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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
COOPERATION WITH ZHANGTAI GROUP**

COOPERATION

The Board is pleased to announce that on 16 April 2021, Sunac Southwest Group (an indirect wholly-owned subsidiary of the Company) and Zhangtai Group entered into the Cooperation Framework Agreement, pursuant to which the parties proposed to jointly develop the Target Projects through the formation of the Joint Venture. Under which, Sunac Southwest Group or its designated parties will form a platform company as the Joint Venture, and Zhangtai Group and its related parties will then carry out a restructuring of the Target Companies by transferring all of the Target Equity Interests into the Joint Venture, such that the equity interests of the Joint Venture will be held as to 80% by Sunac Southwest Group or its designated parties and as to 20% by Zhangtai Group and its related parties. The total capital to be invested by Sunac Southwest Group to the Joint Venture will be approximately RMB9.91 billion.

The Target Companies are mainly engaged in the development of real estate projects in Guangxi Zhuang Autonomous Region, and have developed 57 Target Projects primarily in cities such as Nanning and Guilin, including 54 property development projects and 3 property projects under project management, with a saleable plot ratio-based GFA of approximately 11.62 million sq.m.. As of 31 December 2020, the unsold plot ratio-based GFA amounted to approximately 8.25 million sq.m..

Upon completion of the Cooperation, the equity interests of the Joint Venture will be held as to 80% by Sunac Southwest Group or its designated parties and as to 20% by Zhangtai Group and its related parties. The Joint Venture and the Target Subsidiaries will become indirect subsidiaries of the Company, and the Target Associates and Joint Ventures will become indirect associates and joint ventures of the Company.

LISTING RULES IMPLICATIONS

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

1. COOPERATION FRAMEWORK AGREEMENT

1.1 Date

16 April 2021

1.2 Parties

- (i) Sunac Southwest Group; and
- (ii) Zhangtai Group.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Zhangtai Group and its ultimate beneficial owners are independent of the Company and the connected persons of the Company.

1.3 Cooperation

Formation of Joint Venture and Restructuring of Target Equity Interests

Pursuant to the Cooperation Framework Agreement, Sunac Southwest Group or its designated parties will form a platform company as the Joint Venture, the registered capital of which will be determined in the Formal Agreement. Upon completion of the formation of the Joint Venture, the Joint Venture will restructure the entire equity interests of the Target Companies or Project Management Interests by way of acquisition of equity interests, payment of cash and variation of contracts, with the 20% equity interests of the Joint Venture and cash as consideration (specific payment methods shall be agreed upon entering into the Formal Agreement). Upon completion of the restructuring, the equity interests of the Joint Venture will be held as to 80% by Sunac Southwest Group or its designated parties and as to 20% by Zhangtai Group and its related parties.

Restructuring of Target Debts

When the Joint Venture acquires the equity interests of a Target Company, the debts owing by such Target Company to Zhangtai Group shall be transferred by Zhangtai Group to the Joint Venture with no premium based on its outstanding balance of principal and interest. Immediately after such transfer, Zhangtai Group and its related parties will not be entitled to any debts of the Target Companies.

Assets of the Cooperation

Target Equity Interests and Target Debts held by Zhangtai Group and its related parties.

Consideration for the Cooperation

The total capital to be invested by Sunac Southwest Group in the Joint Venture will be approximately RMB9.91 billion, which comprises the following:

- (i) Sunac Southwest Group will pay 80% of the Actual Investment of Zhangtai Group of approximately RMB8.12 billion, which will be used for the operation and development of the Joint Venture or the repayment of debts owing by the Joint Venture and the Target Companies;
- (ii) Based on the resources contributed by Zhangtai Group or its related parties for acquiring the Target Projects prior to signing of the Cooperation Framework Agreement, Sunac Southwest Group agreed to provide a specific borrowing to the Joint Venture for the payment of the aforesaid contribution to Zhangtai Group or its related parties (the “**Contribution**”), provided that the transfer of the Target Equity Interests and the Target Debts to the Joint Venture has been completed; and
- (iii) As the profit (as calculated based on the pro forma sales profit of the corresponding value sold as of 31 December 2020 of the Target Projects) (the “**Sales Profit**”) belongs to Zhangtai Group, Sunac Southwest Group will provide another specific borrowing to the Joint Venture for the payment of Sales Profit in the same amount to Zhangtai Group or its related parties.

