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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 THE ENTIRE EQUITY INTEREST AND DEBT INTEREST IN DALIAN RUNDE QIANCHENG**

#### **THE ACQUISITION**

The Board is pleased to announce that on 5 June 2017, Dalian Sunac Real Estate (大連融創置地) (as the Purchaser), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Framework Agreement with Runde Group (潤德集團) (as Vendor I), Dalian Jinxin Group (大連金信集團) (as Vendor II), Glory Gain (利豐) (as Vendor III), Shanghai Fenghai Investment (上海豐海投資) (as Vendor IV) (the above four parties collectively referred to as the Vendors) and Dalian Runde Liangcheng (大連潤德良城) (as the Vendor Related Party) and Dalian Runde Qiancheng (大連潤德乾城) (as the Target Company), pursuant to which the Purchaser agreed to acquire and the Vendors agreed to dispose of the entire equity and debt interests in Dalian Runde Qiancheng, where (i) the consideration for the equity interest amounted to RMB3,063,887,111.42, and (ii) the shareholder's loan owed by Dalian Runde Qiancheng to Vendor II and the Vendor Related Party amounted to RMB168,201,588.58. Therefore, the total consideration for the Acquisition is RMB3,232,088,700.

As at the date of this announcement, Dalian Runde Qiancheng is held as to 44% by Vendor I, 5% by Vendor II, 45.75% by Vendor III and 5.25% by Vendor IV, respectively. Upon completion of the Acquisition, the Purchaser will hold the entire equity interest in Dalian Runde Qiancheng and Dalian Runde Qiancheng will become an indirect wholly-owned subsidiary of the Company.

As at the date of this announcement, Dalian Runde Qiancheng is engaged primarily in the development of Lot No.1, Binhai New District, Development Zone, Dalian, the PRC, which will be primarily for residential and commercial development. The land parcel has a total site area of 413,154 sq.m., a total gross floor area of 1,664,002.9 sq.m. and a plot ratio-based gross floor area of 1,202,602.9 sq.m (comprising a residential plot ratio-based gross floor area of 1,153,486.3 sq.m and a commercial plot ratio-based gross floor area of 49,116.6 sq.m), all of which have not been sold, as at the date of this announcement.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Framework Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Equity Transfer Framework Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

#### **INTRODUCTION**

The Board is pleased to announce that on 5 June 2017, Dalian Sunac Real Estate (as the Purchaser), a wholly-owned subsidiary of the Company, entered into the Equity Transfer Framework Agreement with Runde Group (as Vendor I), Dalian Jinxin Group (as Vendor II), Glory Gain (利豐) (as Vendor III), Shanghai Fenghai Investment (上海豐海投資) (as Vendor IV) (the above four parties collectively referred to as the Vendors) and Dalian Runde Liangcheng (大連潤德良城) (as the Vendor Related Party) and Dalian Runde Qiancheng (大連潤德乾城) (as the Target Company), pursuant to which the Purchaser agreed to acquire and the Vendors agreed to dispose of the entire equity and debt interests in Dalian Runde Qiancheng, where (i) the consideration for the equity interest amounted to RMB3,063,887,111.42, and (ii) the shareholder's loan owed by Dalian Runde Qiancheng to Vendor II and the Vendor Related Party amounted to RMB168,201,588.58. Therefore, the total consideration for the Acquisition is RMB3,232,088,700.

As at the date of this announcement, Dalian Runde Qiancheng is held as to 44% by Vendor I, 5% by Vendor II, 45.75% by Vendor III and 5.25% by Vendor IV, respectively. Upon completion of the Acquisition, the Purchaser will hold the entire equity interest in Dalian Runde Qiancheng and Dalian Runde Qiancheng will become an indirect wholly-owned subsidiary of the Company.

## THE ACQUISITION

The principal terms of the Equity Transfer Framework Agreement are as follows:

**Date:**

5 June 2017

**Parties:**

- (i) Dalian Sunac Real Estate (大連融創置地), a wholly-owned subsidiary of the Company (as the Purchaser);
- (ii) Runde Group (潤德集團) (as Vendor I);
- (iii) Dalian Jinxin Group (大連金信集團) (as Vendor II);
- (iv) Glory Gain (利豐) (as Vendor III);
- (v) Shanghai Fenghai Investment (上海豐海投資) (as Vendor IV);
- (vi) Dalian Runde Qiancheng (大連潤德乾城) (as the Target Company); and
- (vii) Dalian Runde Liangcheng (大連潤德良城) (as the Vendor Related Party).

