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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 Chongqing College Town Project (i.e. the Target Project) is a project jointly developed by the Group and the Partner, and the Target Project Company is owned as to 51% and 49% by the Sunac Parties and the Partner, respectively. To address the related debt issues of the Group with respect to the Target Project and the issues of capital investment for the subsequent development and construction of the Target Project, on 7 April 2024, the Sunac Parties, the Partner and its Related Party, the AVIC Trust Parties, the Partnership and the Target Project Company signed the Agreement, pursuant to which, the Partner and its Related Party shall ultimately acquire the 51% equity interest of the Target Project Company and the related debts through the transaction arrangement as stated therein, at a total consideration of RMB540 million.

The Target Project Company is an associated company of the Company, and its results are accounted for in the Group's consolidated financial statements under the equity method. Immediately following completion of the Disposal, the Group will cease to own any interest in the Target Project Company and the Target Project Company will cease to be an associated company 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 Disposal is 5% or more but less than 25%, the Disposal 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. BACKGROUND

The Chongqing College Town Project (i.e. the Target Project) is a project jointly developed by the Group and the Partner, and the Target Project Company is owned as to 51% and 49% by the Sunac Parties (in which, Sunac Company A holds 26.01% equity interest, and Sunac Company B holds 24.99% equity interest) and the Partner, respectively. To finance and develop the Target Project, the Sunac Parties, the Partner and AVIC Trust (as the financier) have entered into an agreement on trust financing, pursuant to which, Sunac Company A has transferred the 26.01% equity interest in the Target Project Company to AVIC Trust.

To facilitate the Disposal, Sunac Company B and the AVIC Trust Parties have established the Partnership, and intend to transfer the aggregate 51% equity interest held in the Target Project Company and the related debts to the Partnership. Ultimately, the Partner will acquire the 51% equity interest in the Target Project Company and the related debts by the acquisition of all interest in the Partnership.

As at the date of this announcement, the AVIC Trust Parties and Sunac Company B have not made any paid-in capital contribution to the Partnership. Sunac Company B and AVIC Trust (as transferors) entered into a transfer agreement with the Partnership (as transferee), pursuant to which, the Partnership shall acquire the 51% equity interest held by AVIC Trust and Sunac Company B in the Target Project Company and the related debts, at a consideration of RMB540 million (“**Consideration Payable by the Partnership**”). Currently, the Consideration Payable by the Partnership has not been paid. Therefore, a payable in the amount of RMB540 million is due from the Partnership to Sunac Company B and AVIC Trust.

2. THE DISPOSAL

On 7 April 2024, the Sunac Parties, the Partner and its Related Party, the AVIC Trust Parties, the Partnership and the Target Project Company signed the Agreement, pursuant to which, the Partner and its Related Party have agreed to acquire all interest in the Partnership upon the fulfillment of the condition precedent (i.e. the Completion Date of the Target Project Company (as defined below) has taken place), and ultimately acquire the 51% equity interest in the Target Project Company and the related debts, at a total consideration of RMB540 million. When the Partner pays the outstanding Consideration Payable by the Partnership on behalf of the Partnership to Sunac Company B and AVIC Trust, the Partner and its Related Party are deemed to have completed the payment of consideration for acquiring all the interest in the Partnership.

Payment of the Consideration

The means of paying the consideration of RMB540 million is detailed below:

- (a) Subject to the Completion Date of the Target Project Company having taken place, the Partner shall pay the first installment of RMB530 million (the “**First Installment of Consideration**”) within three business days from the date when the following conditions are satisfied:
 - (i) The parties have settled issues related to cancellation of the pledge registration in respect of the Target Project and the Target Project Company; and
 - (ii) Sunac Company B’s Partnership Interest Pledge (as defined below) has been discharged, and all interest in the Partnership and the Partnership have been delivered to the Partner and its Related Party.
- (b) The Partner shall pay the remaining balance of RMB10 million within two business days after the following conditions are satisfied:
 - (i) AVIC Trust has returned the principal of the credit insurance fund, being RMB7.695 million, and the relevant gains to the Target Project Company; and
 - (ii) The Management Handover (as defined below) has been successfully completed without any violation of the relevant provisions of the Agreement from the signing date of the Agreement to the completion of the Management Handover.

