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SUNac 融創中國
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

THE TRANSACTION

The Target Project is a project jointly developed by the Group and the Cooperation Partner. The Group and the Cooperation Partner respectively hold 50% interest in the Target Project through the Platform Companies.

Given the current development status of the Target Project and the respective development plans of the Group and the Cooperation Partner, the Group and the Cooperation Partner proposed to adjust the cooperation mode with respect to the Target Project to split the development of the Target Project. On 15 September 2023, (a) Hainan Sunac, (b) the Cooperation Partner, (c) the Platform Companies, and (d) the Project Companies entered into the Equity Transfer Framework Agreement, pursuant to which, the parties will achieve, through equity transfer and other means, the respective independent development of the corresponding land parcels of the Target Project by the Group through the Project Company I and by the Cooperation Partner through the Project Company II. After considering the equity value difference and the setting off of the debts among the Group, the Cooperation Partner, the Platform Companies and the Project Companies, the Cooperation Partner shall pay to Hainan Sunac the difference in the amount of RMB17.23 million.

IMPLICATIONS UNDER THE LISTING RULES

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

1. THE TRANSACTION

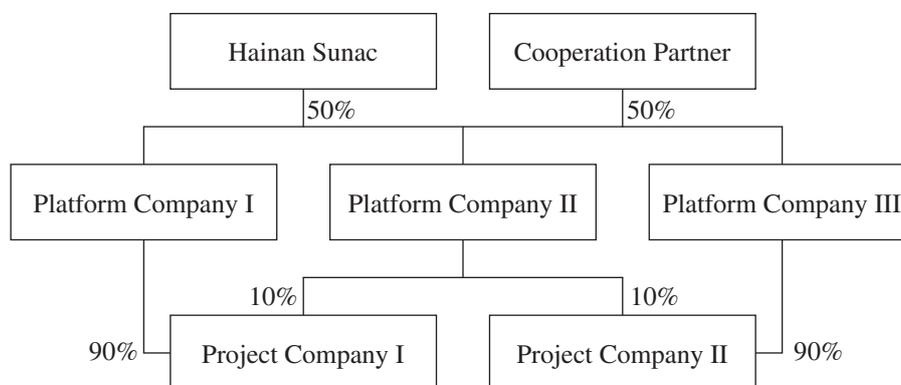
The Target Project is a project jointly developed by the Group and the Cooperation Partner. The Group and the Cooperation Partner respectively hold 50% interest in the Target Project through the Platform Companies.

Given the current development status of the Target Project and the respective development plans of the Group and the Cooperation Partner, the Group and the Cooperation Partner proposed to adjust the cooperation mode with respect to the Target Project. On 15 September 2023, (a) Hainan Sunac, (b) the Cooperation Partner, (c) the Platform Companies, and (d) the Project Companies entered into the Equity Transfer Framework Agreement, pursuant to which, through equity transfer and other means, 100% equity of the Project Company I and all shareholder rights, management rights, control rights, etc. shall be held by the Group directly or indirectly, and 100% equity of the Project Company II and all shareholder rights, management rights, control rights, etc. shall be held by the Cooperation Partner directly or indirectly.

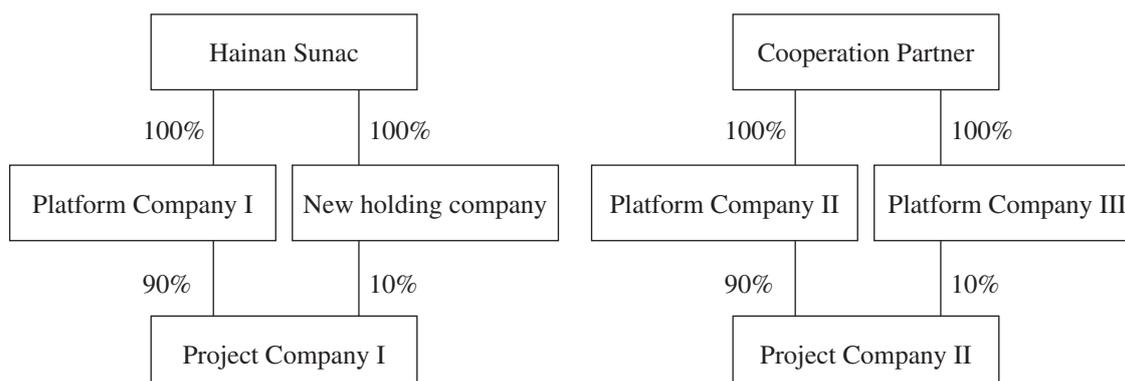
Target Equity

According to the Equity Transfer Framework Agreement, (a) Hainan Sunac agreed to be transferred 50% interest of the Platform Company I from the Cooperation Partner, and (b) Hainan Sunac agreed to transfer its 50% interest in Platform Company II and Platform Company III respectively to the Cooperation Partner.

