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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)

MAJOR TRANSACTION STRATEGIC COOPERATION RELATING TO DALIAN WANDA COMMERCIAL PROPERTIES

The Cooperation

The Board is pleased to announce that on 29 January 2018, the Company entered into the Strategic Cooperation Agreement with Dalian Wanda Group and Dalian Wanda Commercial Properties.

Pursuant to the Strategic Cooperation Agreement, the Company plans to utilize RMB9.5 billion or the HK\$ equivalent amount (the “**Investment Amounts**”) to acquire approximately 3.91% of the shares in Dalian Wanda Commercial Properties held by its shareholders. Details of the acquisition are as follows:

- (1) the Company shall firstly acquire the shares in Dalian Wanda Commercial Properties available for sale by the Delisting Investors who were introduced when H shares in Dalian Wanda Commercial Properties were delisted (the “**Delisted Shares**”);
- (2) should there be any remaining Investment Amounts after the acquisition of Delisted Shares, the Company shall enter into a share transfer agreement with Dalian Wanda Group and utilize all of the remaining Investment Amounts to acquire the shares in Dalian Wanda Commercial Properties available for sale by Dalian Wanda Group (the “**Shares Available for Sale by Dalian Wanda Group**”).

The number and proportion of shares in Dalian Wanda Commercial Properties eventually acquired by the Company from the Delisting Investors and/or Dalian Wanda Group shall be determined according to the eventual implementation of the aforesaid share acquisitions.

Introduction

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THE COOPERATION

The principal terms of the Strategic Cooperation Agreement are as follows:

Date:

29 January 2018

Parties:

- (i) The Company;
- (ii) Dalian Wanda Group; and
- (iii) Dalian Wanda Commercial Properties.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Dalian Wanda Group, Dalian Wanda Commercial Properties and their ultimate beneficial owners are independent of the Company and the connected persons of the Company.

Target Assets

The Company's Investment Amounts of RMB9.5 billion will be firstly used for the acquisition of Delisted Shares. The remaining Investment Amounts, if any, will be used to acquire the Shares Available for Sale by Dalian Wanda Group.

The Purchase Price of Shares

1. The Unit Purchase Price of the Delisted Shares

The unit purchase price = [the original investment amount paid by Delisting Investors to obtain the Delisted Shares for sale to the Company \times (1 + 8% or 10% \times N) - the cumulative distribution of investment income received by the Delisting Investors from the Delisted Shares to be sold to the Company] \div the number of Delisted Shares to be sold to the Company by the Delisting Investors. (N is the actual number of days from 20 September 2016 to the date of completion of the sale of the Delisted Shares held by the respective Delisting Investors divided by 365)

2. The Unit Purchase Price of Shares Available for Sale by Dalian Wanda Group

The Company may acquire the Shares Available for Sale by Dalian Wanda Group in HK\$ or RMB. If the Company acquires the Shares Available for Sale by Dalian Wanda Group in RMB, the unit purchase price will be RMB 53.65; and if the Company acquires the Shares Available for Sale by Dalian Wanda Group in HK\$, the unit purchase price will be rounded to the nearest cent price according to the benchmark exchange rate agreed in the Strategic Cooperation Agreement.

The unit purchase price of the shares under the Cooperation is determined after arm's length negotiations between the parties based on the Delisted Investors' share purchase price on 20 September 2016 (when Dalian Wanda Commercial Properties completed delisting) and has taken into account the Delisting Investors' appropriate return on investment. The Directors consider that the unit purchase price of the shares under the Cooperation is fair and reasonable. The Investment Amounts for the Cooperation will be funded by the internal resources of the Group.

Investment Amounts

Total Investment Amounts are RMB9.5 billion or its equivalent in HK\$.

Payment for the Investment Amounts

On the first business day after signing the Strategic Cooperation Agreement, the Company shall pay HK\$1.1217 billion to Dalian Wanda Group as deposit for the Cooperation. If the Cooperation fails to complete solely due to the Company's fault, the deposit is non-refundable; if the Cooperation fails to complete solely due to Dalian Wanda Group and/or Dalian Wanda Commercial Properties' fault, the deposit shall be refunded in doubled amount; if the Cooperation fails to complete due to reasons beyond control of the parties, the deposit shall be refunded in full amount; if the Company pays the Investment Amounts in full, the deposit shall be refunded in full amount.

