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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)**

- (1) POSSIBLE TRANSACTIONS IN CONNECTION WITH THE  
RESTRUCTURING INVOLVING, AMONG OTHERS:**
- (a) ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;**  
**(b) ISSUE OF MANDATORY CONVERTIBLE BONDS UNDER  
SPECIFIC MANDATE;**  
**(c) DISPOSAL OF SHARES IN SUNAC SERVICES; AND**  
**(d) ISSUE OF CONTROLLING SHAREHOLDER BOND UNDER  
SPECIFIC MANDATE – CONNECTED TRANSACTION; AND**
- (2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

## **1. BACKGROUND**

References are made to the announcements of the Company dated 28 March 2023, 20 April 2023, 4 May 2023 and 13 June 2023 in relation to the Restructuring.

As set out in those announcements, the Company proposed to implement the Restructuring through the Scheme. As at the date of this announcement, Consenting Creditors holding approximately 87% of the aggregate outstanding principal amount of the Existing Debt have acceded to the RSA. By such accession, the Consenting Creditors have undertaken to take all such actions as are necessary to, among other things, vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all the Existing Debt held by them at the Record Time at the Scheme Meeting.

The Restructuring involves, as part of the Restructuring Consideration and in exchange for the discharge and release of the relevant Existing Debt claims of the Scheme Creditors against the Company, the issue of the New Notes and the CB, and, if the Scheme Creditors so voluntarily elect, the issue of the MCB and the transfer of the existing Sunac Services Shares, in each case to the Scheme Creditors on the Restructuring Effective Date. At the same time, the Controlling Shareholder has agreed to equitise the Controlling Shareholder Loan through the subscription of the Controlling Shareholder Bond on terms that are no more favourable than the terms of the MCB. Such Controlling Shareholder Bond shall be subordinated in rights of payment to the New Notes, the MCB and the CB, on and pursuant to the terms of the Intercreditor Agreement.

This announcement sets out further details on the key terms of the CB, the MCB and the exchange for existing Sunac Services Shares in connection with the Restructuring and the equitisation of the Controlling Shareholder Loan.

## **2. POSSIBLE ISSUE OF CB UNDER SPECIFIC MANDATE**

Subject to the occurrence of the Restructuring Effective Date, the Company will issue the CB in the aggregate principal amount of US\$1,000,000,000 to the Scheme Creditors. The CB shall be allocated to all Scheme Creditors on a pro rata basis.

The CB Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. The CB Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the CB 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 CB Conversion Shares.

An application will be made for the listing and quotation of the CB on the SGX.

### **3. POSSIBLE ISSUE OF MCB UNDER SPECIFIC MANDATE**

Subject to the occurrence of the Restructuring Effective Date, the Company will issue the MCB, subject to the current cap of US\$1,750,000,000, provided that the Company shall (subject to certain conditions) increase such cap in the event that the aggregate amount of MCB selected by Scheme Creditors exceeds such cap. If the principal amount of MCB elected for exchange by Scheme Creditors exceeds the current cap of US\$1,750,000,000 (or such other amount as may be increased by the Company at its discretion), the MCB will be allocated to the electing Scheme Creditors pro rata to the Scheme Creditors' claims elected for exchange.

The MCB Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. In order to allow flexibility in increasing the size of the MCB, the Company will seek the approval of the Shareholders for the Specific Mandate in respect of the MCB Conversion Shares to be obtained at the EGM for the aggregate amount of US\$2,200,000,000. The MCB Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the 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 MCB Conversion Shares.

An application will be made for the listing and quotation of the MCB on the SGX.

### **4. POSSIBLE DISPOSAL OF SHARES IN SUNAC SERVICES**

Subject to the occurrence of the Restructuring Effective Date, Scheme Creditors who have voluntarily elected to exchange their Existing Debt claims into existing Sunac Services Shares will receive Sunac Services Shares from Sunac Services Investment, an indirect wholly-owned subsidiary of the Company, at an exchange price equal to 2.5 times the VWAP of the Sunac Services Shares for the 60 trading days immediately preceding the Record Time, subject to a minimum exchange price of HK\$13.5 per Sunac Services Share.

The maximum number of Sunac Services Shares to be transferred to the Scheme Creditors is 449,356,068 existing Sunac Services Shares, representing approximately 14.7% of the total issued Sunac Services Shares as at the date of this announcement. If the number of Sunac Services Shares elected for exchange by the Scheme Creditors exceeds such maximum number of Sunac Services Shares, such maximum number of Sunac Services Shares will be allocated to the electing Scheme Creditors pro rata to the Scheme Creditors' claims elected for exchange.

As at the date of this announcement, the Company holds, through Sunac Services Investment and Sunac Shine (PTC) Limited, approximately 64.4% of the Sunac Services Shares. Assuming that the maximum number of Sunac Services Shares will be transferred to the Scheme Creditors, there is no other change in the Company's interest in Sunac Services Shares and there is no change in the issued share capital of Sunac Services Shares, following completion of the Disposal, the Company's interest in Sunac Services Shares will be reduced to approximately 49.7% and Sunac Services will remain a subsidiary of the Company.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

#### **5. POSSIBLE ISSUE OF CONTROLLING SHAREHOLDER BOND UNDER SPECIFIC MANDATE**

As at the date of this announcement, the Controlling Shareholder Loan extended by the Controlling Shareholder to the Group remains outstanding.

