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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 DISPOSAL

The Fuzhou Rongyao City Project is a project jointly developed by the Group and BCDC. Fuzhou Shourong, the project company of the Fuzhou Rongyao City Project, is held as to 42% by Ningde Rongxi (an indirect wholly-owned subsidiary of the Company) and 58% by Shoukai Futai (a wholly-owned subsidiary of BCDC), respectively. Currently, the registered shareholder of the 100% equity interest in Ningde Rongxi is AVIC Trust, of which 33% equity interests are held by AVIC Trust on behalf of Fuzhou Hengyue (an indirect wholly-owned subsidiary of the Group), and the title to the remaining 67% equity interests (being the Target Equity Interests) had been transferred by the Group to AVIC Trust prior to the Disposal due to the investment and financing arrangements between the Group and AVIC Trust. On 10 August 2023, Fuzhou Hengyue, Ningde Rongxi, AVIC Trust and BCDC entered into the Agreement, pursuant to which AVIC Trust agreed to transfer to BCDC the Target Equity Interests and the Target Debt Interests owed to AVIC Trust by Ningde Rongxi at a consideration of RMB800 million.

As there is a fixed investment period for AVIC Trust's investment in Fuzhou Rongyao City Project through the Target Equity Interests and the Group is obliged to repurchase the Target Equity Interests, etc. held by AVIC Trust at the expiry of the investment period by the investment amount of AVIC Trust plus the contractual investment return, the financial results of Ningde Rongxi, as a wholly-owned subsidiary of the Company, are therefore consolidated in the Company's consolidated financial statements. As Ningde Rongxi will be owned as to 33% by the Group following completion of the Disposal, Ningde Rongxi will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the Company's consolidated financial statements. Taking into account the abovementioned transaction arrangements, the consideration for the Disposal will be fully utilized to settle the debt issues between the Group and AVIC Trust.

LISTING RULES IMPLICATIONS

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

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The principal terms of the Agreement are as follows:

Target Equity Interests and Target Debt Interests

Pursuant to the Agreement, AVIC Trust agreed to transfer to BCDC, and BCDC agreed to acquire, the Target Equity Interests and the Target Debt Interests.

Consideration

The aggregate consideration for the Target Equity Interests and Target Debt Interests is RMB800 million, which was determined after arm's length negotiations with reference to the net assets of Ningde Rongxi as at 30 June 2023, the proportion of equity interests to be sold, the carrying value of the Target Debt Interests as well as the current market environment.

If the appraised value of the Target Equity Interests and the Target Debt Interests corresponding to the asset evaluation results as reviewed, approved and filed with the superior level of the state-owned assets supervision and administration authority of BCDC is higher than RMB800 million, the consideration for the Target Equity Interests and the Target Debt Interests shall be RMB800 million. If the appraised value of the Target Equity Interests and the Target Debt Interests corresponding to the above-mentioned asset evaluation results is lower than RMB800 million, the consideration for the Target Equity Interests and the Target Debt Interests shall be determined through separate negotiations between BCDC and AVIC Trust. In the event that BCDC and AVIC trust could not reach an agreement on the final transaction prices of the Target Equity Interests and the Target Debt Interests within 30 days upon the grant of approval on the filing of the results with the state-owned assets supervision and administration authority, either party shall have the right to terminate the Agreement and the transactions contemplated thereunder at its sole discretion and shall not be liable for breach of the Agreement.

Payment of the Consideration

The consideration shall be paid by BCDC to AVIC Trust's account in installments within 120 days after the Target Equity Interests has been registered under the name of BCDC and all of the following conditions precedent are satisfied:

- (a) The acquisition of the Target Equity Interests and the Target Debt Interests has been approved in accordance with BCDC's internal decision-making procedures and the review, asset-evaluation approval or filing procedures have been completed with the state-owned assets supervision and administration authority;
- (b) The registered capital of Ningde Rongxi in the amount of RMB1.3 billion has been paid up and it has obtained the paid-up capital verification report;
- (c) The remaining 33% equity interests of Ningde Rongxi held by AVIC Trust on behalf of Fuzhou Hengyue have been pledged to BCDC and the relevant pledge registration procedures have been completed, and Fuzhou Hengyue has pledged its creditor's rights to Ningde Rongxi of approximately RMB6.91 million to BCDC and completed the relevant pledge registration procedures, in order to provide guarantees for the creditor's rights of BCDC (including, but not limited to, the Target Debt Interests and all the creditor's rights of BCDC to Ningde Rongxi that may arise);
- (d) AVIC Trust and Fuzhou Hengyue have completed the liquidation of the debts of Ningde Rongxi and issued relevant certificates for creditor's rights to BCDC;
- (e) The Target Equity Interests have been registered under the name of BCDC, and the registration and filing procedures for the changes of the legal representative, directors and other personnel of Ningde Rongxi have been completed according to the instructions of BCDC;
- (f) The Target Debt Interests have been transferred to BCDC and the confirmation certificates for creditor's rights have been issued;
- (g) The Target Equity Interests and the Target Debt Interests are free from mortgages, pledges or other encumbrances in any form;
- (h) Any representations and guarantees made by AVIC Trust and Fuzhou Hengyue in the Agreement remain entirely true, complete and accurate without any material adverse changes, and there is no violation of the Agreement or other transaction documents;

- (i) There are no pending or probable actions or proceedings by any governmental authority or judicial authority, to restrict or prohibit the consummation of any transaction contemplated under the Agreement or any transaction incidental to such transaction;
- (j) There has not been any material change to the financial conditions of AVIC Trust and Ningde Rongxi which would have a material adverse effect on the transactions under the Agreement; and
- (k) The Agreement has come into force, and the other conditions precedent (if any) that the parties to the Agreement may agree have been satisfied.

Completion

If the above-mentioned conditions precedent are not fully satisfied within 150 days from the date when the Target Equity Interests is registered under the name of BCDC and are not waived by BCDC, BCDC has the right to unilaterally terminate the implementation of the transactions under the Agreement.

BCDC and AVIC Trust shall, on the condition of completing the review, asset-evaluation approval or filing procedures with the state-owned assets supervision and administration authority, complete the registration procedures for the equity change of Ningde Rongxi to register the Target Equity Interests under the name of BCDC within 180 days from the date of entry into of the Agreement, and shall complete the registration procedures for the changes of the legal representative, chairman, directors and managers of Ningde Rongxi. AVIC Trust shall issue a confirmation certificate to BCDC for the transfer of the Target Debt Interests upon completion of the change of register of the Target Equity Interests.

Information on Ningde Rongxi and the Fuzhou Rongyao City Project

Ningde Rongxi is a limited liability company established in the PRC on 28 October 2019, with a registered capital of RMB1,300 million and a paid-up registered capital of RMB1,300 million (contributed by AVIC Trust and Fuzhou Hengyue). Currently, the registered shareholder of the 100% equity interest in Ningde Rongxi is AVIC Trust, of which 33% equity interests are held by AVIC Trust on behalf of Fuzhou Hengyue (an indirect wholly-owned subsidiary of the Company), and the title to the remaining 67% equity interests had been transferred by the Group to AVIC Trust prior to the Disposal due to the investment and financing arrangements between the Group and AVIC Trust. Ningde Rongxi is principally engaged in real estate development business in the PRC, including the development of the Fuzhou Rongyao City Project.

The unaudited net assets and unaudited total assets of Ningde Rongxi as at 30 June 2023 were approximately RMB1,287 million and RMB1,433 million, respectively, and the unaudited profit/loss before taxation and profit/loss after taxation for the two years ended 31 December 2022 are set out as follows:

	For the year ended 31 December 2022 <i>(RMB'000)</i>	For the year ended 31 December 2021 <i>(RMB'000)</i>
Profit/(loss) before taxation	25,135	(6,328)
Profit/(loss) after taxation	16,380	(5,862)

The Group expects to record a loss of approximately RMB93.192 million from the disposal of the Target Equity Interests, which is calculated based on the consideration for the disposal of the Target Equity Interests and the unaudited net asset value of Ningde Rongxi as at 30 June 2023. The actual amount of the loss from the disposal of the Target Equity Interests is subject to review by the auditors of the Company.

