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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)

**UPDATES ON THE OFFSHORE DEBT RESTRUCTURING
INCREASE IN THE CAP OF MANDATORY CONVERTIBLE BONDS**

The MCB Cap Increase

As set out in the Previous Disclosures, the Company proposed to implement the Restructuring through the Scheme. The Restructuring involves, among other things, the discharge and release of Scheme Creditors' claims in connection with the Existing Debt in exchange for the Restructuring Consideration. The Restructuring Consideration comprises the New Notes and the CB, and, if the Scheme Creditors so voluntarily elect, the MCB and existing Sunac Services Shares.

The Company obtained at the EGM the approval of the Shareholders for, among other things, the MCB Issue and the Specific Mandate in respect of the MCB Conversion Shares on the basis that the cap for the aggregate amount of MCB (which the Scheme Creditors have the option to elect) is US\$2,200,000,000.

Under the RSA, the original cap of the aggregate amount of the MCB is US\$1,750,000,000, and the Company has the discretion to increase the cap of the aggregate amount of the MCB. Based on the Scheme Creditors' non-binding election of the MCB as part of the Restructuring Consideration prior to the Record Time, which is indicative of the level of interest of the Scheme Creditors towards the MCB as part of the Restructuring Consideration, the Company has determined that the cap of the MCB will be increased to US\$2,750,000,000.

Listing Rules Implications

The Additional MCB Conversion Shares (subject to a maximum of 1,072,500,000 Shares) will be allotted and issued under the General Mandate. The allotment and issue of the Additional MCB Conversion Shares is not subject to the approval of the Shareholders.

An application will be made by the Company, prior to the Restructuring Effective Date, to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Additional MCB Conversion Shares. The allotment and issue of the Additional MCB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Additional MCB Conversion Shares.

Completion of the transactions set out in this announcement is subject to the fulfilment or waiver of the conditions precedent as set out in the Previous Disclosures. The transactions set out in this announcement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

1. THE MCB CAP INCREASE

Background

References are made to the Previous Disclosures in relation to certain possible transactions in connection with the Restructuring including, among others, the issue of the MCB as part of the Restructuring Consideration.

As set out in the Previous Disclosures, the Company proposed to implement the Restructuring through the Scheme. The Restructuring involves, among other things, the discharge and release of Scheme Creditors' claims in connection with the Existing Debt in exchange for the Restructuring Consideration. The Restructuring Consideration comprises the New Notes and the CB, and, if the Scheme Creditors so voluntarily elect, the MCB and existing Sunac Services Shares.

Additional MCB that can be issued

Under the RSA, the original cap of the aggregate amount of the MCB is US\$1,750,000,000, and the Company has the discretion to increase the cap of the aggregate amount of the MCB. Based on the Scheme Creditors' non-binding election of the MCB as part of the Restructuring Consideration prior to the Record Time, which is indicative of the level of interest of the Scheme Creditors towards the MCB as part of the Restructuring Consideration, the Company has determined that the cap of the MCB will be increased to US\$2,750,000,000.

The terms of the MCB have been set out in the Announcement and the Circular. There are no changes to such terms except that the cap on the aggregate principal amount of the MCB that can be issued by the Company will be increased from the original cap of US\$1,750,000,000 to US\$2,750,000,000, and that the maximum number of MCB Conversion Shares that can be issued will be increased.

Additional MCB Conversion Shares

As set out in the EGM Results Announcement, the Company obtained at the EGM the approval of the Shareholders for, among other things, the MCB Issue and the Specific Mandate in respect of the MCB Conversion Shares on the basis that the cap for the aggregate amount of MCB (which the Scheme Creditors have the option to elect) is US\$2,200,000,000.

The increase in the cap of the aggregate principal amount of the MCB by US\$550,000,000 from US\$2,200,000,000 (being the cap in respect of which the Specific Mandate was obtained) to US\$2,750,000,000 would result in a maximum number of Additional MCB Conversion Shares of 1,072,500,000 Shares.