The total amount of specific borrowings mentioned in paragraphs (ii) and (iii) above is estimated to be no more than RMB1.79 billion (specific amount subject to Formal Agreement).

Basis of Determination of the Consideration

The consideration for the Cooperation is approximately RMB9.91 billion, which was determined through arm’s length negotiation by the parties mainly with reference to the Actual Investment of Zhangtai Group, the Sales Profit, as well as the market value of the Target Projects.

Settlement of Consideration

The consideration for the Cooperation will be satisfied in the following manner:

- (i) a deposit of RMB0.6 billion will be paid by Sunac Southwest Group or its designated parties to the escrow account of both parties after the Cooperation Framework Agreement being stamped and becoming effective (the “**Deposit**”);
- (ii) upon signing of the Formal Agreement and prior to 30 April 2021, 30% of the consideration (approximately RMB2.973 billion) will be paid by Sunac Southwest Group to the Joint Venture, of which includes the Deposit of RMB0.6 billion that has been paid, and as such Sunac Southwest Group is actually required to pay RMB2.373 billion (the “**First Payment**”);
- (iii) upon signing of the Formal Agreement and prior to 30 July 2021, 30% of the consideration (approximately RMB2.973 billion) will be paid by Sunac Southwest Group to the Joint Venture (the “**Second Payment**”); and
- (iv) upon signing of the Formal Agreement and prior to 3 January 2022, 40% of the consideration (approximately RMB3.964 billion) will be paid by Sunac Southwest Group to the Joint Venture (the “**Third Payment**”).

When Sunac Southwest Group makes each payment, it shall, based on such consideration actually received by the Zhangtai Group from Sunac Southwest Group, pay the interest accrued from 1 January 2021 up to the date of such payment at a rate of 8% per annum. Interest shall be paid upon settlement of each payment.

The consideration for the Cooperation will be funded by the internal resources of the Group.

Adjustment Mechanism of the Consideration

Given that Sunac Southwest Group has not completed due diligence review on the Target Projects when signing the Cooperation Framework Agreement, the consideration for the Cooperation is determined based on the information provided and representations and warranties made by Zhangtai Group, and is subject to the results of due diligence review and will be finalized upon signing of the Formal Agreement. The parties shall negotiate the final consideration upon the occurrence of the following events prior to the signing of the Formal Agreement:

- (i) the Actual Investment of Zhangtai Group, the actual Sales Profit of the Target Projects and the indicators of the Target Projects are inconsistent with the data provided by Zhangtai Group; or

- (ii) there exist other inconsistencies in the representations and warranties by Zhangtai Group (including but not limited to the existence of indebtedness and other contingent liabilities that have not been disclosed).

Completion of Acquisition of the Target Equity Interests

Before Sunac Southwest Group pays the Second Payment, the Joint Venture shall have completed the transfer of not less than 60% of Target Equity Interests. Before Sunac Southwest Group pays the Third Payment, the Joint Venture shall have acquired all the Target Equity Interests. Otherwise, both parties shall further negotiate a specific payment arrangement for the corresponding consideration of the equity interests not yet acquired.

From 1 January 2021, any shareholders' equity interests of the Target Companies that were originally attributable to Zhangtai Group and its related parties and the distributable profit derived thereof shall belong to the Joint Venture.

Guarantee Measures

In order to guarantee Sunac Southwest Group's performance of the payment obligations under the Cooperation Framework Agreement, Sunac Southwest Group shall undertake the following guarantee measures in favour of Zhangtai Group:

- (i) within 5 days from the date of establishment of the Joint Venture, Sunac Southwest Group shall pledge the equity interests it held in the Joint Venture to Zhangtai Group, and then Zhangtai Group shall gradually carry out procedures to cancel the pledge of the corresponding equity interests according to the payment progress of Sunac Southwest Group; and
- (ii) within 5 days from the date of signing of the Cooperation Framework Agreement, Sunac Southwest Group will provide Zhangtai Group with the joint liability guarantee letter of Sunac Real Estate Group Co., Ltd. (an indirect wholly-owned subsidiary of the Company).

