Sunac Parties"), Guotou Zhongdian (Xianyang) Science Park Co., Ltd.\* (國投中電(咸陽)科技園有限公司) ("GTZD") and the relevant parties entered into an agreement, pursuant to which, GTZD agreed to take up 70% equity interest in and the debts of Sichuan Sancha Lake International Tourism Resort Co., Ltd.\* (四川三岔湖長島國際旅遊度假中心有限公司) (the "Target Company") by way of the restructuring cooperation at a total consideration of approximately RMB3,974 million, comprising (i) the consideration for the 70% equity interest in the Target Company (approximately RMB3,129 million); and (ii) the consideration for the debts owed by the Target Company and Chongqing Yujinhong Enterprise Management Partnership (Limited Partnership)\* (重慶渝錦鴻企業管理合夥企業(有限合夥)) to the Sunac Parties (approximately RMB845 million). Immediately following the completion of the restructuring cooperation, the Target Company has ceased to be a subsidiary of the Company. Please refer to the announcement of the Company dated 9 February 2024 for details.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 2 DISPOSAL OF SHIJIAZHANG CENTRAL BUSINESS DISTRICT PROJECT

On 18 March 2024, Shijiazhuang Heya Real Estate Development Co., Ltd.\* (石家莊和雅房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company), Shijiazhuang Zhengtai Construction Development Co., Ltd.\* (石家莊正太建設發展有限公司) (the “Cooperation Partner”) and Shijiazhuang Central Business District Development Co., Ltd.\* (石家莊市中央商務區開發有限公司) (“Central Business District”) entered into an agreement, pursuant to which, the Cooperation Partner agreed to take up 80% equity interest in the Central Business District at a consideration of approximately RMB814 million. Approximately RMB148 million of the consideration has been offset by the Group's debts owed to the Cooperation Partner, and the remaining approximately RMB666 million (subject to adjustments) has been settled in cash by the Cooperation Partner. Such cash consideration will be utilised by the Group mainly for constructing and guaranteeing the delivery of properties in Shijiazhuang. Please refer to the announcement of the Company dated 18 March 2024 for details.

## 3 DISPOSAL OF THE CHONGQING COLLEGE TOWN PROJECT

On 7 April 2024, Chongqing Sunac Real Estate Co., Ltd.\* (重慶融創地產有限公司) and Hainan Baochuang Investment Co., Ltd.\* (海南葆創投資有限責任公司) (each a subsidiary of the Company), Chongqing Xiangyu Real Estate Co., Ltd.\* (重慶象嶼置業有限公司) (“Xiangyu Real Estate”) and its related party, AVIC Trust Co., Ltd.\* (中航信託股份有限公司) and its subsidiary Zhaoqing Yixin Enterprise Management Co., Ltd.\* (肇慶市翼新企業管理有限公司), Chongqing Qixinzecheng Enterprise Management Partnership (Limited Partnership)\* (重慶齊信澤成企業管理合夥企業(有限合夥)) and Xiang Rong He (Chongqing) Real Estate Co., Ltd.\* (象融合(重慶)置業有限公司) (“Target Project Company”) signed an agreement, pursuant to which, Xiangyu Real Estate and its related party shall ultimately acquire the 51% equity interest of Target Project Company and the related debts through the transaction arrangement as stated therein, at a total consideration of RMB540 million. Please refer to the announcement of the Company dated 8 April 2024 for details.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR PURCHASE OF CAPITAL ASSETS

As at 30 June 2024, the Group had no definite plan authorised by the Board for material investments or purchase of capital assets.

## INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## EQUITY LINKED AGREEMENTS

Save for the Pre-IPO Share Option Scheme, the 2011 Share Option Scheme and 2014 Share Option Scheme as set out under the section headed “Share Option Schemes” of this report and the CB, MCB and Shareholder MCB as set out under the section headed “Convertible Bonds” of this report, for the six months ended 30 June 2024, the Company did not enter into any equity linked agreements.

## CONVERTIBLE BONDS

On 20 November 2023, the Company's offshore debt restructuring was completed. The offshore debt restructuring involved, in exchange for the full discharge of the existing debts of the Company amounting to approximately US\$10.2 billion, the issuance of the new notes, the convertible bonds (the "CB"), the mandatory convertible bonds (the "MCB") and the transfer of certain existing Sunac Services shares, in each case to the scheme creditors in accordance with the terms of the scheme. In addition, the existing shareholder loan of US\$450 million was discharged and US\$450 million shareholder mandatory convertible bond (the "Shareholder MCB") were issued to Sunac International. Further details of the offshore debt restructuring, the CB, the MCB and the Shareholder MCB are set out in the announcements and circular of the Company from 28 March 2023 to 20 November 2023 and note 21(A) to the interim condensed consolidated financial information of the Group.

### 1 CB

On 20 November 2023, the Company issued the CB in principal amount of US\$1,000,000,000 as part of the offshore debt restructuring of the Company, with an initial conversion price of HK\$20.00 per Share.

As at 31 December 2023, US\$828,221,771 in principal amount of the CB remained outstanding. During the six months ended 30 June 2024, US\$77,403,894 in principal amount of the CB has been converted into 30,187,500 Shares.

Reference is made to the announcement of the Company dated 28 March 2024. As at the interest payment date of 30 March 2024, the total amount of payment-in-kind interest accrued is US\$4,131,493.

As at 30 June 2024, US\$754,949,370 in aggregate principal amount of the CB remained outstanding. Based on the conversion price of HK\$20.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, such CB can be converted into 294,430,254 Shares.

### 2 MCB

On 20 November 2023, the Company issued the MCB in an aggregate principal amount of US\$2,749,997,804 (the "MCB Original Issue Amount") as part of the offshore debt restructuring of the Company.

During the first conversion period (i.e. the period of 10 business days from 20 November 2023, the issue date of the MCB), the Company has received conversion notices in respect of the MCB in an aggregate principal amount of US\$1,903,933,926, representing approximately 69.23% of the MCB Original Issue Amount. Based on the conversion price of HK\$6.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, the Company has allotted and issued to the converting holders a total of 2,475,113,989 MCB Conversion Shares. After such conversion, the aggregate outstanding principal amount of the MCB became US\$846,063,878 (the "MCB Post-First Conversion Issue Amount").

During the second conversion period (i.e. the period of 10 business days from 20 May 2024, being the date which is 6 months after the issue date of the MCB), the Company has received conversion notices in respect of the MCB in an aggregate principal amount of US\$128,426,127, representing approximately 15.18% of the MCB Post-First Conversion Issue Amount. Based on the conversion price of HK\$6.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, the Company has allotted and issued to the converting holders a total of 166,953,942 MCB Conversion Shares.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2024, US\$717,637,751 in aggregate principal amount of the MCB remained outstanding. Based on the minimum conversion price of HK\$4.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, such MCB can be converted into 1,399,393,614 Shares.

### 3 SHAREHOLDER MCB

On 20 November 2023, the Company issued the Shareholder MCB to Sunac International in an aggregate principal amount of US\$450,000,000.

Pursuant to the terms of the Shareholder MCB, such proportion of the Shareholder MCB then outstanding will be mandatorily converted, directly or indirectly, into Shares as the same or approximately the same as the proportion that the aggregate principal amount of MCB so converted bears to the total outstanding principal amount of the MCB prior to such MCB conversion. The conversion price at which the Shareholder MCB shall be converted into Shares shall be equal to the MCB Conversion Price applicable to the MCB so converted with respect to the relevant conversion of the MCB.

As approximately 69.23% of the MCB Original Issue Amount was elected for conversion at HK\$6.00 per Share pursuant to the First Conversion, approximately 69.23% of the Shareholder MCB then outstanding, being US\$311,553,073 in an aggregate principal amount of the Shareholder MCB, had also been mandatorily converted into 405,018,994 Shares at the same conversion price of HK\$6.00 per Share. After such conversion, the aggregate outstanding principal amount of the Shareholder MCB became US\$138,446,927 (the "Shareholder MCB Post-First Corresponding Conversion Issue Amount").

As approximately 15.18% of the MCB Post-First Conversion Issue Amount was elected for conversion pursuant to the Second Conversion, approximately 15.18% of the Shareholder MCB Post-First Corresponding Conversion Issue Amount, being US\$21,015,201 in an aggregate principal amount of the Shareholder MCB, had also been mandatorily converted into 27,319,761 Shares at the same conversion price of HK\$6.00 per Share.

