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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)

**RESTRUCTURING ARRANGEMENT IN RELATION
TO THE TARGET COMPANY**

The Shanghai Yalong Project is a project jointly developed by the Group and Xihu Zhongbao. Prior to the date of this announcement, each of Shanghai Haoxuan (a non-wholly owned subsidiary of the Company) and Xihu Zhongbao owned 50% equity interest in the Target Company which indirectly holds the Shanghai Yalong Project. On 27 November 2023, in order to sort out and resolve the existing debt issues of the Shanghai Yalong Project to meet the prerequisite for cooperation in respect of the Huarong Loan, Shanghai Haoxuan, Shanghai Sunac (a wholly-owned subsidiary of the Company) and Hangzhou Xio entered into the Agreement, pursuant to which, Hangzhou Xio agreed to take up, by way of the Restructuring Arrangement, 15.625% equity interest in, and the Creditors' Rights of, the Target Company. The Consideration was approximately RMB2.5 billion, of which approximately RMB2.4 billion would be offset by the existing creditors' rights and debts and the remaining amount for approximately RMB100 million would be settled through the repayment of the debts owed to Xihu Zhongbao, by Hangzhou Xio on behalf of Shanghai Haoxuan.

The Target Company is principally engaged in the development and construction of the Shanghai Yalong Project. The Shanghai Yalong Project is located at the parcel at Block No. 508–514, east of Zhaofang Lane, south of Fangbang Middle Road, west of Songxue Street and north of East Fuxing Road, Huangpu District, Shanghai, with a site area of approximately 96,000 square metres, a total gross floor area of approximately 430,000 square metres and a total saleable area of approximately 228,000 square metres of residential units.

Immediately following Completion and the closing of the Equity Restructuring, the Group, Xihu Zhongbao, Hangzhou Xio and the Xingyuan Parties will hold 25%, 50%, 15.625% and 9.375% equity interest in the Target Company, respectively, and the Target Company will become an associate of the Company.

1. RESTRUCTURING ARRANGEMENT

On 27 November 2023, Shanghai Haoxuan (a non-wholly owned subsidiary of the Company), Shanghai Sunac (a wholly owned subsidiary of the Company) and Hangzhou Xio entered into the Agreement, pursuant to which, Hangzhou Xio agreed to take up, by way of the Restructuring Arrangement, 15.625% equity interest in, and the Creditors' Rights of, the Target Company, at a total Consideration of approximately RMB2,501.8 million, which is comprised of (i) the consideration for 15.625% equity interest in the Target Company (RMB352.5 million); and (ii) the consideration for the Creditors' Rights in respect of the shareholder's loan previously provided by Shanghai Sunac to the Target Company (RMB2,149.3 million).

The Consideration would be settled in the following manner:

- (i) The portion of the consideration for the equity interest in the amount of RMB246,750 million and the consideration for the Creditors' Rights for the shareholder's loan of Shanghai Sunac to be taken up by Hangzhou Xio in the amount of RMB2,149.3 million, shall be offset against the loans in the amount of RMB2,396.05 million previously provided by Hangzhou Xio to Shanghai Sunac; and
- (ii) The remaining portion of the consideration for the equity interest in the amount of RMB105.75 million shall be paid directly to Xihu Zhongbao by Hangzhou Xio on behalf of Shanghai Haoxuan, as payment of a portion of the consideration payable by Shanghai Haoxuan to Xihu Zhongbao for Shanghai Haoxuan's previous acquisition of 50% of the shares in the Target Company.

The consideration for the equity interest was determined after arm's length negotiations between the seller and the purchaser with reference to the consideration for Shanghai Haoxuan's previous acquisition of 50% equity interest in the Target Company from Xihu Zhongbao in November 2020 and the proportion of the equity interest in the Target Company to be acquired by Hangzhou Xio. The consideration for the 50% equity interest in the Target Company previously acquired by Shanghai Haoxuan was determined after arm's length negotiations between the seller and the purchaser, taking into account the comparable market value of the Shanghai Yalong Project, the funding need of the development of the project, the estimated cost and the sales profits of the project.

With cooperation of Xihu Zhongbao, the registration of changes for the equity transfer shall be completed within seven days from the date of signing of the Agreement.

