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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

ACQUISITION OF EQUITY AND DEBT INTERESTS IN HUACHENG FULI

THE ACQUISITION

The Board is pleased to announce that on 31 May 2017, Chongqing Sunac, an indirect wholly-owned subsidiary of the Company, and Shangjin Property (as cooperator) entered into agreements including the Equity Transfer Agreement, the Cooperation Agreement, the Financial Advisory Services Agreement and the Cooperation Development Agreement with the relevant parties in relation to the joint acquisition of the equity and debt interests in Huacheng Fuli (i.e. the Target Company). Pursuant to such agreements, Chongqing Sunac agreed to acquire 60% equity interest and relevant debts in the Target Company for a total consideration of RMB2,100,000,000, of which (i) the consideration for the equity interest was RMB120,000,000; and (ii) the consideration for the debt interest was RMB1,980,000,000. Meanwhile, Chongqing Sunac shall undertake the joint guarantee liabilities for the repayment obligations of the Target Company in the amount of RMB404,229,000.

As at the date of this announcement, the equity interest in the Target Company is held as to 95% by Chongqing Trust, and 5% by Tiger Assets.

Upon completion of the Acquisition, the equity interest in the Target Company will be held as to 60% by Chongqing Sunac, 35% by Shangjin Property and 5% by Tiger Assets, and the Target Company will become a joint venture of the Company.

As at the date of this announcement, the Target Company is principally engaged in the development of the Jiangbeizui International Financial Centre which is located in Chongqing, the PRC. The project is mainly developed for residential and commercial uses, with an aggregate site area of approximately 29,127 sq.m., a total gross floor area of approximately 713,900 sq.m. and a total saleable area of approximately 543,700 sq.m., all of which are unsold as at the date of this announcement.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 31 May 2017, Chongqing Sunac, an indirect wholly-owned subsidiary of the Company, and Shangjin Property (as cooperator) entered into a series of agreements with the relevant parties in relation to the joint acquisition of the equity and debt interests in Huacheng Fuli (i.e. the Target Company):

(1) Equity Transfer Agreement

Chongqing Sunac entered into the Equity Transfer Agreement with (among others) Chongqing Trust, Tiger Assets, Runjiang Infrastructure and the Target Company, pursuant to which Chongqing Sunac agreed to acquire and the relevant parties agreed to dispose of 95% equity interest and relevant debts in the Target Company for a total consideration of RMB1,860,000,000, of which (i) the consideration for the 95% equity interest was RMB190,000,000; and (ii) the consideration for the debt interest was RMB1,670,000,000. Among the 95% equity interest in the Target Company to be acquired by Chongqing Sunac pursuant to the Equity Transfer Agreement, 35% equity interest was first acquired by Chongqing Sunac on behalf of Shangjin Property and would be subsequently transferred to Shangjin Property pursuant to the Cooperation Development Agreement entered into on the same date, details of which are provided below.

(2) Cooperation Agreement

Chongqing Sunac entered into the Cooperation Agreement with CCFEB and the Target Company, pursuant to which Chongqing Sunac agreed to (i) pay RMB100,000,000 on behalf of the Target Company to CCFEB which will be used to settle part of the debts owed by the Target Company to CCFEB; and (ii) undertake the joint guarantee liabilities for the remaining debts owed by the Target Company to CCFEB in the amount of RMB404,229,000.

(3) Financial Advisory Services Agreement

Chongqing Sunac entered into the Financial Advisory Services Agreement with Chongqing Trust and the Target Company, pursuant to which Chongqing Sunac agreed to settle the financial advisory fee of RMB140,000,000 owed by the Target Company to Chongqing Trust on behalf of the Target Company.