Subject to the occurrence of the Restructuring Effective Date, the Company will issue the Controlling Shareholder Bond to the Controlling Shareholder pursuant to the terms of the Controlling Shareholder Bond Subscription Agreement. The terms of the Controlling Shareholder Bond will provide, among other things, that within 60 days after the relevant MCB conversion date, such proportion of the Controlling Shareholder Bond then outstanding will be mandatorily converted, directly or indirectly, into Shares as the same or approximately the same as the proportion that the principal amount of MCB so converted bears to the total outstanding principal amount of the MCB prior to such MCB conversion, provided that if such conversion of the relevant portion of the Controlling Shareholder Bond would result in the relevant thresholds under the Takeovers Code being exceeded thereby triggering a general offer under the Takeovers Code on the part of the Controlling Shareholder, the Company shall reduce the amount of the relevant portion to be converted to such amount which would avoid triggering such general offer and the remaining portion shall be converted into Shares at such time to be agreed between the Company and the Controlling Shareholder as would not trigger such general offer (both acting reasonably).

The conversion price applicable to the portion of the Controlling Shareholder Bond to be so converted shall be equal to the MCB Conversion Price applicable to the MCB so converted.

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Controlling Shareholder Bond Issue constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Controlling Shareholder Conversion Shares will be issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM. The Controlling Shareholder Bond Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Independent Shareholders at the EGM. The issue of the Controlling Shareholder 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 Controlling Shareholder Conversion Shares.

## **6. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to seek the approval by way of ordinary resolution at the EGM by the Shareholders of an increase in its authorised share capital from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by creating an additional 5,000,000,000 unissued Shares, such Shares shall rank *pari passu* in all respects.

## **7. GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Controlling Shareholder Bond Issue and the transactions contemplated thereunder, and as to whether the Controlling Shareholder Bond Issue is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Opus Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve by way of poll, the CB Issue and the MCB Issue (including the grant of the Specific Mandate for the issue of the CB Conversion Shares and the MCB Conversion Shares respectively) and the Increase in Authorised Share Capital and for the Independent Shareholders to consider and, if thought fit, to approve by way of poll, the Controlling Shareholder Bond Issue and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue of the Controlling Shareholder Conversion Shares).

Save that the Controlling Shareholder, Mr. Sun Hongbin, Tianjin Biaodi and Mr. Sun Kevin Zheyi (the son of Mr. Sun Hongbin), holding in aggregate approximately 38.75% of the total number of issued Shares as at the date of this announcement, and being interested in the transactions contemplated under the Controlling Shareholder Bond Issue, shall abstain from voting for the resolution to approve the Controlling Shareholder Bond Issue and the transactions contemplated thereunder at the EGM, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting for the resolution to approve the Controlling Shareholder Bond Issue and the transactions contemplated thereunder at the EGM or the resolutions to approve the CB Issue, the MCB Issue, the Increase in Authorised Share Capital and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (a) further details of the CB Issue and the MCB Issue and the transactions contemplated thereunder, including the issue of the CB Conversion Shares and the MCB Conversion Shares under the Specific Mandate; (b) further details of the Controlling Shareholder Bond Issue and the transactions contemplated thereunder, including the issue of the Controlling Shareholder Conversion Shares under the Specific Mandate; (c) further details of the Increase in Authorised Share Capital; (d) a letter of recommendations from the Independent Board Committee to the Independent Shareholders on the Controlling Shareholder Bond Issue and the transactions contemplated thereunder; (e) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Controlling Shareholder Bond Issue and the transactions contemplated thereunder; and (f) a notice convening the EGM will be despatched by the Company to the Shareholders on or before 14 June 2023.

**Completion of the transactions set out in this announcement is subject to the fulfilment or waiver of the conditions precedent as set out in this announcement. 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. BACKGROUND

References are made to the announcements of the Company dated 28 March 2023, 20 April 2023, 4 May 2023 and 13 June 2023 in relation to the Restructuring.

As set out in those announcements, the Company proposed to implement the Restructuring through the Scheme. As at the date of this announcement, Consenting Creditors holding approximately 87% of the aggregate outstanding principal amount of the Existing Debt have acceded to the RSA. By such accession, the Consenting Creditors have undertaken to take all such actions as are necessary to, among other things, vote in favour of the Scheme in respect of the aggregate outstanding principal amount of all the Existing Debt held by them at the Record Time at the Scheme Meeting.

The Restructuring involves, as part of the Restructuring Consideration and in exchange for the discharge and release of the relevant Existing Debt claims of the Scheme Creditors against the Company, the issue of the New Notes and the CB, and, if the Scheme Creditors so voluntarily elect, the issue of the MCB and the transfer of the existing Sunac Services Shares, in each case to the Scheme Creditors on the Restructuring Effective Date. At the same time, the Controlling Shareholder has agreed to equitise the Controlling Shareholder Loan through the subscription of the Controlling Shareholder Bond on terms that are no more favourable than the terms of the MCB. Such Controlling Shareholder Bond shall be subordinated in rights of payment to the New Notes, the MCB and the CB, on and pursuant to the terms of the Intercreditor Agreement.