The Investment Amounts for the Cooperation shall be paid in the following way:

1. The Company shall make payment to each of the Delisting Investors according to the agreed payment schedule in the Delisted Share Transfer Agreement(s);
2. The Company shall pay corresponding Investment Amounts to Dalian Wanda Group in respect of the transfer of shares by Dalian Wanda Group according to provisions of the Strategic Cooperation Agreement and the Share Transfer Agreement of Dalian Wanda Group.

Pre-conditions for the Payment

Dalian Wanda Group shall have completed the necessary internal approval procedures and other pre-conditions agreed in the Strategic Cooperation Agreement, such as there being no material adverse event happening to Dalian Wanda Commercial Properties, and the ultimate controller remaining unchanged. In particular, payment of the Investment Amounts for the Shares Available for Sale by Dalian Wanda Group shall be conditional on the completion of payment of the relevant Investment Amounts for the Delisted Shares.

The Completion and Pre-conditions for the Completion

Pursuant to the Strategic Cooperation Agreement, after the payment of relevant Investment Amounts is completed and the Company has obtained all necessary approvals required by the Listing Rules, Dalian Wanda Group and Dalian Wanda Commercial Properties shall use their best efforts to complete filing with commerce authorities and go through registration formalities with branches of the SAIC.

Other Material Terms

1. Operation and management

Starting from the date when the Company fully pays the Investment Amounts, the Company may appoint one person to attend meetings of the board of directors of Dalian Wanda Commercial Properties as a non-voting delegate.

2. Restrictions on Transfer

Unless otherwise agreed in the Strategic Cooperation Agreement, before 31 December 2021 or the date of Eligible Listing of Dalian Wanda Commercial Properties, whichever is the earlier, shares acquired by the Company shall not be transferred to any third party other than the affiliates of the Company.

3. Termination

Subject to other terms of the Strategic Cooperation Agreement, the Strategic Cooperation Agreement and this transaction shall be terminated with joint consents of the parties thereto.

If the Completion does not take place before 31 October 2018 (inclusive) due to the reason of Dalian Wanda Commercial Properties and/or Dalian Wanda Group, the Company shall have the right to terminate the Strategic Cooperation Agreement unilaterally.

If the Completion does not take place before 31 October 2018 (inclusive) due to the reason of the Company, Dalian Wanda Commercial Properties (which is entitled to represent Dalian Wanda Group) shall have the right to terminate the Strategic Cooperation Agreement unilaterally.

INFORMATION ON DALIAN WANDA COMMERCIAL PROPERTIES

Dalian Wanda Commercial Properties, as a leading commercial management enterprise in the PRC, is a core entity under Dalian Wanda Group, the principal activities of which are the investments, operation and management of commercial properties for the purpose of building offline consumption platform. As at the end of 2017, Dalian Wanda Commercial Properties held the commercial areas in operation of 31.51 million square meters and operated 235 Wanda Plazas in China, with an annual traffic flow of 3.19 billion persons. Dalian Wanda Commercial Properties was listed on the Stock Exchange in Hong Kong on 23 December 2014 and was delisted by way of privatization on 20 September 2016.

The shareholding structure of Dalian Wanda Commercial Properties as of the date of this announcement is as follows:

Name of Shareholder	Shareholding percentage
Dalian Wanda Group	43.712%
Wang Jianlin	6.240%
Delisting Investors	14.273%
Other shareholders	35.775%
Total	100.00%

As of 30 June 2017, the audited net assets of Dalian Wanda Commercial Properties were approximately RMB229.92 billion and its audited profits for the two financial years ended 31 December 2016 were as follows:

	For the year ended 31 December 2015 <i>(approximately RMB thousand)</i>	For the year ended 31 December 2016 <i>(approximately RMB thousand)</i>
Net profits before tax	40,549,737	44,805,822
Net profits after tax	30,109,085	32,884,510

Note: the above figures are based on the audited financial reports of Dalian Wanda Commercial Properties.

