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SUNAC CHINA HOLDINGS LIMITED

融創中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

DISCLOSEABLE TRANSACTION ENTRY INTO AGREEMENTS WITH WANDA PARTIES

THE TRANSACTION

The Board is pleased to announce that in order to further improve the management and operational efficiency of the Cultural and Tourism Projects Acquired by the Group, enhance the profitability and asset value of these projects and accelerate the establishment of the system capability and brand influence of the Group in the cultural and tourism field, on 29 October 2018, 融創房地產集團有限公司 (Sunac Real Estate Group Co., Ltd.*) ("**Sunac Real Estate**"), an indirect wholly-owned subsidiary of Sunac China Holdings Limited (the "**Company**"), entered into agreements (the "**Agreements**") with Mr. WANG Jianlin, 大連萬達集團股份有限公司 (Dalian Wanda Group Co., Ltd.*) ("**Wanda Group**"), together with Mr. WANG Jianlin, the "**Sellers**", and 萬達商業管理集團有限公司 (Wanda Commercial Management Group Co., Ltd.*) ("**Wanda Commercial Management Group**"), together with the Sellers, the "**Wanda Parties**"), respectively, pursuant to which:

- (i) Sunac Real Estate agreed to acquire and Mr. WANG Jianlin agreed to sell 75% equity interest in 成都萬達主題文化旅游管理有限公司 (Chengdu Wanda Theme Cultural and Tourism Management Co., Ltd.*) ("**Wanda Cultural Management**") held by him, and to terminate the original commercial arrangement, at a consideration of approximately RMB4.494 billion;
- (ii) Sunac Real Estate agreed to acquire and 萬達控股投資有限公司 (Wanda Investment Holding Co. Limited) ("**Wanda Holding**") agreed to sell 99% equity interest in 萬達文化旅遊創意集團有限公司 (Wanda Culture Travel Innovation Group Co., Limited), ("**Wanda BVI**") held by it and 萬達文化控股有限公司 (Wanda Culture Holdings Co. Limited) ("**Wanda Culture Holding**") agreed to sell 1% equity interest in Wanda BVI held by it, and to terminate the original commercial arrangement, at a total consideration of Hong Kong dollar equivalent to RMB1.5 billion; and
- (iii) Wanda Commercial Management Group agreed to terminate the original commercial arrangement at a consideration of approximately RMB287 million.

Upon completion of the Transaction, the Group will hold 100% equity interest in Wanda Cultural Management. The total consideration for the Transaction is approximately RMB6.281 billion. Through the aforesaid acquisition of equity interest and the termination of the original commercial arrangement:

- (i) the Group will fully provide the following services originally offered by the Wanda Parties and their related parties for the Cultural and Tourism Projects Acquired by the Group upon completion of the Transaction:
 - A. the overall planning and design and the construction and management services of properties under the Cultural and Tourism Projects Acquired by the Group (including but not limited to parks, shops, hotels, film and TV industry parks, yacht club, ocean parks, theaters and bar streets, etc.); and
 - B. the services such as brand licensing, operation consulting and operational management for properties under the Cultural and Tourism Projects Acquired by the Group (including but not limited to parks, shops, hotels, film and TV industry parks, yacht club, ocean parks, theaters and bar streets, etc.);
- (ii) the staff for construction and management services for the self-owned properties, the staff of Wanda Institution, the staff for the theme entertainment sector and its operation and management and the operational management staff of the parks and commercial areas relating to the aforesaid businesses will be retained by the Group;
- (iii) some intellectual properties relating to the aforesaid businesses, such as trademarks and copyrights, will be owned by the Group, and the remaining intellectual properties retained by Wanda Parties will be licensed by Wanda Parties to the Group for continuous usage on free-of-charge basis;
- (iv) for the trade name “Wanda (萬達)” that currently being used by the Target Companies and parks and commercial areas under the Cultural and Tourism Projects Acquired by the Group, the Group has a right to change the trade name at any time; and
- (v) the Wanda Parties and their related parties will cease to charge the brand licensing fee originally charged by them in relation to the aforesaid businesses.

