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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
SPLITTING OF THE TARGET PROJECTS WITH ZHANGTAI GROUP

References are made to the announcements of Sunac China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 16 April 2021 and 7 May 2021 (the “**Previous Announcements**”) in relation to the proposed cooperation between the Group and Zhangtai Group. Capitalized terms used in this announcement have the same meanings defined in the Previous Announcements, unless otherwise defined.

BACKGROUND

As set out in the Previous Announcements, on 16 April 2021, Sunac Southwest Group (an indirect wholly-owned subsidiary of the Company) and Zhangtai Group entered into a Cooperation Framework Agreement, and on 7 May 2021, Sunac Southwest Group, Nanning Rongrui, Zhangtai Group and its wholly-owned subsidiaries, and the Joint Venture entered into the Formal Agreement in relation to the Cooperation, pursuant to which Sunac Southwest Group and Zhangtai Group agreed to, through the formation of the Joint Venture, cooperate in the development of 53 property development projects proposed to be transferred from Zhangtai Group and its related parties (currently, a total of 52 projects have not yet been fully developed, the “**Restructuring Target Projects**”), and Sunac Southwest Group proposed to invest a total of approximately RMB9.17 billion. In order to guarantee Sunac Southwest Group’s performance of the payment obligations under the Formal Agreement, Sunac Southwest Group provided Zhangtai Group with a joint liability guarantee (the “**Guarantee**”) from Sunac Real Estate Group Co., Ltd. (“**Sunac Real Estate**”) (an indirect wholly-owned subsidiary of the Company).

As at the date of this announcement, Nanning Rongrui holds 80% equity interest in the Joint Venture, while Zhangtai Group and its related parties hold 20% equity interest in the Joint Venture. As at the date of this announcement, Nanning Rongrui has paid the consideration in the amount of approximately RMB2.751 billion to Zhangtai Group in accordance with the terms of the Formal Agreement, and the remaining consideration in the amount of approximately RMB6.419 billion has not yet been paid. Prior to the date of this announcement, as a non-wholly owned subsidiary of the Company, the financial results of Nanning Rongrui have been consolidated into the Company’s consolidated financial statements. Nanning Rongrui is interested in the 52 Target Projects pursuant to the Formal Agreement.

UPDATES

Based on the progress of the original cooperation agreement and the evolving market conditions, the Group and Zhangtai Group, after active and amicable negotiations, proposed to adjust the cooperation arrangements according to the respective development plans to allow Nanning Rongrui and Zhangtai Group to independently develop the Restructuring Target Projects, respectively. On 1 November 2024, Sunac Southwest Group, Nanning Rongrui and Zhangtai Group entered into a supplemental agreement (the “**Supplemental Agreement**”) to the Formal Agreement on the restructuring arrangement of the Restructuring Target Projects (the “**Restructuring Arrangement**”), pursuant to which:

1. The terms under the Formal Agreement in relation to the transfer of the remaining Restructuring Target Projects to the Joint Venture and the payment of the remaining consideration will no longer be performed and apply;
2. Sunac Real Estate’s obligations under the Guarantee will be released;
3. Zhangtai Group will be transferred 80% equity interest in the Joint Venture held by Nanning Rongrui for a consideration of RMB3.2 billion (“**Joint Venture Transfer Consideration**”), after which Zhangtai Group and its related parties will hold 100% equity interest in the Joint Venture (the “**Joint Venture Transfer**”). The Joint Venture Transfer Consideration was determined based on the RMB3.2 billion that Nanning Rongrui has paid into the Joint Venture;
4. The adjusted arrangements for the 52 property development projects in the Restructuring Target Projects under the Formal Agreement are as follows:
 - a. Nanning Rongrui will hold 12 Restructuring Target Projects (“**Nanning Rongrui Target Projects**”) and their corresponding target equity, shareholder debt interest and related interests by itself or through its designated wholly-owned subsidiaries (the “**Nanning Rongrui Target Projects Transfer**”), with a total consideration of RMB2.854 billion (“**Nanning Rongrui Target Project Transfer Consideration**”). The Nanning Rongrui Target Project Transfer Consideration is determined with reference to (i) the amount of shareholders’ investment corresponding to each project as at 31 May 2024 in a total amount of approximately RMB2.822 billion and the corresponding pre-distributed net profits of each project as agreed among all parties; and (ii) the factors set out in the section headed “Reasons and Benefits of the Supplemental Agreement” below, including the fact that through the transactions under the Supplemental Agreement, Sunac Southwest Group will no longer be required to contribute the remaining RMB6.419 billion of the consideration pursuant to the Formal Agreement, and Sunac Real Estate’s joint liability under the Guarantee will be released; and
 - b. Zhangtai Group will hold 40 Restructuring Target Projects (“**Zhangtai Target Projects**”) and their corresponding target equity, shareholder debt interest and related interests by itself or through the Joint Venture;