Assuming that:

- (a) the such additional MCB in the aggregate principal amount of US\$550,000,000 will be issued by the Company;
- (b) full conversion of such additional MCB at the MCB Minimum Conversion Price of HK\$4 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8; and
- (c) there is no other change in the issued share capital of the Company,

the maximum Additional MCB Conversion Shares of up to 1,072,500,000 Shares will represent:

- (i) approximately 19.68% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 16.45% of the issued share capital of the Company as enlarged by the issue of such Additional MCB Conversion Shares.

MCB Minimum Conversion Price

The MCB Minimum Conversion Price of HK\$4 per Share represents:

- (a) a premium of approximately 42.86% to the closing price of HK\$2.80 per Share as quoted on the Stock Exchange as at the date of this announcement; and
- (b) a premium of approximately 41.14% to the average closing price of HK\$2.834 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of this announcement.

The maximum Additional MCB Conversion Shares, upon issue, shall have an aggregate nominal value of up to HK\$107,250,000.

General Mandate for the Additional MCB Conversion Shares

The Additional MCB Conversion Shares (subject to a maximum of 1,072,500,000 Shares) will be allotted and issued under the General Mandate.

Under the General Mandate, the Company is authorised to allot and issue up to 1,089,776,782 Shares. As at the date of this announcement, no new Shares have been allotted and issued under the General Mandate. The General Mandate is therefore sufficient for the allotment and issue of the maximum number of Additional MCB Conversion Shares and the allotment and issue of the Additional MCB Conversion Shares is not subject to the approval of the Shareholders.

Application for listing

An application will be made by the Company, prior to the Restructuring Effective Date, to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Additional MCB Conversion Shares. The allotment and issue of the Additional MCB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Additional MCB Conversion Shares.

2. REASONS FOR AND BENEFITS OF THE MCB CAP INCREASE

Based on the currently available information to the Group, the Group understands that there is an overwhelming interest by Scheme Creditors for the MCB as part of the Restructuring Consideration. The Directors are of the view that allowing a larger principal amount of MCB to be issued as part of the Restructuring Consideration would lead to a lesser principal amount of New Notes to be issued by the Company as part of the Restructuring Consideration to the Scheme Creditors on the Restructuring Effective Date. As compared to the New Notes, the MCB is not interest bearing and the outstanding principal amount of the MCB, unless redeemed, repurchased or converted early, will be mandatorily and automatically converted into the Shares at maturity. The Directors therefore believe that a higher proportion of MCB being issued as part of the Restructuring Consideration would allow the Group to further optimize the capital structure, reduce debt size and result in less liquidity pressure in the future.

Hence, the Directors consider that the MCB Cap Increase is fair and reasonable based on the current market conditions, is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

3. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company:

- (a) as at the date of this announcement;
- (b) immediately upon full conversion of the CB at the initial CB Conversion Price of HK\$20 per Share;
- (c) immediately upon (i) full conversion of the MCB at the MCB Minimum Conversion Price of HK\$4 per Share (assuming MCB in the aggregate principal amount of US\$2,750,000,000 will be issued by the Company) and (ii) the corresponding full conversion of the Controlling Shareholder Bond at the same conversion price of HK\$4 per Share; and
- (d) immediately upon (i) full conversion of the CB at the initial CB Conversion Price of HK\$20 per Share, (ii) full conversion of the MCB at the MCB Minimum Conversion Price of HK\$4 per Share (assuming MCB in the aggregate principal amount of US\$2,750,000,000 will be issued by the Company) and (iii) full conversion of the Controlling Shareholder Bond at the same conversion price of HK\$4 per Share, and

further assuming there is no other change in the issued share capital of the Company from the date of this announcement up to the date of the full conversion of the aforementioned instruments and based on the agreed exchange rate of US\$1 = HK\$7.8:

| | (a) As at the date of this announcement | | (b) Immediately upon full conversion of the CB based on the assumptions stated above | | (c) Immediately upon full conversion of the MCB and the Controlling Shareholder Bond based on the assumptions stated above | | (d) Immediately upon full conversion of the CB, the MCB and the Controlling Shareholder Bond based on the assumptions stated above | |
|-----------------------------|---|-----------|--|-----------|--|-----------|--|-----------|
| | Number of Shares | Approx. % | Number of Shares | Approx. % | Number of Shares | Approx. % | Number of Shares | Approx. % |
| Mr. Sun Hongbin (Note 1) | 2,111,259,884 | 38.75 | 2,111,259,884 | 36.16 | 2,988,759,884 | 25.57 | 2,988,759,884 | 24.74 |
| Mr. Wang Mengde | 17,177,000 | 0.32 | 17,177,000 | 0.29 | 17,177,000 | 0.15 | 17,177,000 | 0.14 |
| Mr. Jing Hong (Note 2) | 12,155,000 | 0.22 | 12,155,000 | 0.21 | 12,155,000 | 0.10 | 12,155,000 | 0.10 |
| Mr. Tian Qiang | 6,982,000 | 0.13 | 6,982,000 | 0.12 | 6,982,000 | 0.06 | 6,982,000 | 0.06 |
| Mr. Huang Shuping | 5,400,000 | 0.10 | 5,400,000 | 0.09 | 5,400,000 | 0.05 | 5,400,000 | 0.04 |
| Mr. Sun Kevin Zheyi | 261,000 | 0.00 | 261,000 | 0.00 | 261,000 | 0.00 | 261,000 | 0.00 |
| Holders of CB | 0 | 0.00 | 390,000,000 | 6.68 | 0 | 0.00 | 390,000,000 | 3.23 |
| Holders of MCB | 0 | 0.00 | 0 | 0.00 | 5,362,500,000 | 45.88 | 5,362,500,000 | 44.40 |
| Other Shareholders (Note 3) | 3,295,649,027 | 60.48 | 3,295,649,027 | 56.44 | 3,295,649,027 | 28.19 | 3,295,649,027 | 27.28 |
| Total: | 5,448,883,911 | 100.00 | 5,838,883,911 | 100.00 | 11,688,883,911 | 100.00 | 12,078,883,911 | 100.00 |

Notes:

1. *Of these 2,111,259,884 Shares, (a) 19,930,000 Shares were held by Mr. Sun Hongbin, (b) 2,042,623,884 Shares were held by the Controlling Shareholder and (c) 48,706,000 Shares were held by Tianjin Biaodi. The entire issued share capital of the Controlling Shareholder was held by Sun family trusts, 70% of which was held by the new family trust (“**New Family Trust**”) and the remaining 30% was held by two original family trusts. The New Family Trust was established by Mr. Sun Hongbin in December 2018, with South Dakota Trust Company LLC as the trustee and Mr. Sun Hongbin and some of his family members as the beneficiaries. The two original family trusts were established in May and June 2018, respectively, the beneficiaries of which were family members of Mr. Sun Hongbin. All the shares of Tianjin Biaodi were held by Mr. Sun Hongbin. In accordance with the SFO, Mr. Sun Hongbin was deemed to be interested in the aforesaid Shares.*
2. *Of these 12,155,000 Shares, 11,546,000 Shares were held by Mr. Jing Hong and 609,000 Shares were held by his spouse.*
3. *All of these Shareholders are members of the public as defined in Rule 8.24 of the Listing Rules as at the date of this announcement.*

4. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the CB, the MCB and Controlling Shareholder Bond as disclosed in the Previous Disclosures, the Company has not carried out any equity fund raising activities in the past twelve months immediately before the date of this announcement.

5. LISTING RULES IMPLICATIONS

The Additional MCB Conversion Shares (subject to a maximum of 1,072,500,000 Shares) will be allotted and issued under the General Mandate. The allotment and issue of the Additional MCB Conversion Shares is not subject to the approval of the Shareholders.

An application will be made by the Company, prior to the Restructuring Effective Date, to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Additional MCB Conversion Shares. The allotment and issue of the Additional MCB Conversion Shares is conditional upon, among others, the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Additional MCB Conversion Shares.