Upon completion of the Transaction, Wanda Parties will utilize all of their resources to fully support the smooth commencement of operation of the Cultural and Tourism Projects Acquired by the Group which have not commenced operation. The Transaction will further clarify the operation management aspect of the Cultural and Tourism Projects Acquired by the Group and further improve our management efficiency. In addition, through the Transaction, the Group has acquired a well-structured and experienced cultural, tourism and business operation management team, which facilitates to accelerate the establishment of the system capability and brand influence of the Group in the field of cultural and tourism field.

1. INTRODUCTION

The Board is pleased to announce that in order to further improve the management and operational efficiency of the Cultural and Tourism Projects Acquired by the Group, enhance the profitability and asset value of these projects and accelerate the establishment of the system capability and brand influence of the Group in the cultural and tourism field, on 29 October 2018, Sunac Real Estate entered into the Agreements with the Sellers and Wanda Commercial Management Group, respectively, pursuant to which:

- (i) Sunac Real Estate agreed to acquire and Mr. WANG Jianlin agreed to sell 75% equity interest in Wanda Cultural Management held by him, and to terminate the original commercial arrangement, at a consideration of approximately RMB4.494 billion;
- (ii) Sunac Real Estate agreed to acquire and Wanda Holdings agreed to sell 99% equity interest in Wanda BVI held by it and Wanda Culture Holding agreed to sell 1% equity interest in Wanda BVI held by it, and to terminate the original commercial arrangement, at a total consideration of Hong Kong dollar equivalent to approximately RMB1.5 billion; and
- (iii) Wanda Commercial Management Group agreed to terminate the original commercial arrangement at a consideration of approximately RMB287 million.

The total consideration for the Transaction is approximately RMB6.281 billion. Through the aforesaid acquisition of equity interest and the termination of the original commercial arrangement:

- (i) the Company will fully provide the following services originally offered by the Wanda Parties and their related parties for the Cultural and Tourism Projects Acquired by the Group upon the completion of the Transaction:
 - A. the overall planning and design and the construction and management services of properties under the Cultural and Tourism Projects Acquired by the Group (including but not limited to parks, shops, hotels, film and TV industry parks, yacht club, ocean parks, theaters and bar streets, etc.); and
 - B. the services such as brand licensing, operation consulting and operational management for properties under the Cultural and Tourism Projects Acquired by the Group (including but not limited to parks, shops, hotels, film and TV industry parks, yacht club, ocean parks, theaters and bar streets, etc.);
- (ii) the staff for construction and management services for the self-owned properties, the staff of Wanda Institution, the staff for the theme entertainment sector and its operation and management and the operational management staff of the parks and commercial areas relating to the aforesaid businesses will be retained by the Group;
- (iii) some intellectual properties relating to the aforesaid businesses, such as trademarks and copyrights, will be owned by the Group, and the remaining intellectual properties retained by Wanda Parties will be licensed by Wanda Parties to the Group for continuous usage on free-of-charge basis;
- (iv) for the trade name “Wanda (萬達)” that currently being used by the Target Companies and parks and commercial areas under the Cultural and Tourism Projects Acquired by the Group, the Group has a right to change the trade name at any time; and
- (v) the Wanda Parties and their related parties will cease to charge the brand licensing fee originally charged by them in relation to the aforesaid businesses.

2. THE TRANSACTION

The principal terms of the Agreements are set out as follows:

2.1 *Date:*

29 October 2018

2.2 *Parties:*

- (i) Sunac Real Estate;
- (ii) Mr. WANG Jianlin;
- (iii) Wanda Group (the “**Wanda Group**”, together with Mr. Wang Jianlin the “**Sellers**”); and
- (iv) Wanda Commercial Management Group (together with the Sellers, the “**Wanda Parties**”)

Except for approximately 3.91% of shares in Wanda Commercial that the Company has conditionally agreed to acquire as set out in the announcement dated 30 January 2018, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Wanda Parties are independent of the Company and connected persons of the Company.

