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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 COOPERATION OF THE TARGET COMPANY

The Target Project is a project developed by the Target Company. Prior to the date of this announcement, Sunac Real Estate beneficially and indirectly owned 70% equity interest in the Target Company. On 8 February 2024, in order to resolve the issue of capital investment for the subsequent development and construction of the Target Project and to sort out and resolve the existing debt issues of the Target Project, the Group and GTZD, the Sunac Parties, GTZD and the Relevant Parties entered into the Agreement, pursuant to which, GTZD agreed to take up 70% equity interest in and the Debts of the Target Company by way of the Restructuring Cooperation at the total Consideration of approximately RMB3,974 million, comprising (i) the consideration for the 70% equity interest in the Target Company (approximately RMB3,129 million); and (ii) the consideration for the Debts owed by the Target Company and Chongqing Yujinhong to the Sunac Parties (approximately RMB845 million).

Immediately following the completion of the Restructuring Cooperation, the Target Company will cease to be a subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Restructuring Cooperation is 5% or more but less than 25%, the Restructuring Cooperation constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

1. RESTRUCTURING COOPERATION

On 8 February 2024, the Sunac Parties, GTZD and the Relevant Parties entered into the Agreement, pursuant to which, GTZD agreed to take up 70% equity interest in and the Debts of the Target Company by way of the Restructuring Cooperation at the total Consideration of approximately RMB3,974 million, comprising (i) the consideration for the 70% equity interest in the Target Company (approximately RMB3,129 million); and (ii) the consideration for the Debts owed by the Target Company and Chongqing Yujinhong to the Sunac Parties (approximately RMB845 million).

The Consideration would be settled in the following manners:

- (i) Out of the consideration for the equity interest in the Target Company, approximately RMB2,100 million shall be offset by the equivalent amount of the debt due by the Sunac Parties to GTZD, after which the Sunac Parties will still owe to GTZD approximately RMB278 million;
- (ii) Out of the consideration for the Debts, approximately RMB131 million shall be satisfied by GTZD assuming the debt of an equivalent amount due by the Sunac Parties to Xi'an Licai, after which the consideration for the Debts payable by GTZD to the Sunac Parties shall be approximately RMB714 million;
- (iii) As to the aforesaid payable of approximately RMB278 million by the Sunac Parties to GTZD in (i) above, it shall be offset against the aforesaid consideration for Debts of approximately RMB714 million payable by GTZD to the Sunac Parties in (ii) above, after which the outstanding consideration for the Debts payable by GTZD to the Sunac Parties shall be approximately RMB436 million;
- (iv) Out of the consideration for the equity interest in the Target Company, approximately RMB1,028 million will be offset against the assumption of an equivalent amount of debt from the Sunac Parties by GTZD;
- (v) The remaining outstanding consideration for the Debts of approximately RMB436 million shall be paid by GTZD in cash within 5 working days or before after it has directly or indirectly acquired 70% of the equity interest in the Target Company (subject to industrial and commerce registration).

The consideration for the Debts was determined with reference to the amount of the debt owed by the Target Company and Chongqing Yujinhong to the Sunac Parties of approximately RMB845 million as of 31 October 2023, and the consideration for the equity interest was determined after arm's length negotiations between the seller and the purchaser, taking into account the financial position of Target Company as of 31 October 2023, the developed status, the undeveloped parcel area and the future sales value of the Target Parcel, etc..

After the signing of the Agreement, the Sunac Parties will cooperate with GTZD to complete in a timely manner the relevant procedures for the change of industrial and commerce registration for GTZD to take up 70% equity interest in the Target Company directly or indirectly.

2. FINANCIAL EFFECT OF THE RESTRUCTURING COOPERATION

Immediately following completion of the Restructuring Cooperation, the Target Company will cease to be a subsidiary of the Company and its financial data will no longer be consolidated in the consolidated financial statements of the Company.

The Group expects to record an unaudited gain before taxation of approximately RMB2,100 million on the Restructuring Cooperation, which is calculated with reference to the consideration for the equity interest and the unaudited consolidated net asset of the Target Company as at 30 June 2023. The actual amount of gain on the Restructuring Cooperation is subject to review by the auditors of the Company.

The cash consideration of approximately RMB436 million from the Restructuring Cooperation will be utilised by a joint venture company of the Company for constructing and guaranteeing the delivery of properties in its area.

3. REASONS FOR AND BENEFITS OF THE RESTRUCTURING COOPERATION

The Target Project is located in Sichuan Province, the PRC with a total site area of approximately 1,883 mu, of which an aggregate of approximately 128 mu of land parcels are under development and construction, and the remaining saleable property parcels have not yet started construction.