This announcement sets out further details on the key terms of the CB, the MCB and the exchange for existing Sunac Services Shares in connection with the Restructuring and the equitisation of the Controlling Shareholder Loan.

The Restructuring is conditional upon the following conditions being satisfied, or waived by the Majority Ad Hoc Group or Majority Consenting Creditors:

- (a) the obtaining of all relevant approvals or consents, including without limitation the occurrence of the Scheme Effective Date(s), relevant listing/quotation approvals-in-principle or conditional approvals for the New Notes on the SGX or the Stock Exchange or another stock exchange with international standing, necessary approvals for the issuance and conversion of CB and MCB, including listing approval or conditional approval for the shares to be issued upon conversion of the CB and the MCB, unconditional approval from the Shareholders as required for the issuance of new Shares as contemplated with respect to the MCB and CB and any board approvals of the Company required to consummate the Restructuring;
- (b) the settlement in full of all the Ad Hoc Group's and the Company's fees, costs and expenses in respect of the Restructuring as set out in the RSA and any other professional fees in relation to the Existing Debt payable on or prior to the Restructuring Effective Date, under contracts or other arrangements entered into by the Company with financial or legal advisers or other professional parties for their services rendered in relation to the proposed Restructuring;
- (c) each Restructuring Document being in Agreed Form;
- (d) the appointment of the Offshore Creditors' Director, provided that the nomination of the Offshore Creditors' Director shall be made and submitted by the Ad Hoc Group to the Company not less than 30 days prior to the Restructuring Effective Date and such person shall satisfy the relevant qualifications;
- (e) the designation of one or more offshore bank account(s) (as agreed between the Company and the Ad Hoc Group) for the purposes of the Cash Sweeps;

- (f) the satisfaction of each of the specific conditions precedent contained in each of the Restructuring Documents;
- (g) conditional approval for the resumption of trading in the Company's listed Shares to occur following Restructuring Effective Date unless unconditional approval is obtained or trading in the Company's listed Shares has been resumed prior to the Restructuring Effective Date; and
- (h) the Company announcing the date set for the Restructuring Effective Date.

The Restructuring Effective Date shall occur within 5 business days of the above conditions being satisfied or waived, and in any event on or prior to 31 December 2023 or such later date and time as the Company may elect to extend to with the prior written consent of the Super Majority Ad Hoc Group or Majority Consenting Creditors (provided that such date shall not be extended beyond 31 March 2024).

As at the date of this announcement, the trading in the Shares has been resumed, and the condition to the Restructuring set out in paragraph (g) above has been fulfilled.

## 2. ISSUE OF CB UNDER SPECIFIC MANDATE

Subject to the occurrence of the Restructuring Effective Date, the Company will issue the CB in the aggregate principal amount of US\$1,000,000,000 to the Scheme Creditors. The CB shall be allocated to all Scheme Creditors on a pro rata basis.

The principal terms of the CB are set out below:

<b>Issuer:</b>	The Company
<b>Principal amount:</b>	US\$1,000,000,000
<b>Issue date:</b>	Restructuring Effective Date
<b>Maturity:</b>	9 years from the interest commencement date
<b>Interest commencement date:</b>	The Restructuring Effective Date or 30 September 2023, whichever is earlier
<b>Interest:</b>	From, and including, the interest commencement date to, but excluding, the third anniversary of the interest commencement date, the CB will bear PIK Interest at 1% per annum.
	From, and including, the third anniversary of the interest commencement date to, but excluding, the maturity date (unless early redeemed, repurchased or converted), the CB will bear (a) PIK Interest at 1% per annum, plus (b) cash interest at 1% per annum, payable semi-annually in arrears.

**Conversion base:** Subject to the terms and conditions of the CB, the principal amount of CB based on which the conversion shares of such CB will be calculated is the Accreted Value of such CB on the applicable calculation date.

**CB Conversion Period:** The CB are convertible during the first twelve months from the later of (a) the issue date, and (b) the date that the conditional listing approval from the Stock Exchange in respect of the Shares falling to be issued following exercise of the conversion right becoming unconditional and fully effective, provided that if the Shares are suspended from trading for five consecutive trading days or more during the aforementioned twelve-month period (such period of suspension being a “**Suspension Period**”), the aforementioned twelve-month period shall be so extended by the number of consecutive trading days equal to the Suspension Period (“**Extension Period**”), and if during the Extension Period, the Shares are suspended from trading for five consecutive trading days or more, the original Extension Period shall be extended by the same number of consecutive trading days of suspension.

Any CB outstanding post the aforementioned conversion period will not be able to be converted any further.

**Conversion price:** Subject to the terms and conditions of the CB, the CB Conversion Price will initially be HK\$20 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed “Adjustment events” below. Such adjustments shall apply on and from the date of the RSA.

The initial CB Conversion Price of HK\$20 per Share represents:

- (a) a premium of approximately 336.68% over the closing price of HK\$4.58 per Share as quoted on the Stock Exchange on 31 March 2022, being the last trading day prior to the signing of the RSA on 28 March 2023;
- (b) a premium of approximately 1,318.44% over the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on the date of this announcement; and

- (c) a premium of approximately 1,224.50% over the average closing price of HK\$1.51 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of this announcement.

