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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
RESTRUCTURING ARRANGEMENT IN RELATION
TO THE TARGET COMPANY**

The Tianjin National Game Village Project, which was jointly developed by Sunac Huabei (an indirect wholly-owned subsidiary of the Company), Greentown Real Estate and AVIC Trust, has been fully developed, sold and delivered. In order to properly deal with the undistributed profits and the related claims and debts of the Target Company (being the project company responsible for the development and construction of the Tianjin National Game Village Project), thereby facilitating the subsequent liquidation matters of the Target Company, on 25 May 2023, Sunac Huabei, Greentown Real Estate, AVIC Trust and the Target Company entered into the Agreement, pursuant to which Sunac Huabei agreed to acquire the 51% equity interest in the Target Company held by Greentown Real Estate through the Restructuring Arrangement at a consideration of approximately RMB1,486 million, which would be offset by existing claims and debts and there would be no actual cash payment.

As at the date of this announcement, the change of registration of the 51% equity interest in the Target Company was completed. Sunac Huabei therefore holds 99.608% equity interest in the Target Company and the Target Company has become an indirect subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Restructuring Arrangement and the Subsequent Restructuring Arrangement is 5% or more but less than 25%, the Restructuring Arrangement and the Subsequent Restructuring Arrangement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. AGREEMENT

1.1 Date

25 May 2023

1.2 Parties

Sunac Huabei;

Greentown Real Estate;

AVIC Trust; and

Target Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Greentown Real Estate, AVIC Trust and their respective ultimate beneficial owners are independent of the Company and the connected persons of the Company.

1.3 Restructuring Arrangement

Assets under Restructuring Arrangement

The 51% equity interest in the Target Company held by Greentown Real Estate.

Consideration and its Settlement

The total consideration for the assets under the Restructuring Arrangement was approximately RMB1,486 million, which would be settled in the following manner:

- (a) Greentown Real Estate would assign part of the consideration in the amount of approximately RMB1,435 million to the Target Company, thereby offsetting against the equivalent amount of current debt payable by Greentown Real Estate to the Target Company, and the said offset arrangement would be regarded as completed on the date when the 51% equity interest would be registered under the name of Sunac Huabei; and
- (b) The remaining consideration in the amount of approximately RMB51 million would be settled by the equivalent amount of current debt due from Tianjin Sunac Jieyao (an indirect subsidiary of Greentown Real Estate, 7% equity interest of which is held by Tianjin Sunac Real Estate) to Tianjin Sunac Real Estate (100% equity interest of which is held by Sunac Huabei directly).

Basis of Determination of the Consideration

The consideration was determined through arm's length negotiation by the parties to the Agreement mainly with reference to the paid-up registered capital and undistributed profits of the Target Company attributable to Greentown Real Estate. The Directors consider that the consideration as agreed under the Agreement is fair and reasonable.

Completion of Acquisition of the Equity Interest

According to the Agreement, Greentown Real Estate would change the registration of its 51% equity interest in the Target Company under the name of Sunac Huabei within 30 days after the Agreement takes effect. As at the date of this announcement, the change of registration of the 51% equity interest in the Target Company was completed.

As at the date of this announcement, Sunac Huabei holds 99.608% equity interest in the Target Company (according to the agreement among the parties to the Agreement, Sunac Huabei would be entitled to 90.2% of the equity return of the Target Company and would assume its corresponding shareholder obligations). Sunac Huabei holds the remaining 0.392% equity interest in the Target Company as a nominee on behalf of AVIC Trust (according to the agreement among the parties to the Agreement, AVIC Trust is entitled to 9.8% of the equity return of the Target Company and would assume its corresponding shareholder obligations). The Target Company has become an indirect subsidiary of the Company, the financial results (including earnings, assets and liabilities) of which will be consolidated into the financial statements of the Group.

1.4 Subsequent Restructuring Arrangement

Sunac Real Estate Group (or a designated party) proposed to acquire the 0.392% equity interest in the Target Company held by Sunac Huabei as nominee on behalf of AVIC Trust through a Subsequent Restructuring Arrangement at a consideration of approximately RMB48.73 million, which was determined through arm's length negotiation by Sunac Real Estate Group and AVIC Trust mainly with reference to the paid-up registered capital and undistributed profits of the Target Company attributable to AVIC Trust. The Directors consider that this consideration is fair and reasonable. Sunac Real Estate Group will negotiate with AVIC Trust on the time and method of the settlement of the consideration separately.

Upon completion of the aforesaid Subsequent Restructuring Arrangement, the Company will indirectly hold 100% equity interest in the Target Company and the Target Company will become an indirect wholly-owned subsidiary of the Company.

2. INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and is principally engaged in the development of Tianjin National Game Village Project. This project has been fully developed, sold and delivered by the Target Company.