After the payment of the Third Payment by Sunac Southwest Group, Zhangtai Group shall release the above guarantee measures immediately.

Governance of the Joint Venture

The board of directors of the Joint Venture shall comprise five directors, with four of them to be appointed by Sunac Southwest Group, and one of them to be appointed by Zhangtai Group. It shall be chaired by the director appointed by Zhangtai Group, and the general manager appointed by Sunac Southwest Group shall serve as the legal representative of the Joint Venture. The implementation of resolutions of the board of directors shall be subject to the approval by four (inclusive) or more directors.

Other Arrangement

Zhangtai Group may elect to transfer its remaining equity interest in the Joint Venture to Sunac Southwest Group. The consideration for the transfer of the equity interest shall be the registered capital and capital reserve attributable to the remaining equity interest, plus (i) the Contribution divided by 80% and times 20% and related annualised interest of 10%, or (ii) 20% of the pro forma undistributed profits from the sales of the Target Projects and new projects of the Joint Venture.

2. INFORMATION OF THE TARGET PROJECTS AND THE TARGET COMPANIES

2.1 Information on the Target Projects

The Target Companies have developed 57 Target Projects primarily in cities such as Nanning and Guilin, including 54 property development projects and 3 property projects under project management, with a saleable plot ratio-based GFA of approximately 11.62 million sq.m.. As of 31 December 2020, the unsold plot ratio-based GFA amounted to approximately 8.25 million sq.m..

The summary of the 54 property development projects is as follows:

No.	City	Name of Project	Type of Property Product	Sold Plot Ratio-based GFA ('000 sq.m.)	Unsold Plot Ratio-based GFA ('000 sq.m.)	Interest Held by Zhangtai Group
1	Nanning	Binyang Zhangtai Xuefu* (賓陽彰泰學府)	Residential, Commercial	116.5	92.2	100.0%
2	Nanning	Hengxian Zhangtaicheng* (橫縣彰泰城)	Residential, Commercial	69.8	75.0	51.0%
3	Nanning	Nanning Binjiangjingwan* (南寧濱江景灣)	Residential, Commercial	9.1	110.7	33.0%
4	Nanning	Nanning Jiangjingwan* (南寧江景灣)	Residential, Commercial	15.9	74.6	80.0%
5	Nanning	Nanning Zhangtai Zhigu* (南寧彰泰智穀)	Residential, Commercial	46.1	278.3	80.0%
6	Nanning	Wuming Binjiang Xuefu* (武鳴濱江學府)	Residential, Commercial	65.4	73.0	70.0%
7	Nanning	Wuming Yuehuju* (武鳴悅湖居)	Residential, Commercial	7.6	110.3	100.0%
8	Nanning	Zhangtai Binjiang Xuefu* (彰泰濱江學府)	Residential, Commercial	85.3	18.7	100.0%
9	Guilin	Guilin Chuntianli* (桂林春天裏)	Residential, Commercial	27.2	117.3	51.0%