5. After Zhangtai Group, Sunac Southwest Group and the Joint Venture have signed the corresponding debt transfer agreement resulting in the formation of the debt in the amount of RMB346 million owing by Sunac Southwest Group to the Joint Venture, Nanning Rongrui will be transferred from the Joint Venture the aforementioned debt at par at a consideration of RMB346 million (the “**Debt Acquisition Consideration**”); and for each item of consideration mentioned in paragraphs 3 and 4 above and this paragraph 5, the parties agreed that Zhangtai Group will first withdraw funds from the Joint Venture to pay Nanning Rongrui the Joint Venture Transfer Consideration, and on the premise that Nanning Rongrui receives the aforementioned consideration, it will be used specifically to pay the Nanning Rongrui Target Project Transfer Consideration and the Debt Acquisition Consideration. According to the aforementioned consideration settlement and payment mechanism, the Group does not need to allocate any financial resources to pay any amount under the Supplemental Agreement, and the Group will not receive any net payment after completion of the transactions under the Supplemental Agreement.

FINANCIAL INFORMATION OF THE JOINT VENTURE

The unaudited consolidated net asset of the Joint Venture as at 30 June 2024 amounted to approximately RMB4 billion and the unaudited net profits/losses before taxation and net profits/losses after taxation of the Joint Venture for the two years ended 31 December 2023 are as follows:

	For the year ended 31 December 2023 <i>(RMB million)</i>	For the year ended 31 December 2022 <i>(RMB million)</i>
Net profits (losses) before taxation	(174.8)	711.9
Net profits (losses) after taxation	(205.4)	510.3

INFORMATION ON THE NANNING RONGRUI TARGET PROJECTS AND THE TARGET COMPANIES

Information on the Nanning Rongrui Target Projects

As at 31 August 2024, the unsold plot ratio-based GFA of the Nanning Rongrui Target Projects amounted to approximately 1,175,200 sq.m., with details as follows:

No.	Number corresponding to the Previous Announcements	City	Name of Project	Type of Property Product	Sold Plot	Unsold Plot	Interest held by Nanning Rongrui after completion of the Restructuring Arrangement
					Ratio-based GFA'0000 sq.m.	Ratio-based GFA'0000 sq.m.	
1	34	Yulin	Yulin Yuehuju* (玉林悦湖居)	Residential, Commercial	8.22	51.70	100%
2	32	Yulin	Yulin Zhangtaicheng* (玉林彰泰城)	Residential, Commercial	24.99	4.05	100%
3	33	Yulin	Beiliu Yongshunxuefu* (北流永順學府)	Residential, Commercial	11.39	0.14	100%
4	40	Guigang	Guigang Binjiang Xuefu* (貴港濱江學府)	Residential, Commercial	18.40	7.68	95%
5	41	Guigang	Guigang Shili Jiangwan* (貴港十里江灣)	Residential, Commercial	11.43	20.80	95%
6	30	Beihai	Beihai Haitangwan* (北海海棠灣)	Residential, Commercial	6.11	15.21	70%
7	51	Nanchang	Nanchang Qingshanyin (Donghu 61mu)* 南昌青山印(東湖61畝)	Residential, Commercial	6.91	2.15	33%
8	53	Nanchang	Nanchang Junyu Yinxiang* (南昌君譽印象)	Residential	5.71	5.22	34%
9	52	Nanchang	Nanchang Zhangtaihe (Jingkai 81mu)* 南昌彰泰和(經開81畝)	Residential, Commercial	11.28	0.54	51%
10	50	Wuxi	Wuxi Chunan Yazhu* (無錫春岸雅築)	Residential	7.99	0.57	100%
11	49	Nanjing	Nanjing Guannanfu* (南京觀南府)	Residential	4.10	-	100%
12	54	Yuxi	Yuxi Jiuzhang (Yuxi Land Parcel)* 玉溪玖璋(玉溪地塊)	Residential, Commercial	9.15	9.47	24.5%
Total					125.69	117.52	

Information on the Target Companies in respect of the Nanning Rongrui Target Projects

The Target Companies in respect of the Nanning Rongrui Target Projects comprise 11 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, Jiang Xi Province and Jiangsu Province, and which own the Nanning Rongrui Target Projects. The summary of such Target Companies is as follows:

No.	Company Name	Main Business Scope	Interest held by the Joint Venture
1	Yulin Jietai Real Estate Development Co., Ltd.* (玉林捷泰房地產開發有限公司)	development of real estate projects	100%
2	Guangxi Zeyang Real Estate Development Co., Ltd.* (廣西澤洋房地產開發有限公司)	development of real estate projects	100%
3	Beiliu Jietai Real Estate Development Co., Ltd.* (北流捷泰房地產開發有限公司)	development of real estate projects	100%
4	Guangxi Guigang Nanhu Investment Management Co., Ltd.* (廣西貴港南湖投資管理有限公司)	development of real estate projects	95%
5	Beihai Hongzhang Real Estate Investment Co., Ltd.* (北海弘彰房地產投資有限公司)	development of real estate projects	100%
6	Nanchang Yingmiao Enterprise Management Co., Ltd.* (南昌滢淼企業管理有限公司)	development of real estate projects	100%
7	Guigang Huazhang Real Estate Development Co., Ltd.* (貴港華彰房地產開發有限公司)	development of real estate projects	34%
8	Nanchang Ruimin Enterprise Management Co., Ltd.* (南昌睿旻企業管理有限公司)	development of real estate projects	100%
9	Wuxi Zhangtai Real Estate Development Co., Ltd.* (無錫彰泰房地產開發有限公司)	development of real estate projects	100%
10	Jiangsu Zhangtai Real Estate Development Co., Ltd.* (江蘇彰泰房地產開發有限公司)	development of real estate projects	100%
11	Yunnan Zhangtai Real Estate Development Co., Ltd.* (雲南彰泰房地產開發有限公司)	development of real estate projects	24.5%