The CB Conversion Price was determined after arms' length negotiations between the Company and the Ad Hoc Group after taking into account, among other things, the share price performance of the Company and the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. The initial CB Conversion Price is at a premium to the closing price of HK\$4.58 per Share as quoted on the Stock Exchange on 31 March 2022, being the last trading day prior to the signing of the RSA on 28 March 2023, is value accretive for existing Shareholders and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Adjustment events:**

Subject to the terms of the CB, the CB Conversion Price shall be subject to adjustment upon the occurrence of certain adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, sub-division, redesignation or reclassification;
- (b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account);
- (c) an issue of Shares by way of a scrip dividend where the aggregate value of such issue exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution;
- (d) a capital distribution to the Shareholders;

- (e) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 85 per cent. of the current market price per Share on the date of the first public announcement of the terms of the issue or grant;
- (f) an issue of other securities to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any other securities;
- (g) an issue (otherwise than as mentioned in paragraph (e) above) of any Shares (other than (i) Shares issued on the exercise of conversion rights attaching to the CB or (ii) Shares issued on the exercise of conversion rights attaching to the MCB or on the conversion of the Controlling Shareholder Bond) or issue or grant (otherwise than as mentioned in paragraph (e) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 85 per cent. of the current market price on the date of the first public announcement of the terms of such issue;
- (h) other issues of securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 85 per cent. of the current market price on the date of the first public announcement of the terms of issue of such securities;
- (i) modification of the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (h) above (other than in accordance with the terms of such securities), so that the consideration per Share is reduced and is less than 85 per cent. of the current market price on the date of announcement of the proposal for such modification; and

- (j) issues, sale or distribution by the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

Notwithstanding anything to the contrary in the terms and conditions of the CB, no adjustment will be made to the CB Conversion Price when Shares, options or other securities are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of any Strategic Investor unless the issue price is below HK\$4 per Share (which is subject to adjustments pursuant to the adjustment events set out above).

**Maximum number of  
CB Conversion  
Shares to be issued:**

Assuming that the principal amount of the CB (not including any PIK Interest) is all converted in full at the initial CB Conversion Price of HK\$20 per Share, an aggregate of up to 390,000,000 CB Conversion Shares will be issued based on the agreed exchange rate of US\$1 = HK\$7.8, which represent:

- (a) approximately 7.16% of the existing issued share capital of the Company as at the date of this announcement;
- (b) approximately 6.68% of the issued share capital of the Company as enlarged by the issue of such CB Conversion Shares; and
- (c) approximately 3.54% of the issued share capital of the Company as enlarged by (i) the issue of such CB Conversion Shares, (ii) the issue of MCB Conversion Shares upon 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\$2,200,000,000 will be issued by the Company) and (iii) the issue of Controlling Shareholder Conversion Shares upon full conversion of the Controlling Shareholder Bond at the same conversion price of HK\$4 per Share (further assuming there is no other change in the issued share capital of the Company).

The CB Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$39,000,000.

**Security and  
guarantee:**

The CB will be secured by the charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors, subject to the terms of the Intercreditor Agreement, to be shared among different tranches of the New Notes, the MCB, the CB and any other Permitted Pari Passu Secured Indebtedness. The CB will be jointly and severally guaranteed by the Subsidiary Guarantors and JV Subsidiary Guarantors (if any).

**Cash Sweeps:**

The CB does not benefit from the Cash Sweeps.

**Redemption events:**

**(a) Redemption upon maturity**

Subject to the terms of the CB, unless previously redeemed, converted or purchased and cancelled, the Company will redeem each CB at its principal amount together with accrued and unpaid interest on the date falling 9 years from the interest commencement date.

**(b) Redemption at the option of the Company**

Subject to the terms of the CB, on giving not less than 15 business days' notice to the holders of the CB, the trustee and principal agent (which notice shall be irrevocable), the Company may redeem all or any part of the CB on the date specified in the notice at their principal amount (together with any interest accrued to the date fixed for redemption but unpaid) as at such date, at any time.

**(c) Redemption for taxation reasons**

Subject to the terms of the CB, at any time the Company may, having given not less than 15 business days' notice to the holders of the CB, the trustee and the principal agent (which notice shall be irrevocable) redeem all but not some only of the CB at their principal amount (together with any interest accrued to the date fixed for redemption but unpaid) as at such date if (i) the Company (or if the guarantees were called, any Subsidiary Guarantor) has or will become obliged to pay additional taxation amounts as a result of any change in, or amendment to, the laws or regulations of the relevant jurisdictions, and (ii) such obligation cannot be avoided by the Company (or the relevant Subsidiary Guarantor, as the case may be) taking reasonable measures available to it.