No.	City	Name of Project	Type of Property Product	Sold Plot Ratio-based GFA ('000 sq.m.)	Unsold Plot Ratio-based GFA ('000 sq.m.)	Interest Held by Zhangtai Group
10	Guilin	Guilin Bocui Lijiang* (桂林博翠灘江)	Residential, Commercial	–	180.4	51.0%
11	Guilin	Guilin Lidong Xincheng* (桂林漓東新城)	Residential, Commercial	66.4	103.2	34.0%
12	Guilin	Guilin Zhangtai Xuefu* (桂林彰泰學府)	Residential, Commercial	75.8	134.4	100.0%
13	Guilin	Guilin Zhangtai Hong Phase 2* (桂林彰泰紅二期)	Residential, Commercial	–	113.2	100.0%
14	Guilin	Guilin Guanzhenyuan* (桂林冠臻園)	Residential, Commercial	18.8	26.6	100.0%
15	Guilin	Bei Cheng 1* (北城1號)	Residential, Commercial	93.2	23.6	51.0%
16	Guilin	Guilin Zhangtai Phase 2* (桂林彰泰郡二期)	Residential, Commercial	–	87.4	60.0%
17	Guilin	Jinqiao Shui'an* (金橋水岸)	Residential, Commercial	152.0	105.4	60.0%
18	Guilin	Ubud Xiaoyuan* (烏布小院)	Residential, Commercial	26.1	0.7	100.0%
19	Guilin	Ubud Xiaozhen* (烏布小鎮)	Residential, Commercial	51.1	15.9	100.0%
20	Guilin	Xingan Zhangtai Xuefu* (興安彰泰學府)	Residential, Commercial	64.1	135.1	100.0%
21	Guilin	Zhangtai Yangshuo Shili Chunfeng* (彰泰陽朔十裏春風)	Residential, Commercial	71.4	32.0	60.0%
22	Guilin	Zhangtai Yangshuo Shili Lanshan* (彰泰陽朔十裏瀾山)	Residential, Commercial	1.7	119.8	60.0%
23	Guilin	Zhangtai Zhongyangcheng* (彰泰中央城)	Residential, Commercial	98.7	193.0	50.0%
24	Guilin	Zhong Shan Zhangtaicheng* (鐘山彰泰城)	Residential, Commercial	303.5	393.2	100.0%
25	Guilin	Guilin Yida Fangzhichang Land Parcel* (桂林溢達紡織廠地塊)	Residential, Commercial	–	193.9	50.0%
26	Liuzhou	Liuzhou Binjiang Xuefu* (柳州濱江學府)	Residential, Commercial	77.1	9.9	100.0%

No.	City	Name of Project	Type of Property Product	Sold Plot Ratio-based GFA ('000 sq.m.)	Unsold Plot Ratio-based GFA ('000 sq.m.)	Interest Held by Zhangtai Group
27	Liuzhou	Liuzhou Huanlesong* (柳州歡樂頌)	Residential, Commercial	27.5	263.2	100.0%
28	Liuzhou	Liuzhou Jiangyucheng* (柳州江與城)	Residential, Commercial	129.6	290.0	100.0%
29	Beihai	Beihai Bailuwan* (北海白鷺灣)	Residential, Commercial	34.6	288.9	100.0%
30	Beihai	Beihai Haitangwan* (北海海棠灣)	Residential, Commercial	28.2	185.0	70.0%
31	Beihai	Beihai Chunjiang Haian* (北海春江海岸)	Residential, Commercial	86.0	177.1	100.0%
32	Yulin	Yulin Zhangtaicheng* (玉林彰泰城)	Residential, Commercial	174.7	115.7	100.0%
33	Yulin	Beiliu Yongshunxuefu* (北流永順學府)	Residential, Commercial	44.0	71.3	10.0%
34	Yulin	Yulin Yuehuju* (玉林悅湖居)	Residential, Commercial	17.6	581.6	10.0%
35	Wuzhou	Meiguiyuan* (玫瑰園)	Residential, Commercial	575.4	138.5	50.0%
36	Wuzhou	Wuzhou Zhangdao Guoji* (梧州長島國際)	Residential, Commercial	19.7	394.8	51.0%
37	Wuzhou	Wuzhou Zhangtaicheng Area B* (梧州彰泰城B區)	Residential, Commercial	6.8	138.7	100.0%
38	Wuzhou	Tengxian Zhangtaicheng* (藤縣彰泰城)	Residential, Commercial	56.2	63.9	90.0%
39	Qinzhou	Qinzhou Zhangtai Hong* (欽州彰泰紅)	Residential, Commercial	14.2	370.9	75.0%
40	Guigang	Guigang Binjiang Xuefu* (貴港濱江學府)	Residential, Commercial	60.6	200.2	95.0%
41	Guigang	Guigang Shili Jiangwan* (貴港十里江灣)	Residential, Commercial	30.0	292.3	95.0%
42	Guigang	Guigang Zhangtai Hong* (貴港彰泰紅)	Residential, Commercial	131.7	225.9	50.0%
43	Fangchenggang	Fangchenggang Guanjianghai* (防城港觀江海)	Residential, Commercial	115.1	263.6	100.0%
44	Hezhou	Hezhou Huanlesong* (賀州歡樂頌)	Residential, Commercial	17.6	67.1	100.0%