(4) Cooperation Development Agreement

Chongqing Sunac entered into the Cooperation Development Agreement with Shangjin Property, Tiger Assets and the Target Company, pursuant to which, among other matters, Chongqing Sunac agreed to dispose of, and Shangjin Property agreed to acquire, subject to the acquisition of 95% equity interest in the Target Company by Chongqing Sunac having been completed pursuant to the Equity Transfer Agreement, 35% equity interest in the Target Company. The consideration for such 35% equity interest was RMB70,000,000. As at the date of this announcement, the outstanding amount owed by the Target Company to Shangjin Property is RMB690,000,000, of which the debt interest of RMB70,000,000 will be transferred to Chongqing Sunac to settle the consideration for such 35% equity interest and the remaining amount of RMB620,000,000 shall become a shareholder's loan owed by the Target Company to Shangjin Property.

Therefore, the aggregate consideration payable by Chongqing Sunac under the Equity Transfer Agreement, the Cooperation Agreement, the Financial Advisory Services Agreement and the Cooperation Development Agreement was RMB2,100,000,000, of which (i) the consideration for the equity interest was RMB120,000,000; and (ii) the consideration for the debt interest was RMB1,980,000,000. Meanwhile, Chongqing Sunac shall undertake the joint guarantee liabilities for the remaining debts owed by the Target Company to CCFEB in the amount of RMB404,229,000.

As at the date of this announcement, the equity interest in the Target Company is held as to 95% by Chongqing Trust, and 5% by Tiger Assets.

Upon completion of the Acquisition, the equity interest in the Target Company will be held as to 60% by Chongqing Sunac, 35% by Shangjin Property and 5% by Tiger Assets, and the Target Company will become a joint venture of the Company.

Details of the Acquisition are set out below.

THE ACQUISITION

(1) Equity Transfer Agreement

Date:

31 May 2017

Parties:

- (i) Chongqing Sunac;
- (ii) Chongqing Trust;
- (iii) Tiger Assets;
- (iv) Mr. Chen Yong, as guarantor of Tiger Assets;
- (v) Runjiang Infrastructure; and
- (vi) the Target Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, each of Chongqing Trust, Tiger Assets, Mr. Chen Yong, Runjiang Infrastructure and the Target Company is a third party independent of the Company and the connected persons of the Company.

Subject matter

Pursuant to the Equity Transfer Agreement, Chongqing Sunac agreed to acquire, and the relevant parties agreed to dispose of (i) 95% equity interest in the Target Company; and (ii) the debts owed by the Target Company to Chongqing Trust and Runjiang Infrastructure.

Consideration

The total consideration payable under the Equity Transfer Agreement is RMB1,860,000,000, consisting of:

- (i) the consideration for the 95% equity interest in the Target Company held by Chongqing Trust in the amount of RMB190,000,000;
- (ii) the consideration for the debt interest in the Target Company held by Chongqing Trust in the amount of RMB1,338,000,000; and

the consideration for the debt interest in the Target Company held by Runjiang Infrastructure in the amount of RMB332,000,000.

Basis of the consideration

The consideration payable under the Equity Transfer Agreement was determined by the parties after arm's length negotiations primarily with reference to the registered capital of the Target Company, the market value of the assets of the Target Company and the amount of the outstanding debts owed by the Target Company to Chongqing Trust and Runjiang Infrastructure. The Directors are of the view that the consideration payable under the Equity Transfer Agreement is fair and reasonable.

Payment of the consideration

The consideration payable under the Equity Transfer Agreement shall be paid in the following manner:

- (i) Chongqing Sunac shall pay RMB260,000,000 (the "**First Installment**") to Chongqing Trust and Runjiang Infrastructure on or before 31 May 2017; and
- (ii) Chongqing Sunac shall pay RMB1,600,000,000 to Chongqing Trust and Runjiang Infrastructure on or before 30 June 2017.

The above consideration payable under the Equity Transfer Agreement will be financed by the Group's internal resources.

(2) Cooperation Agreement

Date:

31 May 2017

Parties:

- (i) Chongqing Sunac;
- (ii) CCFEB; and
- (iii) the Target Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, CCFEB is a third party independent of the Company and the connected persons of the Company.

