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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 RESTRUCTURING

The Zhaoqing Project (i.e. the Sunac Dinghu Mansion project) is a project jointly developed by the Group and Xinxing Group. Zhaoqing Xingrong (i.e. the project company of the Zhaoqing Project) is held as to 55% by the Group and 45% by Xinxing Group respectively. On 30 June 2023, the Group and Xinxing Group entered into the Agreement, pursuant to which Xinxing Group shall transfer its 45% interest in Zhaoqing Xingrong to the Group at a consideration of RMB511.41 million. The consideration payable in respect of the Restructuring will be paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group, which will settle the debt and liabilities issues in connection with the joint development of the projects by the Group and Xinxing Group.

Upon completion of the Restructuring, the Group will hold 100% interest in Zhaoqing Xingrong. Zhaoqing Xingrong will become an indirect wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Restructuring is 5% or more but less than 25%, the Restructuring 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 RESTRUCTURING

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Upon completion of the Restructuring, the Group will hold a 100% interest in Zhaoqing Xingrong. Zhaoqing Xingrong will become an indirect wholly-owned subsidiary of the Company.

The principal terms of the Agreement are as follows:

Parties

- (i) Chuangze Shenzhen (an indirect wholly-owned subsidiary of the Company)
- (ii) Zhaoqing Haihong (an indirect wholly-owned subsidiary of the Company)
- (iii) Zhaoqing Xingrong
- (iv) Xinxing Group

Subject Assets

Pursuant to the Agreement, Xinxing Group agreed to transfer to the Group, and the Group agreed to acquire, the 45% interest held by Xinxing Group in Zhaoqing Xingrong.

Consideration

The consideration for the 45% interest held by Xinxing Group in Zhaoqing Xingrong is RMB511.41 million, which was determined by the parties after arm's length negotiations taking into account the amount of borrowings from Xinxing Group and its related parties to Zhaoqing Xingrong (amounting to RMB421.64 million in aggregate) and the capital investment income from the Zhaoqing Project receivable by Xinxing Group (amounting to RMB89.77 million).

Payment of the Consideration

The consideration shall be paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group. The specific payment method shall be negotiated by the parties.

Completion

Xinxing Group shall publicly list and sell its 45% interest in Zhaoqing Xingrong at a price of RMB1 million before 30 August 2023, failing which the Group would have the right to terminate the Agreement.

Zhaoqing Haihong or its designated party shall participate in the bidding for the 45% interest in Zhaoqing Xingrong at a price of RMB1 million. If Zhaoqing Haihong or its designated party bids the 45% interest in Zhaoqing Xingrong, Xinxing Group shall cooperate with Zhaoqing Haihong or its designated party to complete the registration procedures for industrial and commercial change within 15 working days after the execution of the property rights transfer agreement. Xinxing Group shall cooperate in handing over the relevant documents, seals and properties of Zhaoqing Xingrong in its custody to Zhaoqing Haihong within 5 working days after completion of the registration procedures for industrial and commercial change of the transfer of 45% interest in Zhaoqing Xingrong (subject to obtaining the approval notice for industrial and commercial change).

Information on Zhaoqing Xingrong

Zhaoqing Xingrong is a company established in the PRC with limited liability on 19 December 2017, with a registered capital of RMB100 million and a paid-up registered capital of RMB55 million (contributed by the Group), and is held as to 45% by Xinxing Group and 55% by the Group.

Zhaoqing Xingrong is principally engaged in real estate development business in the PRC, including the development of the Zhaoqing Project. The Zhaoqing Project is located in Dinghu District, Zhaoqing, Guangdong Province, the PRC, comprising residential properties, villa and commercial properties for sale, with a gross floor area of approximately 394,400 square meters.