2.3 *Subject matter of the transaction*

- (i) Sunac Real Estate agreed to acquire and Mr. WANG Jianlin agreed to sell 75% equity interest in Wanda Cultural Management held by him, and to terminate the original commercial arrangement;
- (ii) Sunac Real Estate agreed to acquire and Wanda Holdings agreed to sell 99% equity interest in Wanda BVI held by it and Wanda Culture Holding agreed to sell 1% equity interest in Wanda BVI held by it, and to terminate the original commercial arrangement; and
- (iii) Wanda Commercial Management Group agreed to terminate the original commercial arrangement.

2.4 *Consideration*

The total consideration is approximately RMB6.281 billion, out of which:

- (i) the consideration for acquisition of 75% equity interest in Wanda Cultural Management is approximately RMB4.494 billion
- (ii) for the acquisition of 100% equity interest in Wanda BVI, the consideration for equity interest is Hong Kong dollar equivalent to approximately RMB1.4 billion and the consideration for the debt interest is Hong Kong dollar equivalent to approximately RMB100 million; and
- (iii) the consideration for termination of Wanda Commercial Management Group's original commercial arrangement is approximately RMB287 million.

2.5 *Basis of consideration*

The consideration was determined by the parties after arms' length negotiation based on the future fees payable to the Wanda Parties and their related parties under, among others, the Brand Licensing Agreement for the parks and commercial areas, and the current Carrying Amount of the Cash Balance of the Target Companies and the shareholders' loans owed to the Wanda Parties. The Directors are of the opinion that the consideration is fair and reasonable. The consideration will be financed by internal resources of the Group.

2.6 *Payment of consideration*

The consideration shall be paid in the following manner:

- (i) the earnest money of RMB1.5 billion paid by Sunac Real Estate under the Cooperation Memorandum has been applied as the first payment of the consideration upon the signing of Agreements;
- (ii) the second payment of approximately RMB287 million shall be paid on the date of signing of the Agreement;
- (iii) Sunac Real Estate shall pay the third payment of approximately RMB1.494 billion (the "**Third Payment**") within two days after signing of Agreements;
- (iv) Sunac Real Estate shall pay the fourth payment of RMB1.5 billion on or before 30 November 2019; and
- (v) Sunac Real Estate shall pay the fifth payment of Hong Kong dollar equivalent to approximately RMB1.5 billion on or before 5 January 2021.

2.7 Completion

The parties shall complete the transfer as agreed below:

- (i) upon payment of the Third payment and on or before 31 October 2018, the Sellers shall hand over all documents required for the equity transfer of Wanda BVI and Wanda Cultural Management to Sunac Real Estate; and
- (ii) the Sellers shall complete the Divestitures and Debt Settlement before 30 November 2018, and both parties shall then complete the transfer of equity interest of Wanda BVI and Wanda Cultural Management to the parties designated by Sunac Real Estate. Within two business days of the Divestitures and Debt Settlement, the handover of all relevant staff and corporate materials shall be completed.

3. INFORMATION ON WANDA BVI AND WANDA CULTURAL MANAGEMENT

3.1 Wanda BVI

Wanda BVI is a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding.

Wanda BVI is directly held as to 99% equity interest by Wanda Holdings and 1% equity interest by Wanda Culture Holdings.

Wanda BVI holds 100% equity interest in Wanda HK, which, in turn, holds 100% equity interest in Chengdu Wanda. Chengdu Wanda directly holds 25% equity interest in Wanda Cultural Management.