Completion of the transactions set out in this announcement is subject to the fulfilment or waiver of the conditions precedent as set out in the Previous Disclosures. The transactions set out in this announcement may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

6. DEFINITIONS

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

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| “Ad Hoc Group” | an ad-hoc group of offshore creditors of the Company who are Consenting Creditors, representing over 30% of the aggregate outstanding principal amount of the Existing Debt |
| “Additional MCB Conversion Shares” | the additional Shares that may be allotted and issued upon conversion under the MCB as a result of the increase in the cap of the aggregate principal amount of the MCB by US\$550,000,000 from US\$2,200,000,000 (being the cap in respect of which the Specific Mandate was obtained) to US\$2,750,000,000 |
| “AGM” | the annual general meeting of the Company held on 30 June 2023 at which, among other things, the General Mandate was approved |
| “Announcement” | the announcement of the Company dated 13 June 2023 in relation to the possible transactions in connection with the Restructuring involving, among others, the issue of the MCB under the Specific Mandate |
| “Board” | the board of the Company |
| “CB” | the 1.0/2.0 per cent. convertible bonds for a term of 9 years to be issued by the Company |
| “CB Conversion Price” | the conversion price per Share (subject to adjustments) in respect of the CB |
| “CB Conversion Shares” | the Shares to be issued upon conversion of the CB |
| “Circular” | the circular of the Company dated 13 June 2023 in relation to the possible transactions in connection with the Restructuring involving, among others, (a) the issue of the CB under the Specific Mandate, (b) the issue of the MCB under the Specific Mandate and (c) the issue of the Controlling Shareholder Bond under the Specific Mandate |

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| “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) |
| “Consenting Creditors” | a person, on behalf of itself or, where such Consenting Creditor is an investment manager, on behalf of funds or accounts managed or advised by it, holding a beneficial interest as principal in the Existing Debt who has agreed to be bound by the terms of the RSA as a Consenting Creditor in accordance with the terms of the RSA |
| “Controlling Shareholder” | Sunac International Investment Holdings Ltd, a company incorporated in the British Virgin Islands, which is the controlling shareholder of the Company and is controlled by family trusts of Mr. Sun Hongbin, the chairman of the Board and an executive Director |
| “Controlling Shareholder Bond” | the zero-coupon convertible bond in principal amount of US\$450,000,000 to be issued by the Company to the Controlling Shareholder subject to the occurrence of the Restructuring Effective Date |
| “Controlling Shareholder Conversion Shares” | the Shares to be issued upon conversion of the Controlling Shareholder Bond |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company held on 30 June 2023 at which, among other things, the MCB Issue (including the grant of the Specific Mandate for the issue of the MCB Conversion Shares under the MCB in principal amount of up to US\$2,200,000,000) was approved |
| “EGM Results Announcement” | the announcement of the Company dated 30 June 2023 in relation to the results of the EGM |
| “Existing Debt” | the Company’s existing senior notes and other offshore instruments or debts in the principal amount of approximately US\$9,048 million (excluding secured offshore debts which the Company intends to deal with on a bilateral basis) plus any outstanding accrued and default interest and fees and charges payable thereunder |

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| “General Mandate” | the general mandate granted by the Shareholders at the AGM to the Directors to allot, issue and deal in not more than 1,089,776,782 new Shares |
| “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 |
| “Majority Ad Hoc Group” | at any time, (a) the majority of the members in the Ad Hoc Group or (b) members of the Ad Hoc Group who hold (beneficially, as principal) an aggregate outstanding principal amount of more than 50% of the outstanding principal amount of the Existing Debt held in aggregate by the Ad Hoc Group at that time |
| “Majority Consenting Creditors” | at any time, Consenting Creditors who hold (beneficially, as principal) an aggregate outstanding principal amount of more than 66 $\frac{2}{3}$ % of the outstanding principal amount of the Existing Debt held in aggregate by all Consenting Creditors at that time |
| “MCB” | the zero-coupon mandatory convertible bonds for a term of 5 years to be issued by the Company |
| “MCB Cap Increase” | the increase in the cap of the aggregate principal amount of the MCB from US\$1,750,000,000 (being the original cap under the RSA) to US\$2,750,000,000. For the avoidance of doubt, the Company obtained the Specific Mandate in respect of the MCB Conversion Shares on the basis that the cap for the aggregate amount of MCB is US\$2,200,000,000 |
| “MCB Conversion Price” | the conversion price per Share (subject to adjustments) in respect of the MCB |
| “MCB Conversion Shares” | the Shares to be issued upon conversion of the MCB |
| “MCB Issue” | the issue of the MCB subject to the occurrence of the Restructuring Effective Date |