The Fuzhou Rongyao City Project is a project jointly developed by the Group and BCDC, with summary as follows:

Location	Name of project	Type of product	Aggregate site area <i>(0'000 sq.m.)</i>	Gross floor area <i>(0'000 sq.m.)</i>	Interest held by Ningde Rongxi
Fuzhou, Fujian Province	Rongyao City	Residential, housing for talent, commercial, parking space	19.19	36.02	42%

As Ningde Rongxi will be owned as to 33% by the Group following completion of the Disposal, Ningde Rongxi will cease to be a subsidiary of the Company and its financial results will no longer be consolidated into the Company's consolidated financial statements.

2. REASONS FOR AND BENEFITS OF THE DISPOSAL

The proceeds from the Disposal will be fully paid to AVIC Trust for the settlement of the debt issues between the Group and AVIC Trust. Accordingly, the Directors (including the independent non-executive Directors) consider that the Disposal is on normal commercial terms, fair and reasonable and in the interests of the shareholders as a whole.

3. 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.

Fuzhou Hengyue

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

BCDC

BCDC is a company established in the PRC with limited liability and its shares are listed on the Shanghai Stock Exchange (stock code: 600376), which is principally engaged in the real estate development, property operation and property services, renewal and renovation of old urban areas, real estate finance business and other businesses in the PRC.

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 approximately 84.42% by AVIC Investment Holding Limited* (中航投資控股有限公司) and approximately 15.58% by Oversea-Chinese Banking Corporation Limited. AVIC Investment Holding Limited is ultimately controlled by Aviation Industry Corporation of China, Ltd.* (中國航空工業集團有限公司) through AVIC Industry-Finance Holdings Co., Ltd.* (中航工業產融控股股份有限公司) (a joint stock company established in the PRC with limited liability, whose shares are listed on the Shanghai Stock Exchange, stock code: 600705). Aviation Industry Corporation of China, Ltd. is a wholly state-owned enterprise of the PRC. 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).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, BCDC, AVIC Trust and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company.

4. LISTING RULES IMPLICATIONS

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5. DEFINITIONS

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

“Agreement”	the framework agreement dated 10 August 2023 entered into among BCDC, AVIC Trust, Fuzhou Hengyue and Ningde Rongxi in respect of the Disposal and the supplementary agreement to the original agreement entered into thereafter
“AVIC Trust”	AVIC Trust Co., Ltd., a company established under the laws of the PRC with limited liability

“BCDC”	Beijing Capital Development Co., Ltd. * (北京首都開發股份有限公司), a company incorporated under the laws of the PRC with limited liability
“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)
“Directors”	the director(s) of the Company
“Disposal”	the transfer of Target Equity Interests and Target Debt Interests by the Group to BCDC pursuant to the Agreement
“Fuzhou Hengyue”	Fuzhou Hengyue Real Estate Co., Ltd. * (福州衡越置業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Fuzhou Rongyao City Project”	Fuzhou Rongyao City* (福州榕耀之城) project, developed and constructed by Fuzhou Shourong in Cangshan District, Fuzhou City, Fujian Province, the PRC
“Fuzhou Shourong”	Fuzhou Shourong Real Estate Development Co., Ltd. * (福州首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 42% by Ningde Rongxi and 58% by Shoukai Futai (a wholly-owned subsidiary of BCDC)
“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

“Ningde Rongxi”	Ningde Rongxi Real Estate Co., Ltd. * (寧德融熙置業有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shoukai Futai”	Fuzhou Shoukai Futai Investment Co., Ltd.*(福州首開福泰投資有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of BCDC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Debt Interests”	interests in the debt of RMB14,021,443.57 owed by Ningde Rongxi to AVIC Trust
“Target Equity Interests”	the aggregate of 67% equity interests in Ningde Rongxi held by AVIC Trust

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

Hong Kong, 10 August 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