As at 30 June 2024, US\$117,431,726 in aggregate principal amount of the Shareholder MCB remained outstanding. Based on the minimum conversion price of HK\$4.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, such Shareholder MCB can be converted into 228,991,865 Shares.

### DILUTIVE IMPACT OF THE CONVERSION OF THE CB, THE MCB AND THE SHAREHOLDER MCB

Assuming there is full conversion of (i) the CB in outstanding principal amount of US\$754,949,370 at the conversion price of HK\$20.00 per Share, (ii) the MCB in outstanding principal amount of US\$717,637,751 at the minimum conversion price of HK\$4.00 per Share, and (iii) the Shareholder MCB in outstanding principal amount of US\$117,431,726 at the minimum conversion price of HK\$4.00 per Share, in each case based on the agreed exchange rate of US\$1 = HK\$7.8, (x) such CB can be converted into 294,430,254 Shares, (y) such MCB can be converted into 1,399,393,614 Shares, and (z) such Shareholder MCB can be converted into 228,991,865 Shares. Such conversion shares in a total number of 1,922,815,733 represent approximately 22.31% of the total number of Shares in issue as at 30 June 2024 and approximately 18.24% of the total number of Shares in issue as enlarged by the allotment and issue of such conversion shares (assuming no other change in the issued share capital of the Company).

Set out below is the dilution effect on the equity interest of the substantial shareholders (within the meaning of the Listing Rules) of the Company if there had been full conversion of the outstanding CB, MCB and Shareholder MCB as at 30 June 2024:

	As at 30 June 2024		Upon full conversion of the outstanding CB, MCB and Shareholder MCB as at 30 June 2024	
	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
Sunac International <sup>1</sup>	2,474,962,639	28.71%	2,703,954,504	25.65%
South Dakota Trust Company LLC <sup>1</sup>	2,474,962,639	28.71%	2,703,954,504	25.65%

Note 1:

Sunac International is the holder of the Shareholder MCB. Upon full conversion of the Shareholder MCB, based on the minimum conversion price of HK\$4.00 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, such 228,991,865 Shares will be allotted and issued to 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 Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun Hongbin and Mr. Sun Hongbin and some of his family members are the beneficiaries.

As calculation based on loss attributable to owners of the Company of approximately RMB14.96 billion for the six months ended 30 June 2024, basic loss per share amounted to RMB1.79 and diluted loss per share of the Company amounted to RMB1.79.

Taking into account that as at 30 June 2024, the Group had net assets of approximately RMB66.26 billion and net current liabilities of approximately RMB49.23 billion, if the Company is able to successfully implement all of the plans and measures as mentioned in note 2(l) to the interim condensed consolidated financial information, barring unforeseen circumstances, the Company expects that it will be able to meet its redemption obligations under the CB. The MCB and Shareholder MCB are mandatorily convertible into Shares upon maturity and will not be redeemed by cash.

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

It would be equally financially advantageous for the holders of the CB to convert or redeem the CB thereunder based on the implied internal rate of return thereof, when the Company's share price approximates to HK\$3.17 per Share in the future.

## PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Save as disclosed in the section headed "Share Award Scheme" of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2024.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 38,591 employees in the Mainland China and Hong Kong. For the six months ended 30 June 2024, the staff cost of the Group was approximately RMB2.70 billion (for the six months ended 30 June 2023: RMB3.47 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 (if any) in accordance with local regulations overseas.

In order to attract and retain excellent talents, the Company adopted the Pre-IPO Share Option Scheme 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 pages 15 to 16 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 16 to 17 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 2024.

## AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning auditing, internal control and risk management systems and financial reporting, including the review of the unaudited interim results of the Group for the six months ended 30 June 2024.

The unaudited interim financial information for the six months ended 30 June 2024 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, 29 August 2024

\* For identification purpose only

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



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

## INTRODUCTION

We were engaged to review the interim condensed consolidated 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 2024 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-month period then ended, and notes to the interim condensed consolidated financial information, including material accounting policy information (the “interim condensed consolidated financial information”). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim condensed consolidated financial information based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

## BASIS FOR DISCLAIMER OF CONCLUSION

### MULTIPLE UNCERTAINTIES RELATING TO GOING CONCERN

As disclosed in note 2(I) to the interim condensed consolidated financial information, the Group incurred a net loss of approximately RMB16.67 billion for the six months ended 30 June 2024 and, as at 30 June 2024, the Group had net current liabilities of approximately RMB49.23 billion. The Group’s current and non-current borrowings amounted to approximately RMB193.49 billion and RMB83.93 billion as at 30 June 2024 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB25.68 billion. As at 30 June 2024, the Group had not repaid borrowings in principal amount of approximately RMB106.96 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totalling of approximately RMB57.44 billion might be demanded for early repayment. Up to the date of this report, the Group had not repaid borrowings in principal amount of approximately RMB114.32 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount totalling of approximately RMB53.96 billion might be demanded for early repayment. In addition, the Group was involved in various litigation and arbitration cases for various reasons as disclosed in note 29(B) to the interim condensed consolidated financial information.

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Nevertheless, the interim condensed consolidated financial information have been prepared on a going concern basis. The Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and have developed debt solutions which are set out in note 2(I) to the interim condensed consolidated financial information. The validity of going concern assumption on which the interim condensed consolidated financial information have been prepared depends upon the successful implementation of these plans and measures, which are subject to multiple uncertainties, including (i) whether sufficient funds can be raised to repay onshore and offshore public debts, if the Group is unable to raise sufficient funds, whether new solutions can be reached with bondholders; (ii) whether it can successfully negotiate with the remaining lenders on the extension or deferral of the repayment of the Group's borrowings; (iii) whether new and additional financing resources will be available as and when required and (iv) whether asset value is realised, sales targets are achievable and sales business will be more stable in the future. 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.

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

We disclaimed our opinion on the consolidated financial statements for the year ended 31 December 2023 relating to the going concern basis of preparing the consolidated financial statements. The balances as at 31 December 2023 are presented as corresponding figures in the interim condensed consolidated balance sheet as at 30 June 2024.

## DISCLAIMER OF CONCLUSION

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

### **BDO Limited**

*Certified Public Accountants*

### **Amy Yau Shuk Yuen**

Practising Certificate Number: P06095

Hong Kong, 29 August 2024



# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	63,166,797	65,613,235
Investment properties	8	22,567,365	22,098,863
Right-of-use assets	9	12,991,086	13,925,833
Intangible assets	10	2,860,627	2,949,617
Deferred tax assets		35,879,689	33,482,587
Investments accounted for using the equity method	11	66,014,613	69,251,089
Financial assets at fair value through profit or loss	12	10,467,374	11,397,419
Other receivables	15	54,629	50,758
Prepayments	16	527,255	530,887
Other non-current assets		–	50,000
		<b>214,529,435</b>	<b>219,350,288</b>
<b>Current assets</b>			
Properties under development	13	461,915,719	477,359,149
Completed properties held for sale	14	96,447,373	99,222,220
Inventories		550,185	567,532
Trade and other receivables	15	59,614,295	52,818,525
Contract costs	6	4,527,412	4,812,288
Amounts due from related companies	32(C)	69,907,753	70,393,635
Prepayments	16	14,283,425	15,021,667
Prepaid income tax		12,787,229	13,057,567
Financial assets at fair value through profit or loss	12	1,697,676	628,210
Restricted cash	17	20,294,474	17,566,748
Cash and cash equivalents	17	5,389,001	7,056,374
Other current assets		26,013	–
		<b>747,440,555</b>	<b>758,503,915</b>
<b>Total assets</b>		<b>961,969,990</b>	<b>977,854,203</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	18	754,645	734,205
Other reserves	19	43,354,862	42,893,656
Retained earnings		3,853,344	18,801,056
		<b>47,962,851</b>	<b>62,428,917</b>
Non-controlling interests		<b>18,295,335</b>	<b>21,356,948</b>
<b>Total equity</b>		<b>66,258,186</b>	<b>83,785,865</b>