As at the date of this announcement, Dalian Runde Qiancheng is held as to 44% by Vendor I, 5% by Vendor II, 45.75% by Vendor III and 5.25% by Vendor IV.

As at the date of this announcement, Dalian Runde Qiancheng owed Vendor II and the Vendor Related Party the shareholder's loan in the amount of RMB1,657,664.06 and RMB166,543,924.52 respectively.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Dalian Runde Qiancheng, the Vendors, the Vendor Related Party and their respective ultimate beneficial owners is independent of the Company and connected persons of the Company.

**Assets to be acquired**

Pursuant to the Equity Transfer Framework Agreement, the Purchaser agreed to acquire and the Vendors agreed to dispose of:

- (i) the entire equity interest of Dalian Runde Qiancheng; and
- (ii) the shareholder's loan amounting to an aggregate of RMB168,201,588.58 owed to Vendor II and the Vendor Related Party by Dalian Runde Qiancheng.

## **The consideration**

The total consideration for the Acquisition is RMB3,232,088,700, comprising;

- (1) the consideration for the equity interest of RMB3,063,887,111.42; and
- (2) the shareholder's loan amounting to RMB168,201,588.58 owed to Vendor II and the Vendor Related Party by Dalian Runde Qiancheng.

The total consideration is allocated among the Vendors and the Vendor Related Party as follows: RMB1,348,110,329.02 to Vendor I, RMB154,852,019.63 to Vendor II, RMB1,401,728,353.47 to Vendor III, RMB160,854,073.35 to Vendor IV and RMB166,543,924.52 to the Vendor Related Party.

The consideration for the Acquisition was determined by the parties through arm's length negotiations with reference to (i) the market value of assets attributable to Dalian Runde Qiancheng; and (ii) the amount of shareholder's loan owed by Dalian Runde Qiancheng to Vendor II and the Vendor Related Party. Therefore, the Directors consider that the consideration for the Acquisition is fair and reasonable.

The Purchaser shall also provide the shareholder's loan in the amount of RMB380,000,000 to Dalian Runde Qiancheng. The proceeds of the shareholder's loan shall be utilised by Dalian Runde Qiancheng for the payment of the remaining land grant fee of the Target Land Parcels and the relevant taxes.

The consideration for the Acquisition and the shareholder's loan provided to Dalian Runde Qiancheng by the Purchaser will be financed by the internal resources of the Group.

## **Settlement of Consideration**

The consideration for the Acquisition and the shareholder's loan provided by the Purchaser to Dalian Runde Qiancheng shall be settled in the following manner:

- (i) Within 15 business days from the date of the Equity Transfer Framework Agreement, the Purchaser shall remit RMB1,370,000,000 into an account (the "**Escrow Account**") opened in the name of the Purchaser and operated under the joint supervision among the Purchaser, Vendor I and Vendor IV (the "**First Payment**").
  - A. Pursuant to the First Equity Transfer as described in the paragraph headed "Equity Transfer Arrangement" below, on the day when Vendor I and Vendor II have transferred a total of not less than 38.2% equity interest in Dalian

Runde Qiancheng held by them to the Purchaser, equity consideration payable to Vendor I in the amount of RMB666,805,644.43 and equity consideration payable to Vendor II in the amount of RMB153,194,355.57 shall be paid out of the Escrow Account;

- B. Pursuant to the First Equity Transfer as described in the paragraph headed “Equity Transfer Arrangement” below, on the day when Dalian Runde Qiancheng and the relevant government departments enter into land grant contracts for the Relevant Target Land Parcels (see the paragraph headed “Equity Transfer Arrangement” below for details), RMB380,000,000 in the Escrow Account will be paid into an account of Dalian Runde Qiancheng and such amount will be regarded as the shareholder’s loan provided by the Purchaser to Dalian Runde Qiancheng;
  - C. The remaining amount of RMB170,000,000 in the Escrow Account shall be paid to Vendor I as the equity consideration.
- (ii) Pursuant to the First Equity Transfer as described in the paragraph headed “Equity Transfer Arrangement” below, within 10 business days from the date Dalian Runde Qiancheng obtains the remaining land use certificates of the Relevant Target Land Parcels, the Purchaser shall remit an aggregate of RMB1,762,088,700 into three accounts (the “**Three Escrow Accounts**”) opened in the name of the Purchaser and operated under the joint supervision among the Purchaser and Vendor I, Vendor IV and the Vendor Related Party, respectively (the “**Second Payment**”).
- A. At the same time when the Second Payment is paid, the Purchaser shall also provide a letter of guarantee to Vendor III for payment in the amount of RMB180,000,000 in favour of Vendor IV;
  - B. On the day of completion of the Second Equity Transfer as described in the paragraph headed “Equity Transfer Arrangement” below, the equity consideration payable to Vendor I of RMB211,304,684.59, the shareholder’s loan payable to Vendor II of RMB1,657,664.06, the equity consideration payable to Vendor III of RMB1,221,728,353.47, the equity consideration payable to Vendor IV of RMB160,854,073.35 and the shareholder’s loan payable to the Vendor Related Party of RMB166,543,924.52 shall be paid out of the Three Escrow Accounts (“**Completion of the Second Payment**”);
- (iii) Within one year from the date of the Equity Transfer Framework Agreement, the Purchaser shall pay the remaining equity consideration in the aggregate amount of RMB480,000,000 (the “**Third Payment**”), RMB300,000,000 of which shall be paid to Vendor I and RMB180,000,000 of which shall be paid to Vendor III.