**(d) Redemption for CB Relevant Event**

Subject to the terms of the CB, following the occurrence of a CB Relevant Event, the holder of each CB will have the right at such holder's option, to require the Company to redeem all or some only of that holder's CB on the CB Relevant Event Redemption Date (as defined below) at a redemption price equal to their principal amount (together with any interest accrued to the date fixed for redemption but unpaid) as at such date, by completing, signing and depositing at the specified office of any paying agent a duly completed and signed notice of redemption by not later than 30 days following a CB Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to bondholders by the Company. The "**CB Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

**Ranking:** The CB, the New Notes and MCBs benefit from the same Subsidiary Guarantees and charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors. The CB is senior ranking to the Controlling Shareholder Loan and the Controlling Shareholder Bond. The CB Conversion Shares, when allotted and issued to a holder, shall rank *pari passu* in all respects with the Shares in issue on the date on which such holder is registered as such in the Company's register of members.

**Voting rights:** The holder(s) of the CB shall not have any right to attend or vote in any general meeting of the Company.

**Transferability:** The CB are freely transferable subject to conditions.

#### **Specific Mandate**

The CB Conversion Shares will be issued under the Specific Mandate proposed to be sought from the Shareholders at the EGM.

#### **Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the CB Conversion Shares.

An application will be made for the listing and quotation of the CB on the SGX.

### **3. ISSUE OF MCB UNDER SPECIFIC MANDATE**

The principal terms of the MCB are set out below:

**Issuer:** The Company

**Principal amount:** The aggregate principal amount of MCB elected by Scheme Creditors (the "**Original Issue Amount**"), subject to the current cap of US\$1,750,000,000, provided that the Company shall (subject to certain conditions) increase such cap in the event that the aggregate amount of MCB selected by Scheme Creditors exceeds such cap. If the principal amount of MCB elected for exchange by Scheme Creditors exceeds the current cap of US\$1,750,000,000 (or such other amount as may be increased by the Company at its discretion), the MCB will be allocated to the electing Scheme Creditors pro rata to the Scheme Creditors' claims elected for exchange.

In order to allow flexibility in increasing the size of the MCB in the event that the aggregate amount of MCB selected by the Scheme Creditors exceeds the current cap of US\$1,750,000,000, the Company will seek the approval of the Shareholders for the Specific Mandate in respect of the MCB Conversion Shares to be obtained at the EGM on the basis that the cap for the aggregate amount of MCB which may be selected by the Scheme Creditors could be increased to up to US\$2,200,000,000.

Under the Scheme, the selection of the Restructuring Consideration including the MCB will not become binding until after the selection deadline, which is two business days after the Scheme Meeting. The Company will be able to determine whether the cap will need to be increased beyond US\$2,200,000,000 after the aforesaid selection deadline. Based on the expected timetable as at the date of this announcement, the Scheme Meeting is expected to take place in August or September 2023.

In the event that the amount of MCB elected by the Scheme Creditors as part of the Restructuring Consideration under the Scheme will exceed US\$2,200,000,000 the Company may exercise its sole discretion to increase the cap beyond US\$2,200,000,000 and use its general mandate or, if not sufficient, will seek additional specific mandate from the Shareholders. If the Company will exercise its right to increase the cap for the MCB beyond US\$2,200,000,000, it will make an announcement and state whether the general mandate will be used or specific mandate from the Shareholders will be obtained. If specific mandate will need to be obtained at a further general meeting of the Shareholders but is not approved by the Shareholders, the Company will only use the general mandate to the extent available, or will not proceed with the increase in the cap beyond US\$2,200,000,000.

<b>Issue date:</b>	Restructuring Effective Date
<b>Maturity:</b>	5 years from the Restructuring Effective Date or 30 September 2023, whichever is earlier, with the outstanding principal amount of the MCB mandatorily and automatically converted into the Shares at maturity
<b>Interest:</b>	The MCB are not interest bearing

**Conversion  
events/period:**

**(a) Upfront Conversion:**

During the period of 10 business days from the later of (i) the issue date of the MCB, and (ii) the date that the conditional listing approval from Stock Exchange in respect of the Shares falling to be issued following exercise of the conversion right becoming unconditional and fully effective (the “**First Conversion Period**”), any holder of MCB may deliver conversion notices in respect of all or part of the MCB it holds into Shares (the “**First Conversion**”), provided that if the aggregate principal amount of MCB in respect of which conversion notices are delivered pursuant to the First Conversion exceeds 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of MCB, only 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of MCB will be converted pursuant to the First Conversion, which shall be allocated among holders in a way that, with respect to each holder who has delivered a conversion notice pursuant to the First Conversion, the principal amount of MCB to be converted pursuant to the First Conversion shall be calculated according to the below formula:

$$P1 = \frac{A}{B} \times C$$

where

P1 is, with respect to each holder who has delivered a conversion notice pursuant to the First Conversion, its principal amount of the MCB to be converted pursuant to the First Conversion;

A is the principal amount of MCB in respect of which such holder has delivered a conversion notice pursuant to the First Conversion;

B is the aggregate principal amount of MCB in respect of which any holder has delivered a conversion notice pursuant to the First Conversion; and

C is the amount equal to 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of the MCB.