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	21	83,931,049	96,633,862
Derivative financial instruments		2,037,053	2,108,145
Lease liabilities	9	479,628	430,313
Deferred tax liabilities		12,535,757	15,594,359
Other payables	20	54,956	55,624
		<b>99,038,443</b>	114,822,303
<b>Current liabilities</b>			
Trade and other payables	20	289,386,355	281,957,998
Contract liabilities	6	186,078,780	194,809,944
Amounts due to related companies	32(C)	49,693,069	46,758,490
Current income tax liabilities		71,909,325	70,888,803
Borrowings	21	193,494,251	181,199,711
Lease liabilities	9	150,313	141,306
Provisions		5,961,268	3,489,783
		<b>796,673,361</b>	779,246,035
<b>Total liabilities</b>		<b>895,711,804</b>	894,068,338
<b>Total equity and liabilities</b>		<b>961,969,990</b>	977,854,203

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

The interim condensed consolidated financial information on pages 29 to 75 was approved by the Board of Directors on 29 August 2024 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 2024

	Note	Unaudited Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Revenue	6	34,279,616	58,472,750
Cost of sales	22	(36,088,266)	(61,551,516)
<b>Gross loss</b>		<b>(1,808,650)</b>	(3,078,766)
Other income and gains	23	2,529,694	1,885,839
Selling and marketing costs	22	(1,113,005)	(2,290,757)
Administrative expenses	22	(1,780,002)	(2,550,632)
Other expenses and losses	24	(6,398,392)	(6,418,210)
Net impairment losses under expected credit loss model		(1,110,822)	(465,066)
<b>Operating loss</b>		<b>(9,681,177)</b>	(12,917,592)
Finance income	25	102,795	127,565
Finance expenses	25	(6,486,933)	(5,538,562)
Finance expenses – net		(6,384,138)	(5,410,997)
Share of post-tax (losses)/profits of associates and joint ventures accounted for using the equity method, net		(1,296,787)	2,653,473
<b>Loss before income tax</b>		<b>(17,362,102)</b>	(15,675,116)
Income tax credits/(expenses)	26	697,076	(1,391,036)
<b>Loss and total comprehensive loss for the period</b>		<b>(16,665,026)</b>	(17,066,152)
<b>Loss and total comprehensive loss attributable to:</b>			
– Owners of the Company		(14,957,186)	(15,366,849)
– Non-controlling interests		(1,707,840)	(1,699,303)
		(16,665,026)	(17,066,152)
<b>Loss per share attributable to owners of the Company (expressed in RMB per share):</b>			
– Basic	27	(1.79)	(2.86)
– Diluted		(1.79)	(2.86)

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 2024

	Note	Unaudited					
		Attributable to owners of the Company				Non-controlling interests	Total equity
		Share capital	Other reserves	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2024		734,205	42,893,656	18,801,056	62,428,917	21,356,948	83,785,865
Loss and total comprehensive loss for the six months ended 30 June 2024		—	—	(14,957,186)	(14,957,186)	(1,707,840)	(16,665,026)
<b>Transactions with owners, recognised directly in equity</b>							
Capital deductions from non-controlling interests		—	—	—	—	(635,520)	(635,520)
Dividends to non-controlling interests		—	—	—	—	(390,290)	(390,290)
Disposal of subsidiaries	31(A)	—	—	—	—	(360,112)	(360,112)
Transactions with non-controlling interests		—	(28,189)	—	(28,189)	32,149	3,960
Shares issued upon the conversion of convertible bonds, mandatory convertible bonds and shareholder mandatory convertible bond	21(A)	20,440	493,666	—	514,106	—	514,106
Share award scheme:							
– Value of employee services		—	5,203	—	5,203	—	5,203
Statutory reserve		—	(9,474)	9,474	—	—	—
		20,440	461,206	9,474	491,120	(1,353,773)	(862,653)
Balance at 30 June 2024		754,645	43,354,862	3,853,344	47,962,851	18,295,335	66,258,186

	Unaudited					
	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2023</b>	466,030	30,354,373	27,648,059	58,468,462	27,934,375	86,402,837
<b>Loss and total comprehensive loss for the six months ended 30 June 2023</b>	—	—	(15,366,849)	(15,366,849)	(1,699,303)	(17,066,152)
<b>Transactions with owners, recognised directly in equity</b>						
Capital contributions from non-controlling interests	—	—	—	—	120	120
Acquisition of assets and liabilities through acquisition of subsidiaries	—	—	—	—	108,048	108,048
Disposal of subsidiaries	—	—	—	—	(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	—	30,210	—	30,210	—	30,210
	—	(172,979)	—	(172,979)	(1,932,052)	(2,105,031)
<b>Balance at 30 June 2023</b>	466,030	30,181,394	12,281,210	42,928,634	24,303,020	67,231,654

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 2024

	Note	Unaudited	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations		910,821	(7,825,183)
Income tax paid		(778,898)	(910,482)
<b>Net cash generated from/(used in) operating activities</b>		<b>131,923</b>	<b>(8,735,665)</b>
<b>Cash flows from investing activities</b>			
Net cash inflow on disposal of subsidiaries		184,459	192,826
Proceeds from disposal and capital decreasing of joint ventures and associates		190,956	203,280
Proceeds from the considerations of equity transactions		253,751	118,578
Investments in joint ventures and associates		(2,000)	(32,500)
Dividend received from joint ventures and associates		6,091	20,989
Loans granted to joint ventures and associates		—	(116,729)
Repayments of loans from joint ventures and associates		83,809	597,141
Purchases of financial assets at fair value through profit or loss		(2,379,850)	(1,087,482)
Purchases of property, plant and equipment, land use rights, intangible assets and investment properties		(364,065)	(686,196)
Proceeds from redemption of financial assets at fair value through profit or loss		2,039,784	1,116,019
Proceeds from disposal of property, plant and equipment, land use rights, intangible assets and investment properties		75,309	100,294
Interest received		85,960	183,703
Deposit received/(paid) for borrowings		887,955	(1,575,931)
Others		27,901	—
<b>Net cash generated from/(used in) investing activities</b>		<b>1,090,060</b>	<b>(966,008)</b>

		Unaudited Six months ended 30 June	
Note	2024 RMB'000	2023 RMB'000	
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	5,807,000	15,331,680	
Repayments of borrowings	(5,308,747)	(5,497,949)	
Dividends or deem distribution paid to non-controlling interests	(343,500)	(584,245)	
Loans from non-controlling interests and equity investment partners	25,421	351,065	
Repayments of loans from non-controlling interests and equity investment partners	(204,909)	(907,446)	
Payments for transactions with non-controlling interests	—	(1,284)	
Interest paid	(2,813,965)	(3,207,008)	
Contribution from non-controlling interests	—	120	
Principal elements of lease payments	(54,008)	(83,512)	
<b>Net cash (used in)/generated from financing activities</b>	<b>(2,892,708)</b>	5,401,421	
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of period	7,056,374	11,601,128	
Effect of exchange difference	3,352	(9,339)	
<b>Cash and cash equivalents at end of period</b>	<b>5,389,001</b>	7,291,537	

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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 interim condensed consolidated financial information is presented in Renminbi (“RMB”), unless otherwise stated.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023 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 RMB16.67 billion for the six months ended 30 June 2024 and, as at 30 June 2024, the Group had net current liabilities of approximately RMB49.23 billion.