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| “MCB Minimum Conversion Price” | HK\$4 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed “Adjustment events” in the principal terms of the MCB as set out in the Announcement and the Circular |
| “New Notes” | up to eight series of new US\$ denominated senior notes in an aggregate principal amount that equals the total Existing Debt claims of the Scheme Creditors minus the aggregate principal amount of the CB, the aggregate principal amount of the MCB (if any) and the amount of Existing Debt claims exchanged for existing Sunac Services Shares (if any) |
| “PRC” | the People’s Republic of China |
| “Previous Disclosures” | the Announcement, the Circular and the EGM Results Announcement |
| “Record Time” | the time designated by the Company for the determination of claims of Scheme Creditors for the purposes of voting at the Scheme Meeting, being 11:00 p.m. Hong Kong time on 13 September 2023 |
| “Restructuring” | a consensual restructuring of the offshore indebtedness of the Company, to be conducted materially in the manner envisaged by, and materially on the terms set out in, the RSA |
| “Restructuring Consideration” | the restructuring consideration to be distributed to the Scheme Creditors on the Restructuring Effective Date, being the New Notes, the CB, (if applicable) the MCB and (if applicable) the existing Sunac Services Shares, in exchange for the discharge and release of the relevant Existing Debt claims of the Scheme Creditors against the Company |
| “Restructuring Effective Date” | the day on which all the Existing Debt will be cancelled and all guarantees and share charges (if any) in connection with the Existing Debt will be released and the Restructuring Consideration will be distributed to the Scheme Creditors, with the conditions precedent to the Restructuring Effective Date having been either satisfied or waived (as the case may be) |

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| “RMB” | Renminbi, the lawful currency of the PRC |
| “RSA” | the restructuring support agreement dated 28 March 2023 entered into by, among others, the Company and the Ad Hoc Group, as amended from time to time |
| “Scheme” | the scheme of arrangement proposed to be effected between the Company and the Scheme Creditors for the purpose of implementing the Restructuring, as contemplated under the RSA |
| “Scheme Creditors” | creditors of the Company whose claims against the Company and any subsidiary guarantors under the Existing Debt are (or will be) the subject of the Scheme, details of which are set out in the Previous Disclosures |
| “Scheme Meeting” | the meeting or meetings of the creditors of the Company whose claims against the Company are (or will be) the subject of the Scheme to vote on that Scheme convened pursuant to an order of the court (and any adjournment of such meeting), currently scheduled to be held on 18 September 2023 |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shareholders” | holders of the Shares |
| “Shares” | ordinary shares of the Company |
| “Specific Mandate” | the specific mandate granted by the Shareholders or independent Shareholders (as applicable) at the EGM to issue the CB Conversion Shares, the MCB Conversion Shares (issuable under the MCB in principal amount of up to US\$2,200,000,000) and the Controlling Shareholder Conversion Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Sunac Services Shares” | ordinary shares of Sunac Services Holdings Limited, an exempted 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: 01516) |

“Tianjin Biaodi”

天津標的企業管理有限公司 (for identification only, Tianjin Biaodi Enterprise Management Limited), a company established in the PRC and which is wholly owned by Mr. Sun Hongbin

“US\$”

United States dollar, the lawful currency of the United States of America

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

Hong Kong, 18 September 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.