In addition, if the principal amount of MCB converted pursuant to the First Conversion is less than 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of MCB, any holder of MCB may deliver conversion notices in respect of all or part of the MCB it holds into Shares (the “**Second Conversion**” and, together with the First Conversion, the “**Upfront Conversion**”) during the period of 10 business days after the date which is 6 months after the issue date of the MCB (the “**Second Conversion Period**”, and each of the First Conversion Period and the Second Conversion Period, an “**Upfront Conversion Period**”), provided that if the aggregate principal amount of MCB in respect of which conversion notices are delivered pursuant to the Upfront Conversion exceeds 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of MCB, only such amount of MCB shall be converted pursuant to the Second Conversion that the aggregate principal amount of MCB converted pursuant to the Upfront Conversion shall equal 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of MCB, and the principal amount of MCB to be converted pursuant to the Second Conversion shall be allocated among holders in a way that, with respect to each holder who has delivered a conversion notice pursuant to the Second Conversion, the principal amount of MCB to be converted pursuant to the Second Conversion shall be calculated according to the below formula:

$$P2 = \frac{D}{E} \times F$$

where

P2 is, with respect to each holder who has delivered a conversion notice pursuant to the Second Conversion, the principal amount of the MCB to be converted pursuant to the Second Conversion;

D is the principal amount of MCB in respect of which such holder has delivered a conversion notice pursuant to the Second Conversion;

E is the aggregate principal amount of MCB in respect of which any holder has delivered a conversion notice pursuant to the Second Conversion; and

F is the amount equal to 25% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Original Issue Amount of the MCB minus the principal amount of the MCB converted pursuant to the First Conversion.

The remaining principal amount of the MCB which remains outstanding after the Upfront Conversion is hereinafter referred to as the “**Pro Forma MCB Principal Amount**”.

**(b) Ordinary Conversion:**

During the period of 10 business days after the date of each of the second anniversary, the third anniversary and the fourth anniversary of the issue date of the MCB, respectively (the “**Ordinary Conversion Period**”), any holder of MCB may deliver conversion notices in respect of all or part of the MCB it holds into Shares (each such conversion, an “**Ordinary Conversion**”), provided that:

- (i) if, at the end of the conversion period in respect of the second anniversary, the sum of the Cumulative Conversion Amount (as defined below and for the avoidance of doubt not taking into account any conversion at the second anniversary) and the principal amount of MCB elected to be converted during the conversion period in respect of the second anniversary exceeds 40% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, only such principal amount of MCB shall be converted at the second anniversary that the Cumulative Conversion Amount (after taking into account the conversion at the second anniversary) shall equal 40% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, and the principal amount of MCB to be converted at the second anniversary shall be allocated among holders in a way that, with respect to each holder who has delivered a conversion notice pursuant to the Ordinary Conversion at the second anniversary, the principal amount of MCB to be converted pursuant to the Ordinary Conversion at the second anniversary shall be calculated according to the below formula:

$$PO2 = \frac{G}{H} \times I$$

where

PO2 is, with respect to each holder who has delivered a conversion notice pursuant to the Ordinary Conversion at the second anniversary, the principal amount of the MCB to be converted pursuant to the Ordinary Conversion at the second anniversary;

G is the principal amount of MCB in respect of which such holder has delivered a conversion notice pursuant to the Ordinary Conversion at the second anniversary;

H is the aggregate principal amount of MCB in respect of which any holder has delivered a conversion notice pursuant to the Ordinary Conversion at the second anniversary; and

I is the amount equal to 40% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount minus the Cumulative Conversion Amount (for the avoidance of doubt not taking into account any conversion at the second anniversary).

- (ii) if, at the end of the conversion period in respect of the third anniversary, the sum of the Cumulative Conversion Amount (for the avoidance of doubt not taking into account any conversion at the third anniversary) and the principal amount of MCB elected to be converted at the third anniversary exceeds 80% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, only such amount of MCB shall be converted at the third anniversary that the Cumulative Conversion Amount (after taking into account the conversion at the third anniversary) shall equal 80% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, and the principal amount of MCB to be converted at the third anniversary shall be allocated among holders in a way that, with respect to each holder who has delivered a conversion notice pursuant to the Ordinary Conversion at the third anniversary, the principal amount of MCB to be converted pursuant to the Ordinary Conversion at the third anniversary shall be calculated according to the below formula:

$$PO3 = \frac{J}{K} \times L$$

where

PO3 is, with respect to each holder who has delivered a conversion notice pursuant to the Ordinary Conversion at the third anniversary, the principal amount of the MCB to be converted pursuant to the Ordinary Conversion at the third anniversary;

J is the principal amount of MCB in respect of which such holder has delivered a conversion notice pursuant to the Ordinary Conversion at the third anniversary;

K is the aggregate principal amount of MCB in respect of which any holder has delivered a conversion notice pursuant to the Ordinary Conversion at the third anniversary; and

L is the amount equal to 80% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount minus the Cumulative Conversion Amount (for the avoidance of doubt not taking into account any conversion at the third anniversary).

**(c) Trigger Conversion:**

During the period commencing on the first anniversary of the issue date of the MCB and ending on the 30th day prior to the maturity date, any holder of MCB may deliver conversion notices in respect of all or part of the MCB it holds into Shares during the period of 10 business days after the occurrence of a Trigger Event (as defined below) (the “**Trigger Conversion Period**”) (each such conversion, a “**Trigger Conversion**”).