Subject matter

Pursuant to the Cooperation Agreement, Chongqing Sunac agreed to (i) pay RMB100,000,000 on behalf of the Target Company to CCFEB which will be used to settle part of the debts owed by the Target Company to CCFEB; and (ii) undertake the joint guarantee liabilities for the remaining debts owed by the Target Company to CCFEB in the amount of RMB404,229,000.

The payment and guarantee obligations under the Cooperation Agreement shall be made in the following manner:

- (i) Chongqing Sunac and CCFEB shall open a bank escrow account (the “**Escrow Account**”) in the name of CCFEB within three (3) working days after the date of the Cooperation Agreement, and Chongqing Sunac shall pay RMB100,000,000 into the Escrow Account within two (2) working days after the Escrow Account is set up;
- (ii) after Chongqing Sunac has successfully acquired 95% equity interest in the Target Company from Chongqing Trust and before 15 July 2017, the Target Company shall pay RMB240,000,000 into the Escrow Account, and CCFEB shall apply for the release of certain land parcel held by the Target Company from judicial seizure within three (3) days after the above payments have been made;
- (iii) on the day the relevant land parcel held by the Target Company has been released from judicial seizure, the Escrow Account shall be released from supervision and the total sum of RMB340,000,000 in the Escrow Account shall be paid to CCFEB; and

(iv) after the relevant land parcel held by the Target Company has been released from judicial seizure, the Target Company shall pay project construction costs of RMB34,000,000 and accrued outstanding interest of RMB130,229,000 into the designated bank account of CCFEB before 15 August 2017.

Subject to Chongqing Sunac having successfully acquired 95% equity interest in the Target Company from Chongqing Trust, the payment obligations of the Target Company under items (ii) and (iv) above shall be guaranteed by Chongqing Sunac.

The above amounts payable by Chongqing Sunac will be financed by the Group's internal resources.

(3) Financial Advisory Services Agreement

Date:

31 May 2017

Parties:

- (i) Chongqing Sunac;
- (ii) Chongqing Trust; and
- (iii) the Target Company.

Subject matter

Pursuant to the Financial Advisory Services Agreement, Chongqing Sunac agreed to settle, on behalf of the Target Company, the financial advisory fee of RMB140,000,000 owed by the Target Company to Chongqing Trust on or before 31 May 2017. Sunac Real Estate shall undertake the joint guarantee liabilities for the amount.

The payment of the above amount will be financed by the Group's internal resources.

(4) Cooperation Development Agreement

Date:

31 May 2017

Parties:

- (i) Shangjin Property;

(ii) Chongqing Sunac;

(iii) Tiger Assets; and

(iv) the Target Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Shangjin Property is a third party independent of the Company and the connected persons of the Company.

Subject matter

Pursuant to the Cooperation Development Agreement, among other matters, Chongqing Sunac agreed to dispose of, and Shangjin Property agreed to acquire, subject to the acquisition of 95% equity interest in the Target Company by Chongqing Sunac having been completed pursuant to the Equity Transfer Agreement, 35% equity interest in the Target Company for a consideration of RMB70,000,000. As at the date of this announcement, the outstanding amount owed by the Target Company to Shangjin Property is RMB690,000,000, of which the debt interest of RMB70,000,000 will be transferred to Chongqing Sunac to settle the consideration for such 35% equity interest and the remaining amount of RMB620,000,000 shall become a shareholder's loan owed by the Target Company to Shangjin Property.

Basis of the consideration

The consideration receivable under the Cooperation Development Agreement for the transfer of 35% equity interest in the Target Company was determined by the parties after arm's length negotiations primarily with reference to the registered capital of the Target Company, the market value of the assets of the Target Company and the amount of the outstanding debts owed by the Target Company to Shangjin Property.

No gain or loss is expected to accrue to the Company as a result of the disposal of such 35% equity interest in the Target Company by Chongqing Sunac.

The Directors are of the view that the consideration receivable under the Cooperation Development Agreement is fair and reasonable.