As at 30 June 2024, the Group’s current and non-current borrowings amounted to approximately RMB193.49 billion and RMB83.93 billion respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB25.68 billion. As at 30 June 2024, the Group had not repaid borrowings in principal amount of approximately RMB106.96 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totalling of approximately RMB57.44 billion might be demanded for early repayment. Up to the date of approval of this interim condensed consolidated financial information, the Group had not repaid borrowings in principal amount of approximately RMB114.32 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount totalling of approximately RMB53.96 billion 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 have carefully considered the Group's expected cash flow projections for the next 18 months from 30 June 2024 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:

- On 30 December 2022, onshore corporate bonds extension was completed by Sunac Real Estate Co., Ltd. ("Sunac Real Estate"), a wholly-owned subsidiary of the Group, where the repayment period has been extended 3 to 4 years with the interest rates remaining unchanged; in June 2024, the Group revised the repayment arrangement for bonds by adjusting the principal and interest payable in June 2024 and September 2024 under the original holistic debt extension proposal to be repayable in December 2024, and it has been persistently promoting an integrated, long-term solution;
- The Company's offshore debt restructuring plan has been successfully completed and the restructuring took effect on 20 November 2023. The creditors fully discharged the existing indebtedness of the Company in exchange for the issue of the new notes, the convertible bonds, the mandatory convertible bonds and for the existing shares of Sunac Services Holdings Limited ("Sunac Services", Stock Code: 01516);
- The Group has been actively negotiating with other lenders on the extension of borrowings, and up to the date of approval of this interim condensed consolidated financial information, extension of loans of approximately RMB36.05 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. Having considered the market environment, the successful extension of certain loans, the Group's credit history and longstanding relationships with the relevant lenders, the Group is confident that it will have the extension agreements for relevant outstanding loans gradually signed or have the relevant issues gradually resolved in other comprehensive ways;
- The Group is actively seeking new financing or additional capital inflows through various channels, including but not limited to new financing from asset management companies or financial institutions, special loan for guaranteed home delivery and ancillary borrowings, business cooperation with partners, asset disposal, etc., and up to the date of approval of this interim condensed consolidated financial information, the Group has endeavoured to achieve certain business cooperation and has obtained additional financing or additional capital inflows in the above areas. In June 2024, the National Financial Regulatory Administration and the Ministry of Housing and Urban-Rural Development jointly issued the Circular on Further Leveraging the Urban Real Estate Financing Coordination Mechanism to Satisfy the Reasonable Financing Needs of Real Estate Projects (《關於進一步發揮城市房地產融資協調機制作用滿足房地產項目合理融資需求的通知》), which put forward a number of measures to optimise and improve the urban coordination mechanism, aiming to enhance the efficiency and quality of project delivery and support more accurately the reasonable financing needs of real estate projects. The Group will also endeavour to seize such opportunities to further seek new facilities or additional funds;

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 2 Basis of preparation *(Continued)*

### (I) GOING CONCERN BASIS *(Continued)*

- The Group has been actively communicating with creditors to resolve the pending onshore lawsuits. Up to the date of approval of this interim condensed consolidated financial information, the Group has completed the settlement arrangements with certain creditors. The Group will continue to pursue diligently to reach an amicable settlement as soon as possible, taking account of the availability of financial resources to the Group, so as to deal with the litigations which have not yet come to a definitive conclusion at this stage;
- The Group has adjusted its organizational structure to be more flat to reducing the management levels, reducing the headcount, enhance management efficiency and effectively control costs and expenses; and
- The Group will always actively assume the primary responsibility, respond to the government's call for guaranteed home delivery, and continue to strive to complete the delivery. The government has been constantly adjusting and optimising its real estate regulation and control policies and introducing supportive policies, with a view to stabilising market expectations and facilitating the gradual recovery of the market. The Group will proactively keep up with the current policy window and make full use of the industry support policies, resolutely complete the task of guaranteeing property project delivery, and proactively resolve debt risks in an orderly manner.

In the Directors' 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 2024. Accordingly, the Directors consider that the preparation of this interim condensed consolidated financial information as at 30 June 2024 on a going concern basis is appropriate.

The management has formulated a number of plans and taken a number of measures, but the Group's ability to continue as a going concern still depends on:

- (i) whether sufficient funds can be raised to repay onshore and offshore public debts, if the Group is unable to raise sufficient funds, whether new solutions can be reached with bondholders;
- (ii) whether it can successfully negotiate with the remaining lenders on the extension or deferral of the repayment of the Group's borrowings;
- (iii) whether new and additional financing resources will be available as and when required; and
- (iv) whether asset value is realisable, sales targets are achievable and sales business will be more stable in the future.

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

## 2 Basis of preparation (Continued)

### (I) GOING CONCERN BASIS (Continued)

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

## 3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial years, except for 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 2024 and adopted by the Group for the first time in 2024:

- *Classification of Liabilities as Current or Non-current – Amendments to HKAS 1;*
- *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (Revised);*
- *Lease Liability in a Sale and Leaseback – Amendments to HKFRS 16;*
- *Non-current Liabilities with Covenants – Amendments to HKAS 1; and*
- *Supplier Finance Arrangements – Amendments to HKAS 7 and HKFRS 7.*

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.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 3 Accounting policies (Continued)

### (II) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 2024 and have not been early adopted by the Group. The Group is in the process of making an assessment of the impact of these new standards and amendments to existing standards upon initial application.

	Effective for the financial year beginning on or after
<i>Lack of Exchangeability – Amendments to HKAS 21</i>	1 January 2025
<i>Amendments to the Classification and Measurement of Financial Instruments – Amendments to HKFRS 9 and HKFRS 7</i>	1 January 2026
<i>Presentation and Disclosure in Financial Statements – HKFRS 18</i>	1 January 2027
<i>Subsidiaries without Public Accountability: Disclosures – HKFRS 19</i>	1 January 2027
<i>Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 and HKAS 28</i>	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 interim condensed consolidated 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 2023.

## 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 interim condensed consolidated 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 2023.

There have been no significant changes in the risk or in any risk management policies since 31 December 2023.

### 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 2024 and 31 December 2023 on a recurring basis:

At 30 June 2024	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>					
Financial assets at fair value through profit or loss ("FVPL")	12	14,240	—	12,150,810	12,165,050
<b>Financial liabilities</b>					
Derivative financial instruments		—	—	2,037,053	2,037,053
<b>At 31 December 2023</b>					
	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>					
Financial assets at FVPL	12	8,663	—	12,016,966	12,025,629
<b>Financial liabilities</b>					
Derivative financial instruments		—	—	2,108,145	2,108,145

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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 2024, 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 market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

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

#### (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 option embedded in the convertible bonds, mandatory convertible bonds and shareholder mandatory convertible bond (the “Convertible Bonds”) contracts – option pricing method or Monte-Carlo Simulation method with prominent factors that will materially affect value of the options, including terms and conditions of the option of the Convertible Bonds, expected volatility, discount rate, etc..

## 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)

As at 30 June 2024 and 31 December 2023, the Group's level 3 instruments included equity investments measured at FVPL, debt instruments and option embedded in the Convertible Bonds. For the investment in unlisted equity securities and debt instruments, as these instruments are not traded in an active market, their fair values were determined by using various applicable valuation techniques, including market approach etc.

The derivatives financial instruments mainly included options embedded in the mandatory convertible bonds and shareholder mandatory convertible bond. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The change of fair value is recognised in consolidated statement of comprehensive income.

#### (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 2024:

	Financial assets at FVPL			Derivative financial instruments RMB'000
	Equity investment RMB'000	Debt instruments RMB'000	Total RMB'000	
	<b>Opening balance at 1 January 2024</b>	10,552,646	1,464,320	
Additions	—	2,379,850	2,379,850	—
Disposals	(23,027)	(2,016,757)	(2,039,784)	—
Exercise of conversion of options attached to Convertible Bonds	—	—	—	373,539
Losses recognised in profit and loss*	(144,960)	(61,262)	(206,222)	(302,447)
<b>Closing balance at 30 June 2024</b>	<b>10,384,659</b>	<b>1,766,151</b>	<b>12,150,810</b>	<b>(2,037,053)</b>

\* includes unrealised (losses)/gains recognised in profit or loss attributable to balances held at the end of the reporting period

	(131,855)	7,004	(124,851)	(302,447)
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# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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.

Description	Fair value at		Valuation method	Significant unobservable inputs	Range of significant unobservable inputs	
	30 June 2024 RMB'000	31 December 2023 RMB'000			30 June 2024	31 December 2023
Equity instruments	10,384,659	10,552,646	Market approach, equity allocation model, option pricing method and discounted cash flow model	Discount rate for lack of marketability Expected volatility rate Discount rate	13.1%-27.0% 38.6%-80.7% 23.7%	20.0%-23.0% 38.6%-69.4% 40.4%
Debentures	1,766,151	1,464,320	Discounted cash flow model and Net assets value	Discount rate	3.5%	3.5%-4.2%
Derivative financial instruments	(2,037,053)	(2,108,145)	Option pricing method and Monte-Carlo Simulation method	Expected volatility rate	74.1%	63.4%

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 2024:

	Carrying amount RMB'000	Fair value RMB'000
<b>Non-current borrowings:</b>		
– Senior notes (note 21)	27,489,597	4,094,632
– Corporate bonds (note 21)	10,529,042	2,719,297
– Private domestic corporate bonds (note 21)	4,085,366	1,034,195
– Convertible bonds (note 21)	1,350,064	347,810

## 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

In 2024, the Group combined the fitting and decoration services into the property development segment to better reflect the Group's updated business strategies and the development phases of various businesses. The segment information of 2023 was restated correspondingly.