As at the date of this announcement, the existing simplified diagram for the Target Project is as follows:



Upon the completion of the Transaction, the simplified diagram for the Target Project is as follows:



Transfer Price

Based on the financial situation of Project Companies, the status of development of the project site, the area of the site which has not yet been developed and the future sales value as of 31 July 2023, the parties unanimously agreed that the value of 100% equity of Project Company I is RMB2,451.85 million and the value of 100% equity of Project Company II is RMB1,712.19 million. Upon the completion of the equity transfer under the Transaction, Hainan Sunac will indirectly hold 100% equity of Project Company I, and the Cooperation Partner will indirectly hold 100% equity of Project Company II. Therefore, Hainan Sunac shall pay the Cooperation Partner the difference of equity value of RMB369.83 million.

After considering the aforementioned equity value difference and the setting off of the debts among the Group, the Cooperation Partner, the Platform Companies and the Project Companies, the Cooperation Partner shall pay to Hainan Sunac the difference in the amount of RMB17.23 million (the “**Transfer Price**”). The Transfer Price will be used as general working capital of the Group (the development and construction of the land parcels held by Project Company I, etc.).

Conditions Precedent and Completion

Subject to all of the following conditions precedent being met, all parties shall cooperate in handling the equity transfer industry and commerce registration procedures related to the Transaction, and change the legal representative, directors, supervisors, and other management personnel. The date of completion of the equity transfer industry and commerce registration procedures related to the Transaction shall be the completion date:

- (a) the relevant creditor has released the pledge registration with respect to the 50% equity of Platform Company I held by the Cooperation Partner, and such equity can be transferred with the industrial and commercial authority;
- (b) the Project Company II has provided a first priority mortgage in favour of Project Company I and a second priority mortgage in favour of Sunac Real Estate to secure that: 1) the repayment obligation of Project Company I, the mortgage over assets under Project Company I, and the full guarantee obligations of Sunac Real Estate in the relevant financing debts can be discharged as scheduled; 2) in the event of disposal of the assets mortgaged by Project Company I for the guaranteed home delivery relief loan of Project Company II, Project Company II shall fulfill its indemnity obligations;
- (c) the Cooperation Partner or Project Company II has practical and feasible financing plans (such as approval from financial institutions); and
- (d) the Cooperation Partner has fully paid the corresponding amount of the Transfer Price to Hainan Sunac in accordance with the relevant provisions of the Equity Transfer Framework Agreement.

If any of the above conditions has not been met by 31 December 2023, the Equity Transfer Framework Agreement will automatically terminate, except for any extension agreed upon in writing by all parties to the Equity Transfer Framework Agreement.

2. INFORMATION ON PROJECT COMPANIES

Project Company I is a limited liability company registered and established in the PRC on 17 July 2006, with a registered capital of RMB100 million and a paid-in capital of RMB100 million.

Project Company II is a limited liability company registered and established in the PRC on 29 June 2006, with a registered capital of HKD60 million and a paid-in capital of HKD60 million.

The Project Companies are mainly engaged in real estate development business in the PRC, including the development of the Target Project.

The Target Project is a real estate development project located at No. 8 Binhai Landscape Avenue, Boao, Qionghai City, Hainan Province, the PRC*(中國海南省瓊海市博鰲濱海景觀大道8號). It is developed and constructed by Project Company I and Project Company II as the main development entities.

The Target Project covers an area of 2,471.24 mu, of which Project Company I has an area of 1,496.73 mu and Project Company II has an area of 974.51 mu. Project Company I has developed a capacity area of approximately 516,700 square meters (fully delivered) and an undeveloped capacity area of 490,200 square meters. Project Company II has developed a capacity area of approximately 377,000 square meters (of which approximately 229,200 square meters have been delivered) and an undeveloped capacity area of approximately 263,600 square meters.

The following is the unaudited financial information prepared by the Project Companies in accordance with Hong Kong Generally Accepted Accounting Principles:

Project Company I

| | Year ended 31 December 2022 (RMB'000) | Year ended 31 December 2021 (RMB'000) |
|--------------------------|--|--|
| (Loss)/profit before tax | (34,074) | (13,798) |
| (Loss)/profit after tax | (25,557) | (7,575) |
| | | As of 30 June 2023 (RMB billion) |
| Total assets | | 6.29 |
| Net assets | | 1.75 |

Project Company II

| | Year ended 31 December 2022 (RMB'000) | Year ended 31 December 2021 (RMB'000) |
|--------------------------|--|--|
| (Loss)/profit before tax | 36,150 | (10,620) |
| (Loss)/profit after tax | 20,744 | (8,303) |
| | | As of 30 June 2023 (RMB billion) |
| Total assets | | 4.53 |
| Net assets | | 1.07 |

3. FINANCIAL EFFECT OF THE TRANSACTION

As at the date of this announcement, both Project Company I and Project Company II are joint ventures of the Group, and their financial results have not been consolidated in the consolidated financial statements of the Group. After the completion of the Transaction, Platform Company I and Project Company I will become wholly-owned subsidiaries of the Company, and the Group will no longer have any interest in Platform Company II, Platform Company III or Project Company II.

The Group expects to record an unaudited gain of approximately RMB61 million before tax from the transfer of the rights and interests of Platform Company II and Platform Company III under the Transaction, which is calculated based on the book value of the Group's investment in Project Company II and the equity value of 50% of Project Company II as at the agreement date and others. The actual gain amount is subject to the review of the Company's auditor at the end of the year.