Completion of the Acquisition

Pursuant to the Equity Transfer Agreement, Chongqing Trust shall transfer 95% equity interest in the Target Company to Chongqing Sunac and attend to the requisite business registration change procedures within three (3) days after the satisfaction of the following conditions:

- (i) Chongqing Sunac having paid the First Installment pursuant to the Equity Transfer Agreement;
- (ii) Sunac Real Estate having provided a guarantee in respect of the performance of payment obligations by Chongqing Sunac pursuant to the Equity Transfer Agreement; and
- (iii) Chongqing Sunac having entered into an equity pledge agreement in relation to the 95% equity interest in the Target Company to be acquired by Chongqing Sunac in favour of Chongqing Trust pursuant to the Equity Transfer Agreement.

The above-mentioned equity pledge shall be released within five (5) days after all payment obligations of Chongqing Sunac under the Equity Transfer Agreement have been performed.

Within ten (10) days after the transfer of 95% equity interest in the Target Company to Chongqing Sunac pursuant to the Equity Transfer Agreement, the parties to the Cooperation Development Agreement shall prepare and deliver to Shangjin Property the necessary documents for effecting the registration of the transfer of 35% equity interest in the Target Company and Shangjin Property shall complete all requisite business registration change procedures within three (3) working days after receiving the above documents.

Upon completion of the Acquisition, the equity interest in the Target Company will be held as to 60% by Chongqing Sunac, 35% by Shangjin Property and 5% by Tiger Assets, and the Target Company will become a joint venture of the Company.

Corporate governance after completion of the Acquisition

After completion of the Acquisition, the board of directors of the Target Company shall comprise three (3) directors, two (2) of whom shall be nominated by Chongqing Sunac and one (1) of whom shall be nominated by Shangjin Property. Resolutions of the shareholders and the board of directors of the Target Company shall take effect upon approval by two-thirds or above of the votes casting in favour of the resolutions. Chongqing Sunac is entitled to nominate a general manager and the legal representative of the Target Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. As at the date of this announcement, the Target Company is principally engaged in the development of Jiangbeizui International Financial Centre project, which is located in Chongqing, the PRC.

As at 31 December 2016, the unaudited total net assets of the Target Company was approximately RMB147,940,380.58, and the unaudited net losses of the Target Company for the two financial years ended 31 December 2016 were as follows:

	For the year ended 31 December 2015	For the year ended 31 December 2016
	<i>(approximate RMB)</i>	<i>(approximate RMB)</i>
Net loss before taxation	2,583,913.71	39,296,182.61
Net loss after taxation	2,583,913.71	39,296,182.61

INFORMATION ON THE PROPERTY PROJECT

The Property Project is located at Jiangbeizui CBD in Chongqing, the PRC, with landscape of the intersection of two rivers in the city and is adjacent to the central park.

Further details of the Property Project are as follows:

Name of project	Type of product	Aggregate site area (sq.m.)	Total gross floor area (sq.m.)	Estimated	Sold area (sq.m.)	Estimated
				saleable area (sq.m.)		unsold area (sq.m.)
Jiangbeizui International Financial Centre project (江北嘴國際金 融中心項目)	Residential and commercial	29,127	713,900	543,700	—	543,700

Note: The above details of the Property Project is subject to final approval by the PRC governmental authorities.

REASONS FOR THE ACQUISITION

The Company has always adhered to the regional focus development strategy and has laid out its strategic plan in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC. The Acquisition will be beneficial for the Company to further enlarge its land reserve and market share in Chongqing and further consolidate the Group's leading position and brand influence in Chongqing market.

Accordingly, the Directors (including the independent non-executive Directors) consider that the Acquisition is carried out on normal commercial terms which are fair and reasonable and are in the interests of the Shareholders as a whole.

INFORMATION ON THE COMPANY AND PARTIES INVOLVED IN THE ACQUISITION

The Company

The Company is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. As specialised in integrated development of residential and commercial properties, the Group is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Company has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC.

Chongqing Sunac

Chongqing Sunac is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property development and management in the PRC.