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

### 6 Segment information (Continued)

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

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

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

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

The segment results are as follows:

	Six months ended 30 June 2024				Total RMB'000
	Property development RMB'000	Cultural and tourism city construction and operation RMB'000	Property management RMB'000	All other segments RMB'000	
Total segment revenue	28,078,816	2,477,833	3,483,728	332,492	34,372,869
Inter-segment revenue	—	—	(93,253)	—	(93,253)
<b>Revenue from external customers</b>	<b>28,078,816</b>	<b>2,477,833</b>	<b>3,390,475</b>	<b>332,492</b>	<b>34,279,616</b>
Net impairment losses under expected credit loss model	(942,899)	—	(167,923)	—	(1,110,822)
Net fair value losses on investment properties	—	(48,000)	(6,666)	(3,949)	(58,615)
Interest income	332,336	—	3,365	—	335,701
Finance income	72,570	2,905	26,742	578	102,795
Share of post-tax losses of associates and joint ventures accounted for using the equity method, net	(1,267,374)	(6,278)	(2,846)	(20,289)	(1,296,787)
<b>Segment results</b>	<b>(9,161,385)</b>	<b>(72,873)</b>	<b>506,728</b>	<b>(40,796)</b>	<b>(8,768,326)</b>
<b>Other information</b>					
Capital expenditure	194,255	309,848	25,155	20,329	549,587

## 6 Segment information (Continued)

	As at 30 June 2024				
	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
<b>Total segment assets</b>	<b>790,473,899</b>	<b>89,482,092</b>	<b>11,737,377</b>	<b>9,444,654</b>	<b>901,138,022</b>
Investments accounted for using the equity method	63,069,064	1,309,337	53,476	1,582,736	66,014,613
<b>Total segment liabilities</b>	<b>776,334,465</b>	<b>23,440,027</b>	<b>4,521,927</b>	<b>4,933,250</b>	<b>809,229,669</b>
	Six months ended 30 June 2023 (Restated)				
	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	52,139,145	2,718,351	3,396,051	296,519	58,550,066
Inter-segment revenue	—	—	(77,316)	—	(77,316)
<b>Revenue from external customers</b>	<b>52,139,145</b>	<b>2,718,351</b>	<b>3,318,735</b>	<b>296,519</b>	<b>58,472,750</b>
Net impairment losses under expected credit loss model	(436,811)	—	(28,255)	—	(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	2,817,369	3,935	3,115	(170,946)	2,653,473
<b>Segment results</b>	<b>(6,855,147)</b>	<b>(1,092,146)</b>	<b>626,433</b>	<b>(375,847)</b>	<b>(7,696,707)</b>
<b>Other information</b>					
Capital expenditure	864,703	784,814	85,881	7,244	1,742,642

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 6 Segment information (Continued)

	As at 31 December 2023 (Restated)				
	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
<b>Total segment assets</b>	804,604,846	93,350,588	12,998,348	8,334,638	919,288,420
Investments accounted for using the equity method	66,279,142	1,315,616	56,683	1,599,648	69,251,089
<b>Total segment liabilities</b>	771,747,108	23,866,852	4,904,335	4,958,736	805,477,031

Reportable segment results are reconciled to total loss as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Total segment results	(8,768,326)	(7,696,707)
Depreciation and amortisation	(1,603,752)	(1,699,510)
Finance expenses	(6,486,933)	(5,538,562)
Other income and gains	—	23,246
Other expenses and losses	(503,091)	(763,583)
Income tax credits/(expenses)	697,076	(1,391,036)
<b>Loss for the period</b>	<b>(16,665,026)</b>	<b>(17,066,152)</b>

## 6 Segment information (Continued)

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Total segment assets	901,138,022	919,288,420
Deferred tax assets	35,879,689	33,482,587
Other assets	24,952,279	25,083,196
<b>Total assets</b>	<b>961,969,990</b>	<b>977,854,203</b>
Total segment liabilities	809,229,669	805,477,031
Deferred tax liabilities	12,535,757	15,594,359
Other liabilities	73,946,378	72,996,948
<b>Total liabilities</b>	<b>895,711,804</b>	<b>894,068,338</b>

### ASSETS AND LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Contract liabilities	186,078,780	194,809,944

The Group had no material contract assets as at 30 June 2024 and 31 December 2023.

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:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Contract costs	4,527,412	4,812,288

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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
<b>At 31 December 2023</b>						
Cost	80,113,993	131,667	863,177	864,837	10,927,964	92,901,638
Accumulated depreciation and impairment	(26,036,433)	(84,931)	(534,926)	(508,709)	(123,404)	(27,288,403)
Net book amount	54,077,560	46,736	328,251	356,128	10,804,560	65,613,235
<b>Six months ended 30 June 2024</b>						
Opening net book amount	54,077,560	46,736	328,251	356,128	10,804,560	65,613,235
Additions	226,578	6,980	5,793	31,769	247,295	518,415
Transfers	25,604	—	—	—	(25,604)	—
Transfers to investment properties	(151,811)	—	—	—	—	(151,811)
Transfers to properties under development	—	—	—	—	(583,202)	(583,202)
Disposal of subsidiaries (note 31(B))	(367,690)	(54)	(838)	(281)	—	(368,863)
Disposals	(596,440)	(1,198)	(4,480)	(7,690)	—	(609,808)
Depreciation charges	(1,184,948)	(5,792)	(25,387)	(35,042)	—	(1,251,169)
Closing net book amount	52,028,853	46,672	303,339	344,884	10,443,049	63,166,797
<b>At 30 June 2024</b>						
Cost	79,030,929	129,521	833,677	884,733	10,566,453	91,445,313
Accumulated depreciation and impairment	(27,002,076)	(82,849)	(530,338)	(539,849)	(123,404)	(28,278,516)
Net book amount	52,028,853	46,672	303,339	344,884	10,443,049	63,166,797

For the six months ended 30 June 2024, depreciation expense of RMB1,045 million, RMB20 million and RMB186 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 2024, 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). The recoverable amounts of those CGUs, to which these assets were belonged, were determined at the higher of fair value less cost of disposal and its value-in-use. The valuation models used to estimate the fair values of relevant assets were with reference to recent prices of similar assets of similar conditions when such prices could be reliably obtained, where applicable. The fair values upon which recoverable amounts of these assets were based were within level 3 of fair value hierarchy. There were no significant changes to the valuation techniques and key assumptions for the six months ended 30 June 2024 as comparing with 31 December 2023. No further impairment losses were recognised in “Other expenses and losses” for the six months ended 30 June 2024.

## 8 Investment properties

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

	<b>Total</b> RMB'000
At 31 December 2023	22,098,863
Transfers from right of use assets	427,016
Transfers from PP&E	151,811
Additions	12,290
Disposal of subsidiaries (note 31(B))	(64,000)
Fair value changes	(58,615)
<hr/>	
At 30 June 2024	22,567,365

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

As at 30 June 2024, all the investment properties are within level 3 of the fair value hierarchy. Management obtains independent valuations for its investment properties. Cushman & Wakefield Limited, an independent professional valuer, performed the independent valuation of these buildings. There were no significant changes to the valuation techniques for the six months ended 30 June 2024.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 9 Leases

	Land use rights RMB'000	Properties RMB'000	Vehicles RMB'000	Total RMB'000
<b>Right-of-use assets</b>				
31 December 2023	13,584,304	329,995	11,534	13,925,833
Additions	5,219	123,597	937	129,753
Transfers to investment properties	(427,016)	—	—	(427,016)
Disposals	(311,783)	(12,204)	—	(323,987)
Depreciation charges	(187,579)	(59,558)	(3,632)	(250,769)
Disposal of subsidiaries (note 31(B))	(62,728)	—	—	(62,728)
30 June 2024	12,600,417	381,830	8,839	12,991,086
			<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
<b>Lease liabilities</b>				
Current			<b>150,313</b>	141,306
Non-current			<b>479,628</b>	430,313
Total lease liabilities			<b>629,941</b>	571,619

For the six months ended 30 June 2024, depreciation expense of RMB189 million and RMB62 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
<b>At 31 December 2023</b>			
Cost	8,638,262	2,705,940	11,344,202
Accumulated amortisation and impairment	(6,487,639)	(1,906,946)	(8,394,585)
Net book amount	2,150,623	798,994	2,949,617
<b>Six months ended 30 June 2024</b>			
Opening net book amount	2,150,623	798,994	2,949,617
Additions	—	13,663	13,663
Amortisation charges	—	(101,814)	(101,814)
Impairment charges	—	(294)	(294)
Disposal of subsidiaries (note 31(B))	—	(276)	(276)
Disposals	—	(269)	(269)
Closing net book amount	2,150,623	710,004	2,860,627
<b>At 30 June 2024</b>			
Cost	8,638,262	2,718,468	11,356,730
Accumulated amortisation and impairment	(6,487,639)	(2,008,464)	(8,496,103)
Net book amount	2,150,623	710,004	2,860,627

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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 calculation.