As at 30 June 2024, the unaudited total assets^{Note} and the unaudited net assets^{Note} of the above Target Companies amounted to approximately RMB6.1 billion and approximately RMB0.9 billion, respectively. For the two years ended 31 December 2023, the unaudited net profits before taxation and net profits after taxation^{Note} are as follows:

	For the year ended 31 December 2023 <i>(RMB million)</i>	For the year ended 31 December 2022 <i>(RMB million)</i>
Net profits before taxation	52.1	12.5
Net profits after taxation	8.3	0.014

Note: The unaudited total assets, net assets, net profits before tax, net profits after tax and other data of the Target Companies in respect of the Nanning Rongrui Target Projects are the arithmetic sum of the relevant financial data of such Target Companies.

Upon completion of the Nanning Rongrui Target Projects Transfer but before the date of the Stannite Agreement (as defined below), the Target Companies in respect of the Nanning Rongrui Target Projects would become indirect subsidiaries, associates or joint ventures of the Company (as the case may be).

USE OF PROCEEDS AND FINANCIAL EFFECT OF THE JOINT VENTURE TRANSFER

As set out above, the Group will not receive any net payment after completion of the transactions under the Supplemental Agreement.

Immediately following completion of the Joint Venture Transfer, the Group will cease to own any interest in the Joint Venture and the Joint Venture and its subsidiaries will cease to be subsidiaries of the Company.

The Group expects to record an unaudited loss before tax of approximately RMB57 million in respect of the Joint Venture Transfer, which is calculated by reference to the difference between the consideration of RMB3.2 billion and the book value of the long-term equity investment of 80% equity interest in the Joint Venture as at 30 June 2024 of approximately RMB3.26 billion. The actual amount of loss on the Joint Venture Transfer is subject to review by the auditors of the Company.

INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL AGREEMENT

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.

Nanning Rongrui is a company established in the PRC and a subsidiary of the Company, which is principally engaged in property development and sales. As at the date of this announcement, the Company held 30% interest with respect to Nanning Rongrui, with the remaining 70% held by Stannite Gem Investment Ltd. (“**Stannite**”). Stannite is a company incorporated in the Cayman Islands, with Warburg Pincus LLC and its affiliates (“**Warburg Pincus**”) as the ultimate beneficial owner. Warburg Pincus is a growth-focused investment institution headquartered in New York with more than US\$83 billion in assets under management globally.

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 Haitao and Ms. Wang Chunling, respectively. Mr. Huang Haitao and Ms. Wang Chunling are a couple.

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.

REASONS AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

Based on the progress of the original cooperation agreement and the evolving market conditions, the Group and Zhangtai Group, after active and amicable negotiations, proposed to adjust the cooperation arrangements according to the respective development plans to allow Nanning Rongrui and Zhangtai Group to independently develop the Nanning Rongrui Target Projects and Zhangtai Target Projects, respectively. Through the transactions under the Supplemental Agreement, the Group, Nanning Rongrui, Zhangtai Group and the Joint Venture will resolve the debt issues between each other, relieve Sunac Southwest Group from the investment of the remaining consideration originally required under the Formal Agreement and Sunac Real Estate from the joint liability guarantee under the Guarantee, and assist Nanning Rongrui in focusing its resources on the subsequent development and construction of the Nanning Rongrui Target Projects and facilitate the project’s return to normal operations.

In view of the above, the Directors (including the independent non-executive Directors) believe that the Supplemental Agreement and the transactions thereunder are conducted on normal commercial terms, are fair and reasonable and are in the interests of the shareholders as a whole.

AGREEMENT WITH STANNITE

In connection with the Restructuring Arrangement, the Group negotiated with Nanning Rongrui and Stannite regarding the joint operation and management of the Nanning Rongrui Target Projects and entered into an agreement (the “**Stannite Agreement**”) dated 1 November 2024. Pursuant to the provisions stipulated in the Stannite Agreement, the Group will no longer exercise control over Nanning Rongrui. Consequently, Nanning Rongrui will cease to be a subsidiary of the Company and the Nanning Rongrui Target Projects will no longer be consolidated into the Group’s assets.

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 Arrangement is 5% or more but less than 25%, the Restructuring Arrangement constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Holders of securities and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 1 November 2024

As at the date of this announcement, the executive directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Ms. MA Zhixia, 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*