No.	City	Name of Project	Type of Property Product	Sold Plot Ratio-based GFA ('000 sq.m.)	Unsold Plot Ratio-based GFA ('000 sq.m.)	Interest Held by Zhangtai Group
45	Hezhou	Hezhou Xinwangjiao* (賀州新旺角)	Residential, Commercial	25.3	48.9	70.0%
46	Hezhou	Hezhou Zhangtaijun* (賀州彰泰郡)	Residential, Commercial	69.9	30.1	70.0%
47	Hezhou	Hezhou Zhangtai Tianyu* (賀州彰泰天譽)	Residential, Commercial	44.3	86.9	49.0%
48	Wuhan	Wuhan Feili Tianxi* (武漢翡麗天璽)	Residential, Commercial	–	110.8	33.0%
49	Nanjing	Nanjing Guannanfu* (南京觀南府)	Residential	20.8	20.2	100.0%
50	Wuxi	Wuxi Chunan Yazhu* (無錫春岸雅築)	Residential	–	85.6	100.0%
51	Nanchang	Donghu 61mu* (東湖61畝)	Residential, Commercial	–	90.6	33.0%
52	Nanchang	Jingkai 81mu* (經開81畝)	Residential, Commercial	–	118.2	51.0%
53	Nanchang	Nanjing Junyu Yinxiang* (南京君譽印象)	Residential	–	109.3	34.0%
54	Yuxi	Yuxi Land Parcel* (玉溪地塊)	Residential, Commercial	–	186.2	24.5%
Total				3,272.6	7,833.3	

The summary of the 3 property projects under project management is as follows:

No.	City	Name of Project	Type of Property Product	Sold plot ratio-based GFA ('000 sq.m.)	Unsold plot ratio-based GFA ('000 sq.m.)
1	Guilin	Banshan Yunlu* (伴山雲廬)	Residential, Commercial	71.3	138.3
2	Guilin	Lingchuan Zhongyangcheng* (靈川中央城)	Residential, Commercial	9.4	82.9
3	Yulin	Yutong Zhangtai Hong* (玉通彰泰紅)	Residential, Commercial	17.3	197.2
Total				98.0	418.4

Note: The data of the Target Projects is sourced from the information provided by Zhangtai Group. Such information is subject to the final approval of the PRC government authorities.

2.2 Information on the Target Companies

The Target Companies comprise 50 companies established in the PRC with limited liability, which are mainly engaged in the development of real estate projects and related business in Guangxi Zhuang Autonomous Region, among which 47 companies own the Target Projects while Zhangtai Group or its related parties only own the Project Management Interests in the remaining 3 companies. The summary of 47 Target Companies which own the Target Projects is as follows:

No.	Company Name	Main Business Scope	Interest held by Zhangtai Group
1	Guangxi Haotai Real Estate Development Co., Ltd.* (廣西豪泰房地產開發有限公司)	Real Estate Development	100%
2	Beihai Xitai Real Estate Development Co., Ltd.* (北海熙泰房地產開發有限公司)	Real Estate Development	100%
3	Beihai Hongzhang Real Estate Investment Co., Ltd.* (北海弘彰房地產投資有限公司)	Real Estate Development	100%
4	Fangchenggang Zhangtai Real Estate Development Co., Ltd.* (防城港彰泰房地產開發有限公司)	Real Estate Development	100%
5	Guilin Dingtai Real Estate Development Co., Ltd.* (桂林鼎泰房地產開發有限公司)	Real Estate Development	100%
6	Guilin Yitai Real Estate Development Co., Ltd.* (桂林億泰房地產開發有限公司)	Real Estate Development	100%
7	Lingchuan Hongzhang Real Estate Development Co., Ltd.* (靈川弘彰房地產開發有限公司)	Real Estate Development	100%
8	Hezhou Zhangtai Real Estate Development Co., Ltd.* (賀州彰泰房地產開發有限公司)	Real Estate Development	100%
9	Hezhou Lingtai Investment Co., Ltd.* (賀州領泰投資有限公司)	Real Estate Development	100%
10	Yangshuo Hezhongtaizhan Tourism and Culture Investment Co., Ltd.* (陽朔合眾泰展旅遊文化投資有限公司)	Real Estate Development	100%
11	Hezhou Zhangtaicheng Real Estate Development Co., Ltd.* (賀州彰泰城房地產開發有限公司)	Real Estate Development	100%
12	Liuzhou Hourong Real Estate Development Co., Ltd.* (柳州厚榮房地產開發有限公司)	Real Estate Development	100%
13	Yulin Hongzhang Real Estate Development Co., Ltd.* (玉林弘彰房地產開發有限公司)	Real Estate Development	100%
14	Guilin Hongzhang Investment Co., Ltd.* (桂林弘彰投資有限公司)	Real Estate Development	100%
15	Guangxi Zeyang Real Estate Development Co., Ltd.* (廣西澤洋房地產開發有限公司)	Real Estate Development	100%
16	Beihai Huazhang Real Estate Investment Co., Ltd.* (北海華彰房地產投資有限公司)	Real Estate Development	100%

No.	Company Name	Main Business Scope	Interest held by Zhangtai Group
17	Wuxi Zhangtai Real Estate Development Co., Ltd.* (無錫彰泰房地產開發有限公司)	Real Estate Development	100%
18	Qinzhou Hongzhang Real Estate Development Co., Ltd.* (欽州弘彰房地產開發有限公司)	Real Estate Development	100%
19	Liuzhou Zhangtai Construction Co., Ltd.* (柳州彰泰建設有限公司)	Real Estate Development	100%
20	Liuzhou Zhangyu Investment Co., Ltd.* (柳州彰譽投資有限公司)	Real Estate Development	100%
21	Liuzhou Liuzhang Investment Co., Ltd.* (柳州柳彰投資有限公司)	Real Estate Development	100%
22	Binyang Zhangtai Real Estate Development Co., Ltd.* (賓陽彰泰房地產開發有限公司)	Real Estate Development	100%
23	Nanning Hongzhang Investment Co., Ltd.* (南寧市弘彰投資有限責任公司)	Real Estate Development	100%
24	Guangxi Zhidaotong Investment Co., Ltd.* (廣西智道通投資有限公司)	Real Estate Development	100%
25	Guilin Zhentai Construction Co., Ltd.* (桂林甄泰建築工程有限公司)	Construction	100%
26	Guangxi Guigang Xitai Construction Co., Ltd.* (廣西貴港市熙泰建築工程有限公司)	Construction	100%
27	Guilin Huatai Engineering Supervision Co., Ltd.* (桂林華泰工程監理有限公司)	Supervision	100%
28	Guilin Ruitong Business Management Co., Ltd.* (桂林睿通商業管理有限公司)	Commercial, Hotel Management	100%
29	Wuzhou Teng County Zhangda Real Estate Development Co., Ltd.* (梧州市藤縣彰達房地產開發有限公司)	Real Estate Development	90%
30	Qinzhou Jietai Real Estate Development Co., Ltd.* (欽州捷泰房地產開發有限公司)	Real Estate Development	75%
31	Hezhou Hongzhang Real Estate Co., Ltd.* (賀州弘彰房地產有限責任公司)	Real Estate Development	70%
32	Hezhou Hechuang Real Estate Development Co., Ltd.* (賀州合創房地產開發公司)	Real Estate Development	70%
33	Guilin Jiechang Real Estate Development Co., Ltd.* (桂林捷彰房地產開發有限公司)	Real Estate Development	60%
34	Yangshuo Hongzhang Real Estate Development Co., Ltd.* (陽朔弘彰房地產開發有限公司)	Real Estate Development	60%
35	Guilin Hanhao Real Estate Development Co., Ltd. Wangjun Branch* (桂林市瀚浩房地產開發有限公司王郡分公司)	Real Estate Development	60%
36	Guilin Shunxiang Investment Group Co., Ltd.* (桂林順祥投資集團有限公司)	Real Estate Development	51%