Sunac Real Estate

Sunac Real Estate is a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, which is principally engaged in property development and sales in the PRC.

Chongqing Trust

Chongqing Trust is a professional trust company established in the PRC with limited liability, which is principally engaged in fund trust and movable property and real estate trust.

Tiger Assets

Tiger Assets is a company established in the PRC with limited liability, which is principally engaged in assets operation and management and property marketing and planning.

CCFEB

CCFEB is a company established in the PRC with limited liability, which is principally engaged in building construction.

Shangjin Property

Shangjin Property is a company established in the PRC with limited liability, which is principally engaged in planning and design consultancy, building design consultancy and real estate planning. Shangjin Property and Tiger Assets are associated companies beneficially controlled by the same controller.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 5% but all of the applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of equity and debt interests in the Target Company by Chongqing Sunac pursuant to the Equity Transfer Agreement, the Cooperation Agreement, the Financial Advisory Services Agreement and the Cooperation Development Agreement
“Board”	the board of Directors
“CCFEB”	中建五局第三建设有限公司(China Construction Fifth Engineering Bureau Third Construction Corp., Ltd*), a company established in the PRC with limited liability

“Chongqing Sunac”	重慶融創基業房地產開發有限公司 (Chongqing Sunac Jiye Property Development Limited Company*) a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Chongqing Trust”	重慶國際信託股份有限公司 (Chongqing International Trust Limited Company*), a company established in the PRC with limited liability
“Company”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1918)
“Cooperation Agreement”	the cooperation agreement dated 31 May 2017 entered into between Chongqing Sunac, CCFEB and the Target Company in relation to, among other matters, the settlement of certain debts owed by the Target Company to CCFEB
“Cooperation Development Agreement”	the cooperation development agreement dated 31 May 2017 entered into between Chongqing Sunac, Shangjin Property, Tiger Assets and the Target Company with respect to, among other matters, the transfer of 35% equity interest in the Target Company from Chongqing Sunac to Shangjin Property and the post-completion management of the Target Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 31 May 2017 entered into among Chongqing Sunac, Chongqing Trust, Tiger Assets, Mr. Chen Yong, Runjiang Infrastructure and the Target Company with respect to the acquisition of 95% equity interest and debts in the Target Company by Chongqing Sunac

“Financial Advisory Services Agreement”	the financial advisory services agreement dated 31 May 2017 entered into between Chongqing Sunac, Chongqing Trust and the Target Company with respect to, among other matters, the settlement of certain financial advisory fee owed by the Target Company to Chongqing Trust
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huacheng Fuli” or “Target Company”	重慶華城富麗房地產開發有限公司 (Chongqing Huacheng Fuli Property Development Limited Company*), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Property Project”	Jiangbeizui International Financial Centre (江北嘴國際金融中心), a project to be developed mainly for residential and commercial uses in Chongqing, the PRC which is held by the Target Company, details of which are set out under “Information on the Property Project” of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Runjiang Infrastructure”	重慶潤江基礎設施投資有限公司 (Chongqing Runjiang Infrastructure Investment Limited Company*), a company established in the PRC with limited liability
“Shangjin Property”	重慶上錦建築規劃設計諮詢有限公司 (Chongqing Shangjin Property Planning and Design Consulting Limited Company*), a company established in the PRC with limited liability
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunac Real Estate”	融創房地產集團有限公司 (Sunac Real Estate Group Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Tiger Assets”	重慶老虎資產經營管理有限公司 (Chongqing Tiger Assets Operation and Management Limited Company*), a company established in the PRC with limited liability
“sq.m.”	square metre(s)
“%”	per cent.

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

Hong Kong, 31 May 2017

As at the date of this announcement, the executive Directors are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. TIAN Qiang, Mr. SHANG Yu, Mr. HUANG Shuping and Mr. SUN Kevin Zheyi; and the independent non-executive Directors are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. LI Qin, Mr. MA Lishan and Mr. TSE Chi Wai.

** for identification purposes only*