## Equity Transfer Arrangement

- (i) The 38.2% equity interest in Dalian Runde Qiancheng held by Vendor I has been pledged and the remaining 5.8% equity interest held by Vendor I and 5% equity interest held by Vendor II has been seized by court and has been pledged. Within 60 business days from the payment of the First Payment, the relevant parties shall procure the release of the above share pledges and court seizures. At the same time as the release of such share pledges and court seizures, Vendor I and Vendor II shall transfer to the Purchaser a total of 49% equity interest in Dalian Runde Qiancheng held by Vendor I and Vendor II.

Land grant contracts in respect of some of the Target Land Parcels (the “**Relevant Target Land Parcels**”) have not yet been signed and land use certificates in respect thereof have not been obtained. Within 80 business days from the payment of the First Payment by the Purchaser, the Vendors shall procure Dalian Runde Qiancheng to obtain the land use certificates for the Relevant Target Land Parcels, procure the release of the pledges over other Target Land Parcels, complete the transfer to the Purchaser of a total of 49% equity interest in Dalian Runde Qiancheng held by Vendor I and Vendor II and obtain the business license in respect of such transfer (the “**First Equity Transfer**”).

- (ii) On the day when the Second Payment is paid by the Purchaser, Vendor III and Vendor IV shall transfer their 45.75% and 5.25% equity interest in Dalian Runde Qiancheng respectively to the Purchaser, and shall complete procedures for change in industrial and commercial registration (the “**Second Equity Transfer**”).

- (iii) Within 3 business days from Completion of the Second Payment, the Vendors shall transfer the management right with respect to Dalian Runde Qiancheng to the Purchaser.

## Guarantee

Sunac Real Estate Group Co., Ltd.\* (融創房地產集團有限公司) and Tianjin Sunac Ao Cheng Investment Co., Ltd.\* (天津融創奧城投資有限公司), each an indirect wholly-owned subsidiary of the Company, have provided joint and several liability guarantee to ensure the performance by the Purchaser of its obligations under the Equity Transfer Framework Agreement.

## INFORMATION OF DALIAN RUNDE QIANCHENG

Dalian Runde Qiancheng is a limited liability company established in the PRC on 22 June 2007, which is engaged primarily in the development of Lot no. 1, Binhai New District, Development Zone, Dalian, the PRC.

The net asset value of Dalian Runde Qiancheng as at 31 December 2016 was RMB864,688,947.21.

The table below sets out certain unaudited financial information of Dalian Runde Qiancheng:

|                                 | For the year ended<br>31 December 2015 | For the year ended<br>31 December 2016 |
|---------------------------------|--|--|
|                                 | (RMB)                                  | (RMB)                                  |
| <b>Net loss before taxation</b> | 5,193,810.23                           | 5,233,629.10                           |
| <b>Net loss after taxation</b>  | 5,193,810.23                           | 5,223,629.10                           |

## INFORMATION OF THE TARGET LAND PARCELS

The Target Land Parcels are held by Dalian Runde Qiancheng and are located in Binhai New District, Development Zone, Dalian, the PRC\* (大連開發區濱海新區). Further details of the Target Land Parcels are as follows:

| Name of Target Land Parcel                              | Type of land | Aggregate site area<br>(sq.m.) | Total gross floor area<br>(sq.m.) | Plot ratio-based gross floor area<br>(sq.m.) |
|---|--------------|--------------------------------|-----------------------------------|--|
| Lot No.1, Binhai New District, Development Zone, Dalian | Residential  | 376,357                        | 1,596,041.8                       | 1,153,486.3                                  |
|   | Commercial   | <u>36,797</u>                  | <u>67,961.1</u>                   | <u>19,116.6</u>                              |
| Total   |              | <u>413,154</u>                 | <u>1,664,002.9</u>                | <u>1,202,602.9</u>                           |

*Note:* the above details are subject to the final approval from the PRC governmental authorities.