Determination of Consideration

The consideration of RMB540 million is determined after arm’s length negotiations among the parties with reference to the actual investment contributed by the Sunac Parties to the Target Project Company amounting to approximately RMB870 million and the estimated loss to be incurred by the Group for the Target Project amounting to approximately RMB330 million, which is based on the historical financial loss-making situation of the Target Project Company, the future development conditions of the Target Project, the future sales value, etc.

Completion

As at the date of this announcement, Sunac Company B has transferred the 24.99% equity interest in the Target Project Company and the related debts to the Partnership. AVIC Trust shall transfer its 26.01% equity interest in the Target Project Company to the Partnership, and the completion date of the Target Project Company shall take place on the date on which the Partnership becomes a registered shareholder of the Target Project Company holding its 51% equity interest (the “**Completion Date of the Target Project Company**”).

In respect of the transaction arrangement whereby Sunac Company B pledges its interest in the Partnership to AVIC Trust (the “**Sunac Company B’s Partnership Interest Pledge**”), Sunac Company B and AVIC Trust shall release such pledge within two business days from the Completion Date of the Target Project Company.

Within two business days from the Completion Date of the Target Project Company and the release date of Sunac Company B’s Partnership Interest Pledge, the parties shall complete the registration procedures for the relevant industrial and commercial changes of the Partner and its Related Party as partners of the Partnership, and obtain the new business license of the Partnership after the changes. The date of obtaining the new business license shall be the completion date for the partnership interest in the Partnership (the “**Completion Date of the Partnership Interest**”).

Within two business days after the Completion Date of the Partnership Interest and the completion of the payment of the First Installment of Consideration, AVIC Trust and the Sunac Parties shall complete the management handover of the Partnership and the Target Project Company (the “**Management Handover**”) as stipulated in the Agreement.

3. USE OF PROCEEDS AND FINANCIAL EFFECT OF THE DISPOSAL

In respect of the consideration for the Disposal of RMB540 million, approximately RMB360 million will be used to repay the liabilities to AVIC Trust incurred due to the financing for the Target Project, and the remaining RMB180 million will be mainly used to repay other financing undertaken by the Group for the investment in the Target Project.

Since AVIC Trust has a fixed term for its investment in the Chongqing College Town Project through its equity interest in the Target Project Company, and the Group is obliged to repurchase AVIC Trust’s equity interest in the Target Project Company based on its investment amount plus the agreed investment return at the end of the investment term, the Group effectively owns the 51% equity interest in the Target Project Company. The Target Project Company is an associated company of the Company, and its results are accounted for in the Group’s consolidated financial statements under the equity method. Immediately following completion of the Disposal, the Group will cease to own any interest in the Target Project Company and the Target Project Company will cease to be an associated company of the Company.

The Group expects to record an unaudited loss before tax of approximately RMB250 million in respect of the Disposal, which is calculated by reference to the difference between the consideration of RMB540 million and the carrying amount of the long-term equity investment in the 51% equity interest of the Target Project Company as at 31 December 2023 of approximately RMB340 million, the net amount of the Sunac Parties' debt receivable from the Target Project Company amounting to approximately RMB90 million and the repayment of debts to AVIC Trust amounting to RMB360 million. The actual amount of loss on the Disposal is subject to review by the auditors of the Company.

4. REASONS AND BENEFITS OF THE DISPOSAL

The Target Project is located at the High-tech District in Chongqing City, the PRC, all of which comprises residential and commercial properties for sale with a total gross floor area of approximately 175 thousand sq.m., which are currently under development and construction, and yet to be sold.

The Directors consider that the development and construction of the Target Project has not yet been completed and the Disposal will facilitate to resolve the related debt issues of the Group with respect to the Target Project and the issues of capital investment for the subsequent development and construction of the Target Project.