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

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Property management	<b>1,248,456</b>	1,248,456
Property development	<b>396,857</b>	396,857
All other segments	<b>505,310</b>	505,310
	<b>2,150,623</b>	2,150,623

There have been no significant changes in goodwill allocation for the six months ended 30 June 2024. Management reviews the business performance and monitors the goodwill on individual CGU or group of CGUs basis as at 30 June 2024.

The Directors and management have considered and assessed reasonably possible changes for the 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 amounts recognised in the consolidated balance sheet are as follows:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Joint ventures	<b>50,141,652</b>	53,400,856
Associates	<b>15,872,961</b>	15,850,233
	<b>66,014,613</b>	69,251,089

### 11.1 INVESTMENTS IN JOINT VENTURES

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

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000</b>	2023 RMB'000
At beginning of period	<b>53,400,856</b>	58,327,840
Increasing:		
– New investments in joint ventures	<b>1,205,500</b>	211,310
– Subsidiaries becoming joint ventures	—	235,436
Decreasing:		
– Disposal and capital decreasing of joint ventures	<b>(2,035,073)</b>	(1,803,898)
– Impact on asset acquisition transactions	<b>(1,166,569)</b>	(408,672)
Share of (losses)/profits of joint ventures, net	<b>(1,221,902)</b>	1,746,508
Dividends from joint ventures	<b>(41,160)</b>	(728,139)
At end of period	<b>50,141,652</b>	57,580,385

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 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	
	2024 RMB'000	2023 RMB'000
At beginning of period	15,850,233	17,375,156
Increasing:		
– New investments in associates	81,000	—
– Subsidiaries becoming associates	34,356	—
Decreasing:		
– Disposal of associates	(16,647)	(9,745)
– Impact on asset acquisition transactions	—	(1,401,172)
Share of (losses)/profits of associates, net	(74,885)	906,965
Dividends from associates	(1,096)	(9,231)
At end of period	15,872,961	16,861,973

## 12 Financial assets at fair value through profit or loss

	30 June 2024 RMB'000	31 December 2023 RMB'000
Listed equity securities	14,240	8,663
Unlisted equity securities	10,384,659	10,552,646
Debentures	1,766,151	1,464,320
	<b>12,165,050</b>	<b>12,025,629</b>

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 2024 RMB'000	31 December 2023 RMB'000
Comprising:		
Land use rights costs	287,387,873	300,515,835
Construction costs and capitalised expenditures	110,460,812	111,775,546
Capitalised finance costs	99,523,226	97,807,424
	<b>497,371,911</b>	<b>510,098,805</b>
Less: provision for loss on realisable value	<b>(35,456,192)</b>	<b>(32,739,656)</b>
	<b>461,915,719</b>	<b>477,359,149</b>
Including: To be completed within 12 months	149,081,480	153,759,986
To be completed after 12 months	312,834,239	323,599,163
	<b>461,915,719</b>	<b>477,359,149</b>

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

### 14 Completed properties held for sale

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Completed properties held for sale	<b>111,931,233</b>	114,411,421
Less: provision for loss on realisable value	<b>(15,483,860)</b>	(15,189,201)
	<b>96,447,373</b>	99,222,220

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

### 15 Trade and other receivables

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Non-current –		
Other receivables (iii)	<b>56,322</b>	53,223
Less: loss allowance	<b>(1,693)</b>	(2,465)
	<b>54,629</b>	50,758
Current –		
Trade receivables from contracts with customers (i)	<b>4,529,505</b>	4,179,618
Amounts due from non-controlling interests and their related parties (ii)	<b>24,772,114</b>	25,821,874
Notes receivables	<b>15,436</b>	49,718
Deposits receivables	<b>5,687,515</b>	6,105,497
Other receivables (iii)	<b>31,324,376</b>	22,292,493
	<b>66,328,946</b>	58,449,200
Less: loss allowance	<b>(6,714,651)</b>	(5,630,675)
	<b>59,614,295</b>	52,818,525

As at 30 June 2024 and 31 December 2023, 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 2024 RMB'000	31 December 2023 RMB'000
Within 90 days	941,785	989,181
91–180 days	516,745	411,680
181–365 days	1,179,794	982,214
Over 365 days	1,891,181	1,796,543
	<b>4,529,505</b>	4,179,618

- (ii) The amounts due from non-controlling interests and their related parties were unsecured, interest free and had no fixed repayment terms.
- (iii) Other receivables mainly included the receivables from disposal of equity interests, receivables from project demolition, the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

## 16 Prepayments

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current –		
Prepayments for equity transactions	490,999	490,999
Prepayments for purchase of PP&E	36,256	39,888
	<b>527,255</b>	530,887
Current –		
Prepaid value-added taxes and other taxes	5,574,864	5,923,545
Prepayments for land use rights acquisitions	5,322,293	6,032,386
Prepayments for construction costs	1,705,846	1,489,733
Others	1,680,422	1,576,003
	<b>14,283,425</b>	15,021,667

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 17 Cash and cash equivalents and restricted cash

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Cash at banks and on hand	<b>25,683,475</b>	24,623,122
Less: restricted cash (A)	<b>(20,294,474)</b>	(17,566,748)
	<b>5,389,001</b>	7,056,374

(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

	<b>Number of shares (thousands)</b>	<b>Share capital</b>	
		HK\$'000	<b>Equivalent to RMB'000</b>
<b>Authorised:</b>			
As at 1 January 2024 and 30 June 2024, HK\$0.1 per share	15,000,000	1,500,000	
<b>Issued and fully paid:</b>			
As at 1 January 2024	8,396,010	839,603	734,205
Shares issued upon the conversion of the Convertible Bonds (note 21(A))	224,461	22,446	20,440
As at 30 June 2024	8,620,471	862,049	754,645



## 19 Reserves

	Share premium RMB'000	Share option reserve RMB'000	Other reserves RMB'000	Total RMB'000
<b>Six months ended 30 June 2024</b>				
At 1 January 2024	15,077,556	2,620,834	25,195,266	42,893,656
Transactions with non-controlling interests	—	—	(28,189)	(28,189)
Share award scheme				
– Value of employee services (i)	—	5,203	—	5,203
Shares issued upon the conversion of the Convertible Bonds (note 21(A))	493,666	—	—	493,666
Statutory reserve	—	—	(9,474)	(9,474)
At 30 June 2024	15,571,222	2,626,037	25,157,603	43,354,862
<b>Six months ended 30 June 2023</b>				
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	—	30,210	—	30,210
At 30 June 2023	7,481,851	2,612,577	20,086,966	30,181,394

- (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 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 2024, no additional share was purchased from open market pursuant to the Share Award Scheme. For the six months ended 30 June 2024, no additional shares in connection with the Share Award Scheme was granted to the eligible employees.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 20 Trade and other payables

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current –		
Other payables (iv)	54,956	55,624
Current –		
Trade payables (i)	111,963,333	109,523,789
Interests payable	33,617,738	23,278,904
Notes payables (v)	24,786,065	25,791,750
Amounts due to non-controlling interests and their related parties (ii)	24,497,867	24,505,637
Considerations payables for acquisition of equity investments	10,698,425	11,325,663
Other taxes payable	10,192,892	11,378,425
Consideration payables arising from non-controlling shareholders' put option (iii)	1,333,308	1,354,701
Payroll and welfare payables	1,139,051	1,218,486
Other payables (iv)	71,157,676	73,580,643
	<b>289,386,355</b>	<b>281,957,998</b>

Notes:

- (i) At 30 June 2024, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 90 days	5,433,618	28,364,386
91–180 days	5,133,259	8,137,013
181–365 days	30,587,297	17,501,182
Over 365 days	70,809,159	55,521,208
	<b>111,963,333</b>	<b>109,523,789</b>

- (ii) The amounts due to non-controlling interests and their related parties are unsecured and have no fixed repayment date.
- (iii) Several put options were granted to the non-controlling shareholders of certain subsidiaries of the Group which they have the right to sell their remaining equity interests in the relevant subsidiaries to the Group at any time. The financial liabilities being the present value of the redemption amount for the acquisition of the remaining equity interest upon the exercise of the put option were recognised and included in other payables.
- (iv) As at 30 June 2024, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB10.22 billion (as at 31 December 2023: RMB10.97 billion). The remaining balances mainly included deposits from customers, deposits on construction projects, deed tax and maintenance funds received on behalf of customers, amounts due to equity investment partners and accrued expenses.
- (v) As at 30 June 2024, the overdue notes payables is RMB24.79 billion.