2. EQUITY RESTRUCTURING

As at the date of this announcement, Shanghai Haoxuan, which holds 50% in the Target Company, is held as to 81.25% by Shanghai Sunac and as to 18.75% by the Xingyuan Parties. The parties proposed to restructure the equity interest in Shanghai Haoxuan such that the Xingyuan Parties would hold the equity interest in the Target Company directly instead of via Shanghai Haoxuan. As such, the 18.75% equity interest in Shanghai Haoxuan owned by the Xingyuan Parties will be exchanged for the 9.375% equity interest in the Target Company to be held by the Xingyuan Parties, i.e. the Xingyuan Parties would transfer the 18.75% equity interest held by it in Shanghai Haoxuan to Shanghai Sunac, and Shanghai Haoxuan would transfer the 9.375% equity interest in the Target Company to the Xingyuan Parties. Upon completion of the Equity Restructuring, the Xingyuan Parties will participate in the development and construction of the Shanghai Yalong Project by holding the equity interest in the Target Company directly.

3. FINANCIAL EFFECT OF THE RESTRUCTURING ARRANGEMENT

Immediately following Completion and the Equity Restructuring, the Group, Xihu Zhongbao, Hangzhou Xio and the Xingyuan Parties will hold 25%, 50%, 15.625% and 9.375% interest in the Target Company, respectively, and the Target Company will become an associate of the Company.

The Group is expected to record an unaudited profit before taxation of approximately RMB180 million in respect of the Restructuring Arrangement, which was calculated with reference to the Consideration and the carrying amount of the Group's long-term equity investment in the Target Company on 30 June 2023. The actual amount of profit to be made in respect of the Restructuring Arrangement is subject to review by the auditors of the Company.

4. REASONS FOR AND BENEFIT OF THE RESTRUCTURING ARRANGEMENT

The Shanghai Yalong Project is located at the parcel at Block No. 508–514, east of Zhaofang Lane, south of Fangbang Middle Road, west of Songxue Street and north of East Fuxing Road, Huangpu District, Shanghai, with a site area of approximately 96,000 square metres, a total gross floor area of approximately 430,000 square metres and a total saleable area of approximately 228,000 square metres of residential units, and is being developed by Shanghai Haoxuan in co-operation with Xihu Zhongbao.

The Directors is of the view that the Shanghai Yalong Project is currently at the preliminary development stage and the Restructuring Arrangement will be conducive to sorting out and resolving the existing debt issues of the Shanghai Yalong Project as soon as possible in order to meet the prerequisite for cooperation in respect of the Huarong Loan, promoting the resumption of the normal development and construction of the project, and revitalizing the high-quality assets.

The Directors consider that the Restructuring Arrangement is on normal commercial terms, fair and reasonable and in the interests of the Company and its stakeholders as a whole.

5. INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and has a registered capital of RMB100 million. The Target Company holds 100% equity interest in Shanghai Xinhua City Development Co., Ltd.* (上海新湖城市開發有限公司) (“**Shanghai Xinhua**”) which holds 100% equity interest in Shanghai Yalong Ancient City Real Estate Development Co., Ltd.* (上海亞龍古城房地產開發有限公司) (“**Shanghai Yalong**”) which holds the Target Parcel with a total gross floor area of approximately 430,000 square meters in Huangpu District, Shanghai and is principally engaged in the development and construction of the Target Parcel. Prior to the Completion, Xinhua Zhongbao and Shanghai Haoxuan each held 50% equity interest in the Target Company, which was a joint venture of the Company.

The unaudited consolidated net liabilities of the Target Company as at 30 June 2023 amounted to approximately RMB680 million and the profits/losses of the Target Company for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December 2022 (RMB100 million)	For the year ended 31 December 2021 (RMB100 million)
Profits/(losses) before taxation	(4.79)	(2.54)
Profits/(losses) after taxation	(3.60)	(1.92)

6. INFORMATION ON THE PARTIES TO THE RESTRUCTURING ARRANGEMENT

The Company is a company incorporated in the Cayman Islands with limited liability and 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 and becoming the “Co-builder of a Better City” in China 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 business segments such as Sunac Real Estate, Sunac Services, Sunac Culture & Tourism and Sunac Culture. After 20 years of development, the Group has become a leading enterprise in China’s real estate industry and a leading culture and tourism industry operators and property owners in China, with nationwide leading capabilities in comprehensive urban development and integrated industrial operation.