Before the date of Agreement, the Target Company was held as to 48.608%, 50.592% and 0.8% by Sunac Huabei, Greentown Real Estate and AVIC Trust respectively (according to the agreement among the parties to the Agreement, each of Sunac Huabei, Greentown Real Estate and AVIC Trust was entitled to 39.2%, 40.8% and 20% of the equity return of the Target Company respectively and would assume their respective corresponding shareholder obligations). Before the Restructuring Arrangement, Greentown Real Estate would acquire the 0.408% equity interest in the Target Company held by it as nominee on behalf of AVIC Trust, after which Greentown Real Estate would hold 51% equity interest in the Target Company.

As at 30 April 2023, the unaudited net assets of the Target Company amounted to approximately RMB2.94 billion, out of which RMB2.50 billion was paid-up registered capital. The audited profits before tax and after tax for the two years ended 31 December 2022 were as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>(Approximately RMB'000)</i>	<i>(Approximately RMB'000)</i>
Profit/(loss) before tax	(22,974)	16,114
Profit/(loss) after tax	222,429	(158,145)

3. REASONS FOR AND BENEFITS OF THE RESTRUCTURING ARRANGEMENT

The Tianjin National Game Village Project has been fully developed, sold and delivered by the Target Company. The Restructuring Arrangement would properly deal with the undistributed profits and the related claims and debts between the shareholders and the Target Company, to facilitate the exit of the current shareholders, thereby facilitating subsequent liquidation matters of the Target Company. Further, the consideration for the Restructuring Arrangement would be offset by existing claims and debts, and there would be no actual cash payment. Accordingly, the Directors (including the independent non-executive Directors) consider that the Restructuring Arrangement was on normal commercial terms, fair and reasonable and in the interests of the shareholders as a whole.

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.

Sunac Huabei

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

Greentown Real Estate

Greentown Real Estate is a company established in the PRC with limited liability and is principally engaged in the real estate development business in the PRC. Greentown Real Estate is an indirect wholly-owned subsidiary of Greentown China Holdings Limited (a company established in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange, stock code: 3900).

AVIC Trust

AVIC Trust is a joint stock company established in the PRC with limited liability and a non-banking financial institution approved by the CBIRC, which is principally engaged in, among other things, alternative investment, asset management, asset servicing, wealth management, loans, financial product investment, financial equity investment and other businesses. The shares of AVIC Trust are held as to 84.42% by AVIC Investment Holding Limited (中航投資控股有限公司) and 15.58% by Oversea-Chinese Banking Corporation Limited. AVIC Investment Holding Limited is an indirect subsidiary of AVIC Industry-Finance Holdings Co., Ltd. (a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange, stock code: 600705). The ordinary shares of Oversea-Chinese Banking Corporation Limited are listed on the Main Board of the Singapore Exchange Limited with the stock symbol OCBC Bk(O39).

5. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Restructuring Arrangement and the Subsequent Restructuring Arrangement is 5% or more but less than 25%, the Restructuring Arrangement and the Subsequent Restructuring Arrangement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are 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:

“Agreement”	the agreement dated 25 May 2023 entered into among Sunac Huabei, Greentown Real Estate, AVIC Trust and the Target Company in respect of the Restructuring Arrangement and other relevant documents
“AVIC Trust”	AVIC Trust Co., Ltd., a company incorporated under the laws of the PRC with limited liability
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Greentown Real Estate”	Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a company incorporated under the laws of the PRC with limited liability
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Restructuring Arrangement”	the acquisition of 51% equity interest in the Target Company held by Greentown Real Estate by Sunac Huabei pursuant to the Agreement

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Restructuring Arrangement”	the proposed acquisition of 0.392% equity interest in the Target Company held by Sunac Huabei as nominee on behalf of AVIC Trust by Sunac Real Estate Group (or a designated party) pursuant to the Agreement
“Sunac Huabei”	Sunac Huabei Development Group Co., Ltd. (融創華北發展集團有限公司), a company incorporated under the laws of the PRC with limited liability
“Sunac Real Estate Group”	Sunac Real Estate Group Co., Ltd (融創房地產集團有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Company”	Tianjin Greentown National Games Village Construction Development Co., Ltd. (天津綠城全運村建設開發有限公司), a company incorporated under the laws of the PRC with limited liability
“Tianjin National Game Village Project”	the project developed and constructed by the Target Company on the parcel of National Games Village, Jiefang South Road, Hexi District, Tianjin, the PRC
“Tianjin Sunac Jieyao”	Tianjin Sunac Jieyao Real Estate Co., Ltd. (天津融創杰耀置業有限公司), a company incorporated under the laws of the PRC with limited liability, in which Tianjin Sunac Real Estate holds 7% equity interest and an indirect subsidiary of Greentown Real Estate as at the date of this announcement
“Tianjin Sunac Real Estate”	Tianjin Sunac Real Estate Co., Ltd. (天津融創置業有限公司), a company incorporated under the laws of the PRC with limited liability, which is directly held as 100% equity interest by Sunac Huabei and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent

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

Hong Kong, 29 May 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.