## 21 Borrowings

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current		
Secured,		
– Bank and other institution borrowings	225,900,655	225,954,040
– Senior notes (A)	27,489,597	25,626,047
– Corporate bonds (B)	10,529,042	10,529,042
– Private domestic corporate bonds (C)	4,085,366	4,085,366
– Convertible bonds (A)	1,350,064	1,348,366
	<b>269,354,724</b>	267,542,861
Unsecured,		
– Bank and other institution borrowings	2,235,716	2,884,350
	<b>271,590,440</b>	270,427,211
Less: current portion of non-current borrowings (D)	<b>(187,659,391)</b>	(173,793,349)
	<b>83,931,049</b>	96,633,862
Current		
Secured,		
– Bank and other institution borrowings	5,389,416	5,994,828
Unsecured,		
– Bank and other institution borrowings	445,444	1,411,534
	<b>5,834,860</b>	7,406,362
Current portion of non-current borrowings (D)	<b>187,659,391</b>	173,793,349
	<b>193,494,251</b>	181,199,711
Total borrowings	<b>277,425,300</b>	277,833,573

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 21 Borrowings (Continued)

### (A) SENIOR NOTES AND CONVERTIBLE BONDS

Pursuant to the offshore debt restructuring which effective on 20 November 2023, the Company issued new senior notes (the “Senior Notes”), the convertible bonds, the mandatory convertible bonds and the shareholder mandatory convertible bond with original principal amounts of USD5.70 billion, USD1.00 billion, USD2.75 billion and USD0.45 billion respectively. Subsequent to the initial recognition on the date of issuance (i.e. 20 November 2023), the carrying amounts of the debt component of the convertible bonds and the Senior Notes are measured at amortised cost; and the carrying amounts of the derivative components of the convertible bonds, the mandatory convertible bonds and the shareholder mandatory convertible bond are measured at fair values.

As at 30 June 2024, the outstanding principal amounts of the Senior Notes, the convertible bonds, the mandatory convertible bonds and the shareholder mandatory convertible bond were USD5.70 billion (31 December 2023: USD5.70 billion), USD0.75 billion (31 December 2023: USD0.83 billion), USD0.72 billion (31 December 2023: USD0.85 billion) and USD0.12 billion (31 December 2023: USD0.14 billion) respectively.

During the six months ended 30 June 2024, 7.7% and 4.7% holders of the convertible bonds and the mandatory convertible bonds respectively have exercised the options attached to the bonds to convert the respective bonds into 197,141,442 ordinary shares in total of the Company. In addition, the respective portion of shareholder mandatory convertible bond were converted into 27,319,761 ordinary shares of the Company. As a result, the share capital and other reserves of the Group increased by RMB20.44 million and RMB0.49 billion, respectively.

As at the conversion dates and at end of the reporting period, the Company remeasured the derivative components of the Convertible Bonds at their fair values. As a result, the Group recognised changes in fair value on derivative financial instruments of RMB0.30 billion in “other expenses and losses” during the six months ended 30 June 2024 (note 24). Refer to note 5.2 for the valuation techniques and significant inputs used in the fair value measurement of these derivative instruments.

### (B) CORPORATE BONDS

Sunac Real Estate issued corporate bonds (the “Corporate Bonds”) on the Shanghai Stock Exchange and Shenzhen Stock Exchange. During six months ended 30 June 2024, 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 2024, the Group did not issue any new Private Bonds.

## 21 Borrowings (Continued)

### (D) LONG-TERM BORROWINGS

As at 30 June 2024, the Group had not repaid borrowings in principal amount of approximately RMB106.96 billion in aggregate according to their scheduled repayment dates, and as a result, non-current borrowings in principal amount of RMB26.94 billion in aggregate might be demanded for early repayment. These borrowings have been reclassified as current liabilities as at 30 June 2024 accordingly. In addition, current portion of long-term borrowings classified as current borrowings of approximately RMB30.50 billion might be demand for early repayment.

Up to the date of approval of this interim condensed consolidated financial information, notwithstanding the Group has successfully renewed certain of the current and non-current borrowings of RMB36.05 billion, the Group had not repaid borrowings in principal amount of approximately RMB114.32 billion in aggregate according to their scheduled repayment dates. As a result, borrowings in principal amount totalling of approximately RMB53.96 billion might be demanded for early repayment.

As at 30 June 2024, RMB274.74 billion (as at 31 December 2023: RMB273.54 billion) of the Group's total borrowings were secured or jointly secured by the Group's certain assets, comprised of PUDs, CPHFS, PP&E, investment properties, land used rights and financial assets at FVPL, which total amount was RMB398.82 billion (as at 31 December 2023: RMB414.03 billion) and disposal gains of certain equities or assets of the Group's subsidiaries.

For the six months ended 30 June 2024, extension of certain loans and bonds of the Group was agreed, details of which are set out in note 2(l) to the interim condensed consolidated financial information. The impact of the debt modification was immaterial to the interim condensed consolidated financial information of the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 22 Expenses by nature

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Costs of properties sold	26,766,825	51,498,038
Value-added tax surcharges	146,389	176,545
Staff costs	2,489,865	3,167,350
Net impairment losses on properties	4,107,338	4,454,530
Advertisement and promotion costs	635,684	1,505,280
Depreciation and amortisation*	1,603,752	1,699,510

\* Depreciation and amortisation expense of RMB1.27 billion has been charged to "cost of sales" for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB1.35 billion).

## 23 Other income and gains

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Gains from disposal of subsidiaries	1,930,157	303,789
Interest income	335,701	892,629
Gains from disposal of joint ventures and associates	3,580	389,225
Net gains on disposal of financial assets at FVPL	—	23,246
Others	260,256	276,950
	2,529,694	1,885,839

## 24 Other expenses and losses

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Provision for litigation and other contingent liabilities	3,251,128	869,384
Losses on project demolition	790,043	—
Losses from disposal of PP&E, investment properties, right-of-use assets and intangible assets	447,798	981,862
Losses from disposal of joint ventures and associates	362,782	1,347,574
Losses from disposal of subsidiaries	313,512	289,511
Net fair value losses on derivative financial instruments	302,447	—
Net fair value losses on financial assets at FVPL	119,273	763,583
Net losses on disposal of financial assets at FVPL	81,371	—
Net fair value losses on investment properties	58,615	283,694
Impairment provisions for intangible assets	294	—
Impairment provisions for PP&E	—	1,220,414
Others	671,129	662,188
	<b>6,398,392</b>	<b>6,418,210</b>

## 25 Finance income and expenses

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Finance expenses:		
Interest expenses	15,838,370	13,319,003
Interest expenses for lease liabilities	27,170	26,918
Less: capitalised finance costs	(9,689,871)	(11,050,470)
	<b>6,175,669</b>	<b>2,295,451</b>
Net exchange losses	311,264	3,243,111
	<b>6,486,933</b>	<b>5,538,562</b>
Finance income:		
Interest income on bank deposits	(102,795)	(127,565)
	<b>6,384,138</b>	<b>5,410,997</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 26 Income tax (credits)/expenses

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Corporate income tax ("CIT")		
– Current income tax	1,712,739	2,291,023
– Deferred income tax	(3,108,722)	(263,688)
	(1,395,983)	2,027,335
Land appreciation tax ("LAT")	698,907	(636,299)
	(697,076)	1,391,036

### (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 2024 based on existing legislations, interpretations and practices.