A trigger event (each, a “**Trigger Event**”) shall be deemed to have occurred when the 90-Trading-Day VWAP of the Shares first exceeds each of the following reference prices (each, a “**Trigger Price**”, and each subject to the adjustments set out in the paragraph headed “Adjustment events” below):

- (i) HK\$12 per Share, provided that if the aggregate principal amount of MCB in respect of which conversion notices are delivered pursuant to such Trigger Conversion exceeds 40% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, only 40% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount shall be converted pursuant to such Trigger Conversion, and the principal amount of MCB to be converted pursuant to such Trigger Conversion shall be allocated among holders in a way that, with respect to each holder who has delivered a conversion notice pursuant to this Trigger Conversion, the principal amount of MCB to be converted pursuant to such Trigger Conversion shall be calculated according to the below formula:

$$PT1 = \frac{M}{N} \times O$$

where

PT1 is, with respect to each holder who has delivered a conversion notice pursuant to this Trigger Conversion, the principal amount of the MCB to be converted pursuant to this Trigger Conversion;

M is the principal amount of MCB in respect of which such holder has delivered a conversion notice pursuant to such Trigger Conversion;

N is the aggregate principal amount of MCB in respect of which any holder has delivered a conversion notice pursuant to such Trigger Conversion; and

O is the amount equal to 40% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount.

- (ii) HK\$13 per Share, provided that if the sum of the Cumulative Trigger Conversion Amount (for the avoidance of doubt not taking into account any conversion at the HK\$13 trigger) and the aggregate principal amount of MCB in respect of which conversion notices are delivered pursuant to this Trigger Conversion exceeds 70% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, only such amount of MCB shall be converted pursuant to this Trigger Conversion that the Cumulative Trigger Convertible Amount (after taking into account this Trigger Conversion) shall equal 70% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount, and the principal amount of MCB to be converted pursuant to such Trigger Conversion shall be allocated among holders in a way that, with respect to each holder who has delivered a conversion notice pursuant to this Trigger Conversion, the principal amount of MCB to be converted pursuant to this Trigger Conversion shall be calculated according to the below formula:

$$PT2 = \frac{P}{Q} \times R$$

where

PT2 is, with respect to each holder who has delivered a conversion notice pursuant to this Trigger Conversion, the principal amount of the MCB to be converted pursuant to this Trigger Conversion;

P is the principal amount of MCB in respect of which such holder has delivered a conversion notice pursuant to this Trigger Conversion;

Q is the aggregate principal amount of MCB in respect of which any holder has delivered a conversion notice pursuant to this Trigger Conversion; and

R is the amount equal to 70% (or such greater percentage as the Company may in its sole discretion determine on or prior to the Upsize Decision Date) of the Pro Forma MCB Principal Amount minus the Cumulative Trigger Conversion Amount (for the avoidance of doubt not taking into account any conversion at the HK\$13 trigger).

(iii) HK\$16 per Share.

For the avoidance of doubt, if the then outstanding principal amount of MCB is less than the applicable maximum principal amount of MCB that can be converted in a Trigger Conversion (where applicable), all the MCB in respect of which conversion notices are delivered pursuant to such Trigger Conversion shall be accepted for conversion.

If the Shares are suspended from trading for five consecutive trading days or more during the Upfront Conversion Period, the Ordinary Conversion Period and the Trigger Conversion Period (as the case may be), such period shall be so extended by the number of consecutive trading days during which the Shares are suspended from trading (“**MCB Extension Period**”) and if during the MCB Extension Period, the Shares are suspended from trading for five consecutive trading days or more, the original MCB Extension Period shall be extended by the same number of consecutive trading days of suspension.

The Company shall make an announcement on the Stock Exchange informing holders of the MCB that they may elect to register in the next 10 business days for Ordinary Conversion or Trigger Conversion, as the case may be, on (1) the date that is the second anniversary, the third anniversary and the fourth anniversary of the issue date of the MCB, and (2) each date on which a Trigger Event has occurred, provided that failure to make such announcement shall not prejudice the rights of holders to convert.

For the purposes of this paragraph, “**Cumulative Conversion Amount**” means the aggregate principal amount of MCB that have been converted into Shares as of the relevant date since the first anniversary of the issue date of the MCB; “**Cumulative Trigger Conversion Amount**” means the aggregate principal amount of MCB that have been converted into Shares pursuant to Trigger Conversions as of the relevant date since the first anniversary of the issue date of the MCB; and “**Upsize Decision Date**” means any day not later than fifth trading day of the relevant conversion period of the MCB by which time, if the Company elects, in its sole discretion, to increase any relevant percentage conversion cap above, the Company must notify the holders of the MCB in accordance with its terms and conditions. For the avoidance of doubt, the Company shall not be permitted to decrease any such conversion caps.

**(d) Mandatory Conversion:**

All remaining MCB outstanding as of the date falling 20 business days prior to the Maturity Date shall be automatically and mandatorily converted into Shares at the maturity date (the “**Mandatory Conversion**”), provided that no event of default under the MCB or Relevant Event has occurred.

(e) **Conversion due to event of default or Change of Control:**

If an event of default as set out in the terms and conditions of the MCB has occurred or there is a Change of Control, any holder of MCB may, subject to the terms and conditions of the MCB, give a conversion notice to the Company to convert the MCB into Shares (the “**Specified Events Conversion**”).