No.	Company Name	Main Business Scope	Interest held by Zhangtai Group
37	Guilin Yingsheng Real Estate Development Co., Ltd.* (桂林盈盛房地產開發有限公司)	Real Estate Development	51%
38	Guangxi Susheng Investment Development Co., Ltd.* (廣西速晟投資開發有限公司)	Real Estate Development	51%
39	Heng County Zhangtai Real Estate Development Co., Ltd.* (橫縣彰泰房地產開發有限公司)	Real Estate Development	51%
40	Wuzhou Yonghuating Real Estate Development Co., Ltd.* (梧州市雍華庭房地產開發有限公司)	Real Estate Development	51%
41	Guilin Zhongtai Real Estate Development Co., Ltd.* (桂林眾泰房地產開發有限公司)	Real Estate Development	50%
42	Guigang Hongzhang Investment Co., Ltd.* (貴港弘彰投資有限公司)	Real Estate Development	50%
43	Wuzhou Guohai Real Estate Co., Ltd.* (梧州國海置業有限公司)	Real Estate Development	50%
44	Guilin Yuanqi Real Estate Development Co., Ltd.* (桂林沅祺房地產開發有限公司)	Real Estate Development	34%
45	Guigang Huazhang Real Estate Development Co., Ltd.* (貴港華彰房地產開發有限公司)	Real Estate Development	34%
46	Wuhan Deshang Ronghe Real Estate Co., Ltd.* (武漢德商榮和置業有限公司)	Real Estate Development	33%
47	Yunnan Zhangtai Real Estate Development Co., Ltd.* (雲南彰泰房地產開發有限公司)	Real Estate Development	24.5%

As at 31 December 2020, the unaudited total assets¹ and the unaudited total net assets¹ of the Target Companies amounted to approximately RMB48.716 billion and approximately RMB595 million, respectively. For the two years ended 31 December 2020, the unaudited net loss before tax and net loss after tax¹ are as follows:

	For the year ended 31 December 2019 (Approximately RMB million)	For the year ended 31 December 2020 (Approximately RMB million)
Net loss before tax	324	108
Net loss after tax	394	174

Notes:

1. The unaudited total assets, net assets, net loss before tax, net loss after tax and other data of the Target Companies are the arithmetic sum of the relevant financial data of the Target Companies;
2. The information and financial data of the Target Companies are sourced from the information provided by Zhangtai Group.

Upon completion of the Cooperation, the equity interests of the Joint Venture will be held as to 80% by Sunac Southwest Group or its designated parties and as to 20% by Zhangtai Group and its related parties. The Joint Venture and the Target Subsidiaries will become indirect subsidiaries of the Company, and the Target Associates and Joint Ventures will become indirect associates and joint ventures of the Company.

3. REASONS FOR AND BENEFITS OF THE COOPERATION

Zhangtai Group is a leading property development company in Guangxi Zhuang Autonomous Region, which has a profound understanding of the cities within Guangxi Zhuang Autonomous Region and extensive experience in land acquisition. In addition, Zhangtai Group has its presence in various cities across the PRC, with property projects in Yunnan, Jiangsu, Jiangxi, Hubei etc.

The Cooperation will facilitate a strong alliance between the Group and Zhangtai Group, which further consolidates the Group's leading position and market influence in Guangxi Zhuang Autonomous Region.