## **REASONS AND BENEFITS**

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 would help to further increase the Company's land reserves and expand the market share in Dalian.

Accordingly, the Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Equity Transfer Framework Agreement are carried out on normal commercial terms which are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Purchaser is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company which is principally engaged in property development and investment business in the PRC.

Vendor I is a company established in the PRC with limited liability which is principally engaged in property development business in the PRC.

Vendor II is a company established in the PRC with limited liability which is principally engaged in the selling of agricultural products and import and export business. It and Vendor I are associated companies beneficially controlled by the same controller.

Vendor III is a company established in Singapore with limited liability which is principally engaged in investment holding business.

Vendor IV is a company established in the PRC with limited liability which is principally engaged in industrial investment business.

Dalian Runde Qiancheng is a company established in the PRC with limited liability, whose information is set out under "Information of Dalian Runde Qiancheng" above.

The Vendor Related Party is a company established in the PRC with limited liability which is principally engaged in property development business in the PRC. Its shareholders are Vendor I, Vendor III and Vendor IV.



## **INFORMATION OF THE GROUP**

The Company is a company incorporated in the Cayman Islands with limited liability, and 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. The Group adheres to its development strategy of regional focus and positioning on high-end quality products, and has developed or is developing many premium property projects in tier 1 cities, surrounding cities of tier 1 cities and core cities in the PRC with various types of properties ranging from high-rise residences, detaches villas, retail properties and offices.

## **LISTING RULES IMPLICATION**

As one or more of the applicable ratios set out in Rule 14.07 of the Listing Rules in respect of the Equity Transfer Framework Agreement and the transactions contemplated thereunder are more than 5% and all of such ratios are below 25%, the Equity Transfer Framework Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification 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 the entire equity and debt interests in Dalian Runde Qiancheng contemplated under the Equity Transfer Framework Agreement  |
| “Board”                                      | the board of Directors  |
| “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) |
| “connected person(s)”                        | has the meaning ascribed to it under the Listing Rules  |
| “Dalian Runde Qiancheng” or “Target Company” | 大連潤德乾城房地產開發有限公司 (Dalian Runde Qiancheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability  |

|   |  |
|---|--|
| “Directors”                               | directors of the Company   |
| “Equity Transfer Framework Agreement”     | the equity transfer framework agreement dated 5 June 2017 entered into between the Purchaser, the Vendors, Dalian Runde Qiancheng and the Vendor Related Party in relation to, among other things, the Acquisition |
| “Group”                                   | the Company and its subsidiaries   |
| “Hong Kong”                               | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “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 only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan                         |
| “Purchaser” or “Dalian Sunac Real Estate” | 大連融創置地有限公司 (Dalian Sunac Real Estate Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company   |
| “RMB”                                     | Renminbi, the lawful currency of the PRC   |
| “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   |
| “sq.m.”                                   | square metres  |
| “Stock Exchange”                          | The Stock Exchange of Hong Kong Limited  |
| “Target Land Parcels”                     | the parcels of land located in Dalian, the PRC held by Dalian Runde Qiancheng, details of which are set out in the section headed “INFORMATION OF THE TARGET LAND PARCELS” in this announcement                    |

|   |   |
|---|---|
| “Vendors”   | collectively, Vendor I, Vendor II, Vendor III and Vendor IV   |
| “Vendor I” or “Runde Group”                         | 潤德集團有限公司 (Runde Group Limited*), a company established in the PRC with limited liability  |
| “Vendor II” or “Dalian Jinxin Group”                | 大連金信集團有限公司 (Dalian Jinxin Group Limited*), a company established in the PRC with limited liability                                    |
| “Vendor III” or “Glory Gain”                        | 利豐私人有限公司 (Glory Gain Pte. Ltd.), a company established in Singapore with limited liability  |
| “Vendor IV” or “Shanghai Fenghai Investment”        | 上海豐海投資股份有限公司 (Shanghai Fenghai Investment Co., Ltd.*), a company established in the PRC with limited liability                        |
| “Vendor Related Party” or “Dalian Runde Liangcheng” | 大連潤德良城房地產開發有限公司 (Dalian Runde Liangcheng Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability |
| “%”   | per cent.   |

*\* for identification purposes only*

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

Hong Kong, 5 June 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.*

*\* In this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*