Shanghai Sunac is a company incorporated in the PRC with limited liability and is principally engaged in real estate development. As at the date of this announcement, Shanghai Sunac is indirectly wholly-owned by the Company.

Hangzhou Xio is a company incorporated in the PRC with limited liability and is principally engaged in the construction engineering design and engineering construction. Hangzhou Xio is owned as to 85% by a company jointly controlled by (1) Chen Guihua and (2) Chen Xiabin; and the remaining 15% equity interest is held by a limited partnership independent of the Company and connected persons of the Company. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the ultimate beneficial owners of Hangzhou Xio are third parties independent of the Company and its connected persons.

7. DEFINITIONS

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

“Agreement”	the agreement dated 27 November 2023 entered into among Shanghai Sunac, Shanghai Haoxuan and Hangzhou Xio, in relation to the Restructuring Arrangement, as supplemented and amended from time to time
“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)
“Completion”	the completion of the Restructuring Arrangement pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration for the Restructuring Arrangement
“Creditors’ Rights”	the sum of the principal amount of the shareholder’s loan owed by the Target Company to Shanghai Sunac at the Completion in the amount of RMB2,149,300,000
“Director(s)”	the director(s) of the Company
“Equity Restructuring”	the proposed transfer of 18.75% equity interest in Shanghai Haoxuan by the Xingyuan Parties to Shanghai Sunac and the proposed transfer of 9.375% equity interest in the Target Company by Shanghai Haoxuan to the Xingyuan Parties
“Fengtaiyuan”	Fengtaiyuan (Hainan) Enterprise Management Partnership (Limited Partnership)* (豐泰源(海南)企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Group”	the Company and its subsidiaries
“Hangzhou Xio”	Hangzhou Xio Lift Co., Ltd.* (杭州西奧電梯有限公司), a company incorporated in the PRC with limited liability

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huarong Loan”	the loan of not more than RMB3.48 billion proposed to be provided by Shanghai Haolong Enterprise Management Partnership (Limited Partnership) to Shanghai Yalong Ancient City Real Estate Development Co., Ltd.* (上海亞龍古城房地產開發有限公司), details of which are set out in the announcement of the Company dated 21 November 2023
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Restructuring Arrangement”	the disposal of 15.625% equity interest in and the Creditors’ Rights of the Target Company by Shanghai Haoxuan to Hangzhou Xio pursuant to the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Haoxuan”	Shanghai Haoxuan Enterprise Management Co., Ltd.* (上海顯軒企業管理有限公司), a company incorporated in the PRC with limited liability and a non-wholly owned subsidiary of the Company
“Shanghai Sunac”	Shanghai Sunac Real Estate Development Group Co., Ltd.* (上海融創房地產開發集團有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Shanghai Yalong Project”	the property development projects (including residential properties, commercial properties, etc.) of the Target Company at the Target Parcel
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhejiang Qilong Industries Co., Ltd.* (浙江啟隆實業有限公司), a company incorporated in the PRC with limited liability
“Target Parcel”	the parcel at Block No. 508–514, east of Zhaofang Lane, south of Fangbang Middle Road, west of Songxue Street and north of East Fuxing Road, Huangpu District, Shanghai, which is indirectly held by the Target Company

“Tianjin Zhongchou”	Tianjin Zhongchou Enterprise Management Service Partnership (Limited Partnership)* (天津中籌企業管理服務合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“Xingyuan Parties”	collectively, Tianjin Zhongchou and Fengtaiyuan
“Xinhu Zhongbao”	Xinhu Zhongbao Company Limited* (新湖中寶股份有限公司), a company incorporated in the PRC with limited liability, the shares of which are listed on the main board of the Shanghai Stock Exchange (stock code: 600208)
“%”	per cent

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

Hong Kong, 27 November 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; the non-executive director of the Company is Mr. LAM Wai Hon; 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 purposes only*