INFORMATION ON THE GROUP AND PARTIES TO THE AGREEMENT

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. The Group adheres to the regional focus and high-end boutique development strategy, owning lots of developed or developing high-quality projects in tier 1 cities, surrounding cities of tier 1 cities and core cities across the PRC, covering many property types ranging from high-rise residences, detached villas, retail properties and offices.

Dalian Wanda Group is a company established in the PRC with limited liability which is principally engaged in the investments and operation of commercial properties, the construction, investments and operation of hotels and the cultural industry investment and operation including cinemas.

REASONS FOR AND BENEFITS OF THE COOPERATION

Dalian Wanda Commercial Properties is a reputable enterprise engaged in the investments, operation and management of commercial properties. With its extensive layout, large business scale and diversified property portfolios as well as the comprehensive services of retails, culture and consumption provided by various merchants under its platform, Dalian Wanda Commercial Properties has become a worldwide leading service provider of offline living consumption and cultural entertainment platform.

This strategic cooperation enables Dalian Wanda Commercial Properties to cooperate with various investors in many fields to build an offline and online integrated “New Consumption” business model in the PRC and provide the consumers with more intelligent and convenient consumption experiences in the PRC for the purpose of achieving the mutual benefits between the business entities and the internet. The Company believes that, through this strategic cooperation, Dalian Wanda Commercial Properties will further strengthen its competitive strengths, have a better development prospect and gain the Company’s acknowledgement for its investment value for a long run. Moreover, this strategic cooperation will bring more synergies between the Company and Dalian Wanda Commercial Properties in the field of commercial properties and is beneficial for the Company to enhance its operation of commercial property projects and its ability to integrate the commercial resources.

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

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios in respect of the Cooperation are more than 25% and all of the applicable percentage ratios are less than 100%, the Cooperation constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

THE EXTRAORDINARY GENERAL MEETING

The Company will convene the extraordinary general meeting as soon as practicable to present an ordinary resolution at the meeting for the Shareholders to consider, and if thought fit, to approve, among other matters, the Strategic Cooperation Agreement.

CIRCULAR

A circular containing, amongst other things, (i) the details of the Cooperation; and (ii) the notice of extraordinary general meeting and the proxy form for the use at the meeting, will be despatched by the Company to the Shareholders on or before 30 April 2018 in order to have sufficient time to prepare the relevant information to be included in the circular.

DEFINITION

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

“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: 01918)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cooperation”	the proposed acquisition of approximately 3.91% of shares in Dalian Wanda Commercial Properties held by its shareholders by the Company pursuant to the Strategic Cooperation Agreement at a capital contribution of RMB9.5 billion or its equivalent of HK\$
“Dalian Wanda Commercial Properties”	大連萬達商業地產股份有限公司(Dalian Wanda Commercial Properties Co., Ltd.*), a company established in the PRC with limited liability
“Dalian Wanda Group”	大連萬達集團股份有限公司(Dalian Wanda Group Co., Ltd.*), a company established in the PRC with limited liability

“Dalian Wanda Group Share Transfer Agreement”	the share transfer agreement to be entered into by the Company with Dalian Wanda Group in relation to the acquisition of the Shares Available for Sale by Dalian Wanda Group
“Delisting investor(s)”	the delisting investor(s) introduced by Dalian Wanda Commercial Properties when its H shares were delisted
“Delisted Share Transfer Agreement”	the share transfer agreement to be entered into by the Company with the delisting investors in relation to the acquisition of the delisted shares
“Directors”	directors of the Company
“Eligible Listing”	the initial public offering and listing of Dalian Wanda Commercial Properties on Shanghai Stock Exchange or Shenzhen Stock Exchange in the PRC, the stock exchange in the Hong Kong Special Administrative Region or other overseas stock exchanges as recognized by the Company according to the applicable securities law of the relevant jurisdictions, or its merger and reorganization with any listed companies or back-door listing
“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, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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 metre(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the strategic cooperation agreement dated 29 January 2018 entered into by, among others, the Company, Dalian Wanda Group and Dalian Wanda Commercial Properties in relation to the Cooperation
“%”	percent

** for identification purposes only*

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

Hong Kong, 30 January 2018

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 and Mr. MA Lishan.