The Directors are of the view that the Target Project is currently at the preliminary development stage and the Restructuring Cooperation will be conducive to resolving the issue of capital investment for the subsequent development and construction of the Target Project, as well as sorting out and resolving the existing debt issues of the Target Project, the Group and GTZD as soon as possible, so as to promote the resumption of the normal development and construction of the project, and revitalize the high-quality assets.

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

4. INFORMATION OF THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability and has a registered capital of RMB250 million. The Target Company holds the Target Parcel with a total site area of approximately 1,883 mu in Sichuan Province, the PRC and is principally engaged in the development and construction of the Target Parcel. Prior to the completion of the Restructuring Cooperation, Sunac Real Estate beneficially and indirectly owned 70% equity interest in the Target Company and the other 30% was beneficially owned by Deng Hong. The Target Company was a subsidiary of the Company.

The unaudited consolidated net asset of the Target Company as at 30 June 2023 amounted to approximately RMB1,400 million and the losses of the Target Company for the two years ended 31 December 2022 are as follows:

	For the year ended 31 December 2022 (RMB0'000)	For the year ended 31 December 2021 (RMB0'000)
Losses before taxation	76,026.2	947.8
Losses after taxation	57,020.0	712.6

5. INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company and operates its business via its subsidiaries. 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 more than 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.

6. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) in respect of the Restructuring Cooperation is 5% or more but less than 25%, the Restructuring Cooperation constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

7. INFORMATION ON THE PARTIES TO THE RESTRUCTURING COOPERATION

Sunac Real Estate is principally engaged in real estate development. As at the date of this announcement, Sunac Real Estate is indirectly wholly-owned by the Company.

GTZD is principally engaged in the development of technology projects and high-tech development, etc. GTZD is indirectly held as to (1) 60% by Chen Yali and (2) 40% by Guo Wen. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Chen Yali and Guo Wen are third parties independent of the Company and its connected persons.

Xi’an Licai is principally engaged in hotel management and property management, etc. Xi’an Licai is owned as to 70% by Yu Jing and 30% by Wei She. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Yu Jing and Wei She are third parties independent of the Company and its connected persons.

Global Sunac Exhibition is principally engaged in convention and exhibition services. Global Sunac Exhibition is indirectly held as to 70% by the Company and 30% by Deng Hong.

Chengdu Minglu is principally engaged in business management and consulting services, etc. As at the date of this announcement, Chengdu Minglu is indirectly wholly owned by Global Sunac Exhibition.

8. DEFINITIONS

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

“Agreement”	the agreement dated 8 February 2024 entered into among the Sunac Parties, GTZD and the Relevant Parties in relation to the Restructuring Cooperation, as supplemented and amended from time to time
“Board”	the board of Directors
“Chengdu Minglu”	Chengdu Minglu Enterprise Management Consulting Co., Ltd.* (成都銘麓企業管理諮詢有限公司), a company incorporated in the PRC with limited liability and an indirectly wholly-owned subsidiary of Global Sunac Exhibition
“Chongqing Yujinhong”	Chongqing Yujinhong Enterprise Management Partnership (Limited Partnership)* (重慶渝錦鴻企業管理合夥企業(有限合夥)), a limited partnership incorporated in the PRC
“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
“Consideration”	the total consideration for the Restructuring Cooperation
“Debts”	the total amount of creditors’ rights of RMB845,405,457.78 of the Sunac Parties against the Target Company and Chongqing Yujinhong as of 31 October 2023
“Deng Hong”	beneficially owned 30% equity interest in Global Sunac Exhibition. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Deng Hong is a third party independent of the Company and its connected persons

“Directors”	the director(s) of the Company
“Global Sunac Exhibition”	Global Sunac Exhibition & Travel Group Co., Ltd.* (環球融創會展文旅集團有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“GTZD”	Guotou Zhongdian (Xianyang) Science Park Co., Ltd.* (國投中電(咸陽)科技園有限公司), a company incorporated in the PRC with limited liability
“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
“Relevant Parties”	collectively, Xi’an Licai and Deng Hong
“Restructuring Cooperation”	GTZD taking up 70% equity interest in and the Debts of the Target Company from the Sunac Parties in accordance with the Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac Parties”	collectively, Sunac Real Estate, Global Sunac Exhibition and Chengdu Minglu
“Sunac Real Estate”	Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Company”	Sichuan Sancha Lake International Tourism Resort Co., Ltd.* (四川三岔湖長島國際旅遊度假中心有限公司), a company incorporated in the PRC with limited liability
“Target Parcel”	the parcel located in Sichuan Province, the PRC held by the Target Company

“Target Project”	the real estate development projects (including residential, commercial, etc.) of the Target Company on the Target Parcel
“Xi’an Licai”	Xi’an Licai Tianxi Hotel Management Co., Ltd.* (西安麗彩天禧酒店管理有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

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

Hong Kong, 9 February 2024

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 purpose only*