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 Company and its stakeholders as a whole.

5. INFORMATION ABOUT THE TARGET PROJECT COMPANY

The Target Project Company is a company established in the PRC with limited liability, mainly responsible for the development and construction of the Target Project. As at the date of this announcement, the Target Project Company is owned as to 51% and 49% by the Sunac Parties and the Partner, respectively, and is an associated company of the Company. The unaudited consolidated net assets of the Target Project Company as at 31 December 2023 were approximately RMB667 million, and the unaudited profits/losses for the two years ended 31 December 2023 are set out below:

	For the year ended 31 December 2023 (RMB'000)	For the year ended 31 December 2022 (RMB'000)
Losses before taxation	37,732	92,441
Losses after taxation	28,299	69,344

6. 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 the 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.

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

8. INFORMATION ON THE PARTIES TO THE DISPOSAL

Sunac Company A

Sunac Company A is principally engaged in real estate development activities. As at the date of this announcement, Sunac Company A is a wholly-owned subsidiary of the Company.

Sunac Company B

Sunac Company B is principally engaged in investment activities. As at the date of this announcement, Sunac Company B is a subsidiary of the Company.

The Partner

The Partner is principally engaged in real estate development activities. As at the date of this announcement, the Partner is indirectly owned as to 95% by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People’s Government.

The Partner's Related Party

The Partner's Related Party is principally engaged in investment activities. As at the date of this announcement, the Partner's Related Party is owned as to 100% by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government.

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 China Banking and Insurance Regulatory Commission, 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).

Zhaoqing Yixin

Zhaoqing Yixin is principally engaged in enterprise management, financial consulting and other consulting services. As at the date of this announcement, Zhaoqing Yixin is a wholly-owned subsidiary of AVIC Trust.

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

9. DEFINITIONS

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

“Agreement”	collectively, the agreement dated 7 April 2024 entered into by the Sunac Parties, the AVIC Trust Parties, the Partner and its Related Party, the Partnership, and the Target Project Company in relation to the transfer of all interest in the Partnership (as supplemented and amended from time to time), and the relevant agreements
“AVIC Trust”	AVIC Trust Co., Ltd.* (中航信託股份有限公司), a company established in the PRC with limited liability
“AVIC Trust Parties”	collectively, AVIC Trust and Zhaoqing Yixin
“Board”	the board of Directors
“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)
“Director(s)”	the director(s) of the Company
“Disposal”	the Sunac Parties’ exit from the Target Project in accordance with the terms of the Agreement
“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
“Partner”	Chongqing Xiangyu Real Estate Co., Ltd.* (重慶象嶼置業有限公司), a company established in the PRC with limited liability

“Partner and its Related Party”	collectively, the Partner and the Partner’s Related Party
“Partnership”	Chongqing Qixinzecheng Enterprise Management Partnership (Limited Partnership)* (重慶齊信澤成企業管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Partner’s Related Party”	Xiamen Xianghe Investment Co., Ltd.* (廈門象和投資有限公司), a company established in the PRC with limited liability
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac Company A”	Chongqing Sunac Real Estate Co., Ltd.* (重慶融創地產有限公司), a company established in the PRC with limited liability
“Sunac Company B”	Hainan Baochuang Investment Co., Ltd.* (海南葆創投資有限責任公司), a company established in the PRC with limited liability
“Sunac Parties”	collectively, Sunac Company A and Sunac Company B
“Target Project/ Chongqing College Town Project”	the real estate development project of the Target Project Company in High-tech District of Chongqing, the PRC
“Target Project Company”	Xiang Rong He (Chongqing) Real Estate Co., Ltd.* (象融合(重慶)置業有限公司), a company established in the PRC with limited liability

“Zhaoqing Yixin”

Zhaoqing Yixin Enterprise Management Co., Ltd.* (肇慶市翼新企業管理有限公司), a company established in the PRC with limited liability

“%”

per cent

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

Hong Kong, 8 April 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 purposes only*