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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)

UPDATE ANNOUNCEMENT ON DISCLOSEABLE TRANSACTION

Reference is made to the announcement of Sunac China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 3 July 2023 (the “**Announcement**”) in relation to the proposed Restructuring between the Group and Xinxing Group. Capitalized terms used in this announcement, unless specified otherwise, have the same meaning as in the Announcement.

As set out in the Announcement, on 30 June 2023, the Group and Xinxing Group entered into the Agreement, pursuant to which Xinxing Group shall transfer its 45% interest in Zhaoqing Xingrong to the Group at a consideration of RMB511.41 million. The consideration payable in respect of the Restructuring will be paid or offset with certain assets of the Group and Zhaoqing Xingrong and the debts receivable from Xinxing Group, which will settle the debt and liabilities issues in connection with the joint development of the projects by the Group and Xinxing Group. The specific payment method shall be negotiated by the parties.

The Board hereby provides further updates as follows:

1. Methods of payment of the consideration

The equivalent amount of the consideration is intended to be paid or offset against the following assets and liabilities:

- (1) the relevant liabilities owed by Xinxing Group to the Group, totaling approximately RMB101 million;
- (2) the saleable properties of Zhaoqing Xingrong, valued at approximately RMB70 million; and
- (3) other corporate interests held by the Group of approximately RMB340 million.

The Group believes that:

- (1) item (1) above is a set-off of claims and liabilities, and does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules;
- (2) item (2) above concerns saleable properties, which is a transaction of revenue nature and does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules; and
- (3) all applicable percentage ratios for the transactions in item (3) above are less than 5%, and therefore the disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

2. Basis of the consideration

The unaudited net assets of Zhaoqing Xingrong as at 31 May 2023 were approximately RMB-217 million, or approximately RMB217 million in unaudited net liabilities. As set out in the Announcement, the Restructuring aims to discharge the relevant debts of the Group, including the guarantee provided by the Group for the payments owed by Zhaoqing Xingrong to Xinxing Group. Therefore, the basis of the consideration is the borrowing and investment from Xinxing Group and its related parties to Zhaoqing Xingrong.

3. Completion of the Restructuring

As set out in the Announcement, Xinxing Group shall publicly list and sell its 45% interest in Zhaoqing Xingrong at a price of RMB1 million before 30 August 2023, failing which the Group would have the right to terminate the Agreement.

The Restructuring involves the target assets (i.e., 45% equity (not paid up) and corresponding debts of Zhaoqing Xingrong) which are state-owned assets. According to relevant laws and regulations of the PRC, the equity transfer of state-owned assets must be publicly listed for sale. The listing price of RMB1 million is only the minimum listing price set for the equity portion, and has not included the debts that the participating bidders must bear. The debts to be borne by the participating bidders have been separately listed in the ancillary conditions that must be met for participating in the listed bidding. Specifically, bidders need to provide shareholder loans to Zhaoqing Xingrong or repay shareholder/related party borrowings to creditors on behalf of Zhaoqing Xingrong. If the participating bidders fail to fulfill the aforementioned shareholder loan obligations, their transaction qualification will be cancelled. In addition, the successful bidder must also agree to proceed with the transaction according to the agreed transaction principles, including acquiring the target assets at the price (RMB511.41 million) as agreed in the Agreement.

The Group will participate in the bidding according to the Agreement. After successfully winning the bid for the assets, it will acquire the target assets for RMB511.41 million as agreed in the Agreement, and Xinxing Group shall cooperate with Zhaoqing Haihong or its designated party to complete the registration procedures for industrial and commercial change within 15 working days after the execution of the property rights transaction contract. Xinxing Group shall cooperate in transferring the relevant documents, seals and properties of Zhaoqing Xingrong to Zhaoqing Haihong within 5 working days after the completion of the industrial and commercial change registration procedures for the transfer of 45% interest in Zhaoqing Xingrong (subject to obtaining the industrial and commercial change approval notice).

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

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

Hong Kong, 25 July 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.