As at 30 September 2018, the unaudited net assets of Wanda BVI were approximately HK\$1.06 billion and its unaudited profits from its establishment date of 22 August 2017 to 31 December 2017 are as follows:

**From the establishment
date of 22 August 2017
to 31 December 2017**
*(approximately
HK\$ thousand)*

Net profit before tax	879,271
Net profit after tax	736,288

Note: The figures in the table above are based on the management statements provided by the Sellers.

3.2 Wanda Cultural Management

Wanda Cultural Management is a company incorporated in the PRC with limited liability, which is principally engaged in the provision of tourism management services.

Wanda Cultural Management is held as to 75% equity interest directly or indirectly by Mr. WANG Jianlin and 25% equity interest indirectly by Wanda BVI.

Wanda Cultural Management holds 99% equity interest in Wanda Institution, 100% equity interest in the companies providing parks operation and management services to the Cultural and Tourism Projects Acquired by the Group, 100% equity interest in Qindao Oriental and 100% equity interest in Qindao Yacht Club.

As at 30 September 2018, the unaudited net assets of Wanda Cultural Management were approximately RMB0.74 billion and its unaudited profits from its establishment date of 10 November 2017 to 31 December 2017 are as follows:

	From the establishment date of 10 November 2017 to 31 December 2017 <i>(approximately RMB thousand)</i>
Net profit before tax	664,203
Net profit after tax	564,555

Note: The figures in the table above are based on the management statements provided by the Sellers.

4. REASONS FOR AND BENEFITS OF THE TRANSACTION

As set out in the circular dated 30 June 2018, the Company acquired 91% equity interest in 13 Wanda cultural and tourism projects and currently holds the assets, such as parks, businesses and hotels, and Wanda would continue to provide services for planning and construction management, provision of brand licensing, consulting service and operational management for the acquired assets.

Upon completion of the Transaction, the Group will provide comprehensive services for planning, design and construction management to properties under the Cultural and Tourism Projects Acquired by the Group, and provide consulting service, operational management and other services for both parks and commercial areas.

The Transaction will further clarify the operation management aspect of the Cultural and Tourism Projects Acquired by the Group and further improve our management efficiency. In addition, through the Transaction, the Group has acquired a well-structured and experienced cultural, tourism and business operation management team, which facilitates to accelerate the establishment of the system capability and brand influence of the Group in the cultural and tourism field.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Transaction is conducted on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole.

5. INFORMATION ON THE GROUP AND OTHER PARTIES

The Company is a company incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the main board of the Stock Exchange. As one of the leading real estate developers in the PRC, the Group is specialized in the integrated development of residential and commercial properties and is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, townhouses, retail properties and offices in tier 1 cities, tier 2 cities and surrounding cities of tier 1 cities in the PRC.

Sunac Real Estate is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property development and sales in the PRC.

Wanda Group is a company established in the PRC with limited liability, which is principally engaged in investment and operation of commercial properties, construction, investment and operation of hotels and cultural industry investment and operation including cinemas.

Wanda Commercial Management Group is a company established in the PRC with limited liability, which is principally engaged in commercial and hotel management.

6. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Brand Licensing Agreement”	the brand licensing agreement executed by the Cultural and Tourism Projects Acquired by the Group and the Wanda Parties and their related parties for a term of 20 years at an annual brand licensing fee of RMB50 million (of which annual brand licensing fee of RMB45 million for parks and RMB5 million for commercial areas) as set out in the circular dated 30 June 2018
“Carrying Amount of the Cash Balance	the carrying amount of the cash balance of Chengdu Wanda of approximately RMB0.294 billion
“Chengdu Wanda”	成都萬達文化旅遊創意有限公司 (Chengdu Wanda Cultural, Tourism and Innovation Co., Ltd.*), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Wanda HK
“Company”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation Memorandum”	the Cooperation Memorandum dated 17 September 2018 signed between Sunac Real Estate and Sellers
“Cultural and Tourism Projects Acquired by the Group”	13 Wanda cultural and tourism projects acquired by the Group as set out in the announcement dated 19 July 2017