The unaudited net assets and the unaudited total assets of Zhaoqing Xingrong as at 31 May 2023 were approximately RMB-217 million and RMB1,896 million, respectively, and the unaudited loss before tax and loss after tax for the two years ended 31 December 2022 are set out below:

	For the year ended 31 December 2022 (RMB'000)	For the year ended 31 December 2021 (RMB'000)
(Loss) before tax	(13,929)	(127,340)
(Loss) after tax	(10,448)	(95,521)

2. REASONS FOR AND BENEFITS OF THE RESTRUCTURING

The consideration payable for the Restructuring will be paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group, which will settle the debts and liabilities issues in connection with the joint development of the projects by the Group and Xinxing Group (including the guarantee provided by the Group for part of the debt owed by Zhaoqing Xingrong to Xinxing Group). Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Restructuring is conducted on normal commercial terms, is fair and reasonable and is in the interests of shareholders as a whole.

3. INFORMATION ON THE PARTIES

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.

Chuangze Shenzhen

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

Zhaoqing Haihong

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

Zhaoqing Xingrong

Zhaoqing Xingrong is a company established under the laws of the PRC with limited liability. Details of Zhaoqing Xingrong are set out in the paragraph headed “Information on Zhaoqing Xingrong” above. As at the date of this announcement, Zhaoqing Xingrong is held as to 45% by Xinxing Heavy Industries Group and 55% by Zhaoqing Haihong (an indirect wholly-owned subsidiary of the Company). Zhaoqing Xingrong is a joint venture of Zhaoqing Haihong and Xinxing Heavy Industries Group.

Xinxing Group

Xinxing Cathay Asset is a company established under the laws of the PRC with limited liability, and its principal business is asset management, property management, stadium operation, hotel management, commercial property operation and technology development, etc. The ultimate beneficial owner of Xinxing Cathay Asset is the State Council of the PRC.

Xinxing Heavy Industries Group is a company established under the laws of the PRC with limited liability, and its principal business is the production and sales of natural gas storage and transportation equipment, complete sets of mining equipment, construction machinery and equipment, as well as iron and steel smelting and rolling processing. The ultimate beneficial owner of Xinxing Heavy Industries Group is the State Council of the PRC.

After making all reasonable enquiries, to the best of the Directors' knowledge, information and belief, Xinxing Cathay Asset, Xinxing Heavy Industries Group and their ultimate beneficial owners are all third parties independent of the Company and connected persons of the Company.

4. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Restructuring is 5% or more but less than 25%, the Restructuring 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.

5. DEFINITIONS

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

“Agreement”	the agreement dated 30 June 2023 entered into among Chuangze Shenzhen, Zhaoqing Haihong, Zhaoqing Xingrong and Xinxing Group in respect of the Restructuring
“Board”	the board of Directors
“Chuangze Shenzhen”	Chuangze (Shenzhen) Real Estate Co., Ltd.* (創澤(深圳)房地產有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary 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)
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Restructuring”	the transfer of 45% interest in Zhaoqing Xingrong by Xinxing Group to the Group pursuant to the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinxing Cathay Asset”	Xinxing Cathay Asset Management Co., Ltd.* (新興際華資產經營管理有限公司), a company established under the laws of the PRC with limited liability
“Xinxing Group”	collectively Xinxing Cathay Asset and Xinxing Heavy Industries Group
“Xinxing Heavy Industries Group”	Xinxing Heavy Industries Group Co., Ltd.* (新興重工集團有限公司), a company established under the laws of the PRC with limited liability
“Zhaoqing Haihong”	Zhaoqing Haihong Real Estate Development Co., Ltd.* (肇慶市海宏房地產開發有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Zhaoqing Project”	the Sunac Dinghu Mansion* (融創鼎湖府) project developed by Zhaoqing Xingrong in Dinghu District, Zhaoqing, Guangdong Province, the PRC

“Zhaoqing Xingrong”

Zhaoqing Xingrong Real Estate Development Co., Ltd.* (肇慶市興融房地產開發有限公司), a company established under the laws of the PRC with limited liability, which is held as to 45% by Xinxing Heavy Industries Group and 55% by Zhaoqing Haihong (an indirect wholly-owned subsidiary of the Company) as at the date of this announcement

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

Hong Kong, 3 July 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*