4. INFORMATION ON THE COMPANY AND THE PARTIES

The Company

The Company is a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange. With the brand philosophy of “passion for perfection”, the Group is committed to providing wonderful living environment and services for Chinese families through high-quality products and services and integration of high-quality resources. With a focus on its core business of real estate, the Group implements its strategic layout in real estate development, property management, ice & snow operation management, cultural tourism, culture and other business segments. After 20 years of development, the Group has become a leading enterprise in China’s real estate industry, a leading ice & snow industry operator and a leading cultural tourism industry operator and property owner in China, with nationwide leading capabilities in comprehensive urban development and integrated industrial operation.

Hainan Sunac

Hainan Sunac is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company principally engaged in real estate development business in the PRC.

Cooperation Partner

The Cooperation Partner is a limited liability company established under PRC law, mainly engaged in engineering management, industrial investment, investment management, etc. in the PRC. the Cooperation Partner is held by Guangxi Construction Engineering Group Co., Ltd., Zhejiang Yiyuan Investment Co., Ltd., and Hangzhou Jinjian Industrial Co., Ltd. as to 50%, 39%, and 11%, respectively. The ultimate beneficial owner of Guangxi Construction Engineering Group Co., Ltd. is Greenland Holdings Group Co., Ltd. (its shares are listed on the main board of the Shanghai Stock Exchange, stock code: 600606.SH). The ultimate beneficial owner of Zhejiang Yiyuan Investment Co., Ltd. is Mr. Wu Wanglou.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Cooperation Partner and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

Platform Companies

Each Platform Company is a limited liability company established in the PRC as a holding company. Apart from holding equity in the Project Companies, it has no other material assets or liabilities.

Project Companies

Please refer to the above content headed “INFORMATION ON PROJECT COMPANIES”.

5. REASONS FOR AND BENEFITS OF THE TRANSACTION

Given the current development status of the Target Project and the respective development plans of the Group and the Cooperation Partner, the Group and the Cooperation Partner proposed to adjust the cooperation mode with respect to the Target Project to split the Target Project between the Group and the Cooperation Partner through restructuring, achieving the respective independent development of the corresponding land parcels of the Target Project by the Group through the Project Company I and by the Cooperation Partner through the Project Company II. Through the Transaction, the Group, the Cooperation Partner, the Platform Companies and the Project Companies will settle and set off the claims and debts between each other and with the financial institutions, which will help address the current debt issues of the Target Project and help the Group focus its resources on the subsequent development and construction of the land parcels held by the Project Company I, promoting the normal progression of the project operations.

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

6. IMPLICATIONS UNDER THE LISTING RULES

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

7. DEFINITIONS

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

| | |
|---------------------------------------|--|
| “Board” | the board of Directors of the Company |
| “Company” | Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 01918) |
| “Cooperation Partner” | 杭州金翰控股集團有限公司(Hangzhou Jinhan Holding Group Co., Ltd.*), a company established with limited liability under PRC law |
| “Director(s)” | the director(s) of the Company |
| “Equity Transfer Framework Agreement” | the equity transfer framework agreement dated 15 September 2023 entered into among (a) Hainan Sunac, (b) the Cooperation Partner, (c) Platform Companies and (d) Project Companies |
| “Group” | the Company and its subsidiaries from time to time |

| | |
|------------------------|---|
| “Hainan Sunac” | 海南融創基業房地產有限公司(Hainan Sunac Properties Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company |
| “HKD” | Hong Kong dollar, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Platform Companies” | collectively, Platform Company I, Platform Company II and Platform Company III |
| “Platform Company I” | 杭州禾明投資有限公司(Hangzhou Heming Investment Co., Ltd.*), a company established with limited liability under PRC law |
| “Platform Company II” | 杭州融悅投資有限公司(Hangzhou Rongyue Investment Co., Ltd.*), a company established with limited liability under PRC law |
| “Platform Company III” | 浙江悅成投資有限公司(Zhejiang Yuecheng Investment Co., Ltd.*), a company established with limited liability under PRC law |
| “PRC” | the People’s Republic of China and for the sole purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “Project Companies” | collectively, Project Company I and Project Company II |
| “Project Company I” | 瓊海華悅實業有限公司(Qionghai Huayue Enterprise Co., Ltd.*), a company established with limited liability under PRC law |
| “Project Company II” | 海南和融房地產開發有限公司(Hainan Herong Property Development Co., Ltd.*), a company established with limited liability under PRC law |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Sunac Real Estate” | 融創房地產集團有限公司(Sunac Real Estate Group Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company |

| | |
|------------------|---|
| “Target Project” | the real estate development project of the Project Companies located at No. 8 Binhai Landscape Avenue, Boao, Qionghai City, Hainan Province, the PRC*(中國海南省瓊海市博鰲濱海景觀大道8號) |
| “Transaction” | the restructuring of the Target Project, the details of which are set out in this announcement |

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

Hong Kong, 15 September 2023

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

* *For identification purpose only*