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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.

Income tax (credits)/expenses were recognised based on management's estimate of the weighted-average annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2024 was 25% (2023: 25%).

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 consolidated statement of comprehensive income 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	
	2024	2023
Loss attributable to owners of the Company (RMB'000)	14,957,186	15,366,849
Weighted-average number of ordinary shares in issue (thousand)	8,423,015	5,448,884
Adjusted for shares repurchased for Share Award Scheme (thousand)	(76,325)	(76,325)
Weighted-average number of ordinary shares for basic earnings per share (thousand)	8,346,690	5,372,559

### (B) DILUTED

For the six months ended 30 June 2024 and 2023, diluted loss per share was the same as the basic loss per share as potential ordinary shares arising from awarded shares were not treated as dilutive as the vesting of awarded 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 2024 RMB'000	31 December 2023 RMB'000
Contracted but not provided for		
– PUDs and CPHFS	134,762,508	149,486,540
– PP&E	6,555,696	7,294,107
– Investment properties	657,588	658,045
– Right-of-use assets	83,421	83,421
	142,059,213	157,522,113

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 28 Commitments (Continued)

### (B) EQUITY INVESTMENTS

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
– Contracted but not provided for	<b>574,766</b>	574,766

## 29 Financial guarantees and litigation

### (A) FINANCIAL GUARANTEES

The Group had the following financial guarantees on mortgage facilities:

	<b>30 June 2024 RMB'000</b>	31 December 2023 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	<b>79,918,364</b>	79,981,823

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.

As at 30 June 2024, the Group had provided guarantees for certain joint ventures and associates for their borrowings amounted to RMB34.16 billion together with the business partners on pro rata basis. In addition, the Group had provided guarantees for borrowings of third parties of RMB12.44 billion.

## 29 Financial guarantees and litigation (Continued)

### (B) LITIGATION

Up to the date of approval of this interim condensed consolidated financial information, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operations payables, delayed delivery of projects and other matters. Among them, there were about 368 cases with individual amounts exceeding RMB50 million, and the aggregated amounts of these cases amounted to approximately RMB139.94 billion, which mainly includes unpaid borrowings and outstanding construction payables. The Directors have assessed the impact of the above litigation matters and accrued provision for litigations and interests payable on the interim condensed consolidated financial information for the six months ended 30 June 2024 of the Group. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations.

## 30 Asset acquisition

During the six months ended 30 June 2024, the Group completed a transaction with an existing equity investment counterparty to acquire additional equity interests of an existing joint venture principally engaged in property development at a consideration of approximately RMB1.28 billion. The Directors of the Company were of the opinion that the acquisition did not constitute business combinations as defined in HKFRS 3, therefore, the acquisition had been accounted for as asset acquisition. Upon completion of this transaction, the entity became a subsidiary of the Group. A joint venture of approximately RMB1.17 billion was derecognised and a net asset of RMB2.45 billion (mainly consisted of PUDs and CPHFS of approximately RMB3.32 billion in total and contract liabilities of approximately RMB1.86 billion) were recognised as at the date of acquisition. This transaction has been disclosed in the announcement of the Company dated 15 September 2023.

Except the above, the Group had no individually material asset acquisition for the six months ended 30 June 2024.

## 31 Disposal of subsidiaries

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

	<b>Total</b> RMB'000
Consideration received or receivable	3,234,604
Fair value of the remaining equity interest held by the Group at disposal	34,356
Less: carrying value of assets and liabilities of the disposed subsidiaries	(2,012,427)
Add: non-controlling interests derecognised	360,112
<hr/>	
Net gains from disposal of subsidiaries	<hr/> 1,616,645

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 31 Disposal of subsidiaries (Continued)

- (B) The carrying values of the assets and liabilities owned by the Group as at the disposal dates are summarised as follows:

	<b>Total</b>
	RMB'000
<b>Non-current assets</b>	
PP&E	368,863
Investment properties	64,000
Right-of-use assets	62,728
Intangible assets	276
Investments accounted for using the equity method	12,653
Deferred tax assets	179,478
<b>Current assets</b>	
PUDs	8,994,334
CPHFS	1,252,205
Restricted cash	108,789
Cash and cash equivalents	18,541
Other current assets	667,233
<b>Non-current liabilities</b>	
Borrowings	(85,000)
Deferred tax liabilities	(1,423,344)
<b>Current liabilities</b>	
Borrowings	(4,403,900)
Other current liabilities	(3,804,429)
<b>Net assets</b>	<b>2,012,427</b>

- (C) The cash impact arising from the disposals in above transactions are summarised as follows:

	<b>Total</b>
	RMB'000
Cash considerations received as of 30 June 2024	203,000
Cash of the subsidiaries disposed	(18,541)
<b>Net cash impact</b>	<b>184,459</b>

### 31 Disposal of subsidiaries (Continued)

- (D) During the six months ended 30 June 2024, the Group disposed of 70% equity interest in a subsidiary, principally engaged in property development at a consideration of approximately RMB3.13 billion. The disposal resulted in loss of control over the entity and net assets of RMB1.57 billion (mainly consisted of PUDs of approximately RMB7.24 billion, borrowings of approximately RMB3.73 billion and deferred tax liabilities of approximately RMB1.42 billion) and non-controlling interests of RMB0.34 billion were derecognised as at the date of disposal. The gain on disposal of the entity amounted to RMB1.90 billion for the six months ended 30 June 2024.

Except the above, the Group had no individually material disposals for the six months ended 30 June 2024.

### 32 Related party transactions

#### (A) TRANSACTIONS WITH RELATED PARTIES

In addition to the related party information disclosed elsewhere in the interim condensed consolidated financial information, the Group had the following 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	
	2024 RMB'000	2023 RMB'000
Cash paid to joint ventures and associates	(1,220,213)	(2,459,727)
Cash received from joint ventures and associates	1,587,453	4,200,855
	<b>367,240</b>	<b>1,741,128</b>

##### (ii) Rendering of services and interest income

Nature of transaction	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Joint ventures:		
– Interest income	251,699	758,362
– Property management services	38,027	75,909
Associates:		
– Interest income	69,669	78,469
– Property management services	7,907	16,399

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

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

## 32 Related party transactions (Continued)

### (B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries and other short-term benefits	11,563	19,902
Share Award Scheme	—	12,216
	<b>11,563</b>	<b>32,118</b>

### (C) RELATED PARTIES BALANCES

	30 June 2024 RMB'000	31 December 2023 RMB'000
	Amounts due from joint ventures	
– Interest free	55,549,418	53,306,044
– Interest bearing	6,010,453	9,058,814
– Interest receivable	4,683,330	4,597,965
– Trade receivables	1,067,438	2,011,882
	<b>67,310,639</b>	<b>68,974,705</b>
Less: loss allowance	<b>(5,103,603)</b>	<b>(5,637,749)</b>
	<b>62,207,036</b>	<b>63,336,956</b>
Amounts due from associates		
– Interest free	4,283,366	3,583,081
– Interest bearing	2,784,234	2,784,234
– Interest receivable	1,238,056	1,185,183
– Trade receivables	26,845	44,032
	<b>8,332,501</b>	<b>7,596,530</b>
Less: loss allowance	<b>(631,784)</b>	<b>(539,851)</b>
	<b>7,700,717</b>	<b>7,056,679</b>
Amounts due to joint ventures	41,844,376	39,345,890
Amounts due to associates	7,653,693	7,217,600
Amounts due to key management	195,000	195,000
	<b>49,693,069</b>	<b>46,758,490</b>
Shareholder mandatory convertible bond	287,551	295,133

## 32 Related party transactions *(Continued)*

### (C) RELATED PARTIES BALANCES *(Continued)*

As at 30 June 2024, most of the amounts due from joint ventures and associates had no fixed repayment date and born interest rates from 3.96% to 14.00% per annum for the six months ended 30 June 2024.

As at 30 June 2024, the amounts due to joint ventures and associates were unsecured, interest-free and repayable on demand.

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

## 33 Dividends

No interim dividend for the six months ended 30 June 2024 was proposed by the board of directors of the Company (six months ended 30 June 2023: Nil).



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