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

4. INFORMATION ON THE GROUP AND THE PARTIES

4.1 The Group

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. With the brand philosophy of “passion for perfection”, the Group is committed to providing complete solutions for Chinese families to enjoy a better life through high-quality products and services and integration of high-quality resources, thus contributing to the high quality development and progress of Chinese cities. With a focus on its core business of real estate, the Group adheres to its strategy of “property development +” and implements its strategic layout in six business segments, namely Sunac Real Estate, Sunac Services, Sunac Culture & Tourism, Sunac Culture, Sunac Conference & Exhibition, Sunac Medical & Health Care. Its business covers real estate development, property services, conferences and exhibitions, tourism and vacations, theme parks, commercial operations, hotel operations, medical services and health care, IP development and operation, film and television content production and distribution, etc.

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

4.2 Zhangtai Group

Zhangtai Group is a company established in the PRC with limited liability, which is principally engaged in property development business. It is a leading property development company in Guangxi Zhuang Autonomous Region and has covered various cities across the PRC, with property projects in Yunnan, Jiangsu, Jiangxi, Hubei etc. Zhangtai Group is ultimately and beneficially held as to 80% and 20% by Mr. Huang and Ms. Wang, respectively. Mr. Huang and Ms. Wang are a couple.

5. LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios in respect of the Cooperation is/are more than 5% and all of the applicable percentage ratios are less than 25%, the Cooperation constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is 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:

“Actual Investment of Zhangtai Group”	the total actual investment (including equity interests and debts) by Zhangtai Group and its related parties in relation to the Target Projects, amounting to approximately RMB10.15 billion
“Board”	the board of Directors
“Company”	Sunac China Holdings Limited (融創中國控股有限公司), 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”	the joint development of the Target Projects through the formation of the Joint Venture proposed by Sunac Southwest Group and Zhangtai Group

“Cooperation Framework Agreement”	a cooperation framework agreement entered into by Sunac Southwest Group and Zhangtai Group on 16 April 2021 in relation to the joint development of the Target Projects through the formation of the Joint Venture
“Directors”	the directors of the Company
“Formal Agreement”	a formal cooperation agreement to be signed by Sunac Southwest Group and Zhangtai Group in respect of the joint development of the Target Projects through the formation of the Joint Venture after the conclusion of due diligence review
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Joint Venture”	a company established in the PRC with limited liability by Sunac Southwest Group or its designated parties and acted as the platform company for the joint development of the Target Projects by Sunac Southwest Group and Zhangtai Group
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Huang”	Mr. HUANG Haitao* (黄海濤)
“Ms. Wang”	Ms. WANG Chunling* (汪春玲)
“PRC”	the People’s Republic of China
“Project Management Interests”	the interests of Zhangtai Group and its related parties as the construction agent or non-equity holder of three Target Projects. Pursuant to the Cooperation Framework Agreement, Zhangtai Group and its related parties shall procure the Joint Venture (as the assignee of the interests in such Target Projects) to sign relevant new written agreements with the beneficial interest owners of the Target Projects. The Joint Venture is entitled to the project management revenue generated as from 31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC

“Shareholders”	shareholders of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac Southwest Group”	Sunac Southwest Real Estate Development Group Co., Ltd., a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Associates and Joint Ventures”	the Target Companies being the associates and joint ventures of Zhangtai Group as of the date of this announcement
“Target Company(ies)”	collectively, 50 companies established in the PRC with limited liability, among which 47 companies own the Target Projects while Zhangtai Group or its related parties only own the Project Management Interests in the remaining 3 companies
“Target Debts”	the total outstanding balance of principal and interest payable by the Target Companies to Zhangtai Group and its related parties
“Target Equity Interests”	all or part of the equity interests of the Target Companies held by Zhangtai Group or its related parties, the corresponding attached interests and Project Management Interests
“Target Projects”	57 property projects proposed to be transferred by Zhangtai Group, including 54 property development projects and 3 property projects under project management. See “Information on the Target Projects” for the details of the target projects
“Target Subsidiaries”	the Target Companies being the subsidiaries of Zhangtai Group as of the date of this announcement

“Zhangtai Group”

Guilin Zhangtai Enterprise Group Limited* (桂林彰泰實業集團有限公司), a company established under the laws of the PRC with limited liability

“%”

per cent.

* *For identification purposes only*

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

Hong Kong, 16 April 2021

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. MA Lishan and Mr. YUAN Zhigang.