“Directors”	directors of the Company
“Divestitures and Debt Settlement”	Sellers shall dispose of (i) the intellectual properties of Wanda Institution retained by them and their related parties and (ii) businesses unrelated to the Cultural and Tourism Projects Acquired by the Group before 30 November 2018, and complete the settlement of debts between the Target Companies and the Sellers
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Qingdao Oriental”	青島萬達東方影都影視產業園管理有限公司(Qingdao Wanda Oriental Movie Metropolis Film and Television Industry Park Management Co., Ltd.*), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of Wanda Cultural Management
“Qingdao Yacht Club”	青島萬達游艇會管理有限公司(Qingdao Yacht Club Management Co., Ltd.*), a company incorporated in the PRC with limited liability, which is a wholly-owned subsidiary of Wanda Cultural Management
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Companies”	Wanda BVI, Wanda HK, Chengdu Wanda, Wanda Cultural Management, Wanda Institution, the companies providing parks operation and management services to the Cultural and Tourism Projects Acquired by the Group, Qingdao Oriental and Qingdao Yacht Club. Wanda BVI holds 100% equity interest in Wanda HK, Wanda HK holds 100% equity interest in Chengdu Wanda, Chengdu Wanda holds 25% equity interest in Wanda Cultural Management, Wanda Cultural Management holds 99% equity interest in Wanda Institution, 100% equity interest in the companies providing parks operation and management services to, 100% interest in Qingdao Oriental and 100% interest in Qingdao Yacht Club.
“Transaction”	the acquisition of 75% equity interest of Wanda Cultural Management, the acquisition of 100% equity interest of Wanda BVI and the termination of the original commercial arrangement
“Wanda BVI”	萬達文化旅遊創意集團有限公司 (Wanda Cultural and Tourism Innovation Group Co., Limited), a company incorporated in the British Virgin Islands with limited liability, the ultimate beneficial owner of which is Mr. WANG Jianlin
“Wanda Commercial”	大連萬達商業管理集團股份有限公司 (Dalian Wanda Commercial Management Group Co., Ltd.*), a company established in the PRC with limited liability, which is a non-wholly-owned subsidiary of Wanda Group
“Wanda Commercial Management Group”	萬達商業管理集團有限公司 (Wanda Commercial Management Group Co., Ltd.*), a company established in the PRC with limited liability, which is a wholly-owned subsidiary of Wanda Commercial
“Wanda Culture Holding”	萬達文化控股有限公司 (Wanda Culture Holding Co. Limited), a company incorporated in Hong Kong with limited liability, and an indirectly wholly-owned subsidiary of Wanda Group
“Wanda Group”	大連萬達集團股份有限公司 (Dalian Wanda Group Co., Ltd.*), a company established in the PRC with limited liability

“Wanda HK”	萬達文化旅遊創意集團有限公司 (Wanda Culture Travel Innovation Group Co., Limited), a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of Wanda BVI
“Wanda Holdings”	萬達控股投資有限公司 (Wanda Investment Holding Co. Limited), a company incorporated in the British Virgin Islands with limited liability, which is held as to 100% equity interest by Mr. WANG Jianlin
“Wanda Institution”	萬達文化旅遊規劃研究院有限公司 (Wanda Cultural and Tourism Planning Institution Co., Ltd.*), a company established in the PRC with limited liability, which is a non-wholly-owned subsidiary of Wanda Cultural Management
“Wanda Parties”	Mr. WANG Jianlin, Wanda Group and Wanda Commercial Management Group
“%”	per cent

* For identification purposes only

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

Hong Kong, 29 October 2018

As at the date of this announcement, the executive directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. TIAN Qiang, Mr. SHANG Yu, Mr. HUANG Shuping and Mr. SUN Kevin Zheyi; and the independent non-executive directors of the Company are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. LI Qin and Mr. MA Lishan.