**Conversion price:**

Subject to the terms and conditions of the MCB, the MCB Conversion Price for each of the Upfront Conversion, the Ordinary Conversion, the Trigger Conversion, the Mandatory Conversion and the Specified Events Conversion is as follows (each subject to adjustment in accordance with the terms and conditions of the MCB):

- (a) **Conversion Price in respect of an Upfront Conversion:** initially HK\$6.00 per Share.
- (b) **Conversion Price in respect of an Ordinary Conversion:** initially the 90-Trading Day-V WAP immediately preceding the date that is the first day of the relevant Ordinary Conversion Period, subject to a minimum price equal to the MCB Minimum Conversion Price.
- (c) **Conversion Price in respect of a Trigger Conversion:** initially the 90-Trading Day-V WAP immediately preceding the date that is the first day of the relevant Trigger Conversion Period, subject to a minimum price equal to the MCB Minimum Conversion Price.
- (d) **Conversion Price in respect of the Mandatory Conversion:** initially the 90-Trading Day-V WAP immediately preceding the date falling 20 business days prior to the maturity date, subject to a minimum price equal to the MCB Minimum Conversion Price.

- (e) **Conversion Price in respect of the Specified Events Conversion:** initially the 90-Trading Day-V WAP immediately preceding the date of the Specified Events conversion period as set out in the terms and conditions of the MCB, subject to a minimum price equal to the MCB Minimum Conversion Price.

Each of the MCB Conversion Prices above and the MCB Minimum Conversion Price may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed “Adjustment events” below. Such adjustments shall apply on and from the date of the RSA.

The initial MCB Conversion Price of HK\$6 per Share in respect of an Upfront Conversion represents:

- (a) a premium of approximately 31.00% over the closing price of HK\$4.58 per Share as quoted on the Stock Exchange on 31 March 2022, being the last trading day prior to the signing of the RSA on 28 March 2023;
- (b) a premium of approximately 325.53% over the closing price of HK\$1.41 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (c) a premium of approximately 297.35% over the average closing price of HK\$1.51 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of this announcement.

The initial MCB Minimum Conversion Price of HK\$4 per Share represents a discount of approximately 12.66% to the closing price of HK\$4.58 per Share as quoted on the Stock Exchange on 31 March 2022, being the last trading day prior to the signing of the RSA on 28 March 2023.

The MCB Conversion Price in respect of an Upfront Conversion and the mechanism for determining the MCB Conversion Price in respect of an Ordinary Conversion, a Trigger Conversion, the Mandatory Conversion and the Specified Events Conversion was determined after arms' length negotiations between the Company and the Ad Hoc Group after taking into account, among other things, the share price performance of the Company and the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure. The initial MCB Conversion Price of HK\$6 per Share in respect of an Upfront Conversion is at a premium to the closing price of HK\$4.58 per Share as quoted on the Stock Exchange on 31 March 2022, being the last trading day prior to the signing of the RSA on 28 March 2023, and the MCB Conversion Price in respect of the other conversions will be based on the 90-Trading Day-VWAP of the relevant dates. The MCB Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**Adjustment events:**

Subject to the terms of the MCB, each of the relevant underlying trading prices for calculation of the 90-Trading Day-VWAP, the MCB Conversion Price for the Upfront Conversion, the Trigger Prices and the MCB Minimum Conversion Price shall be subject to adjustment upon the occurrence of certain adjustment events including:

- (a) an alteration to the nominal value of the Shares as a result of consolidation, sub-division, redesignation or reclassification;
- (b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account);
- (c) an issue by way of a scrip dividend where the aggregate value of such issue exceeds the amount of the relevant cash dividend or the relevant part thereof and which would not have constituted a capital distribution;
- (d) a capital distribution to the Shareholders;

- (e) an issue of Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 85 per cent. of the current market price per Share on the date of the first public announcement of the terms of the issue or grant;
- (f) an issue of other securities to all or substantially all Shareholders as a class by way of rights, or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any other securities;
- (g) an issue (otherwise than as mentioned in paragraph (e) above) of any Shares (other than (i) Shares issued on the exercise of conversion rights attaching to the MCB or (ii) Shares issued on the exercise of conversion rights attaching to the CB or on the conversion of the Controlling Shareholder Bond) or issue or grant (otherwise than as mentioned in paragraph (e) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, in each case at a price per Share which is less than 85 per cent. of the current market price on the date of the first public announcement of the terms of such issue;
- (h) other issues of securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 85 per cent. of the current market price on the date of the first public announcement of the terms of issue of such securities;
- (i) modification of the rights of conversion, exchange or subscription attached to any such securities as are mentioned in paragraph (h) above (other than in accordance with the terms of such securities), so that the consideration per Share is reduced and is less than 85 per cent. of the current market price on the date of announcement of the proposal for such modification; and

- (j) issues, sale or distribution by the Company or any of its subsidiaries or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) any other company, person or entity of any securities in connection with an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them.

Notwithstanding anything to the contrary in the terms and conditions of the MCB, no adjustment will be made to the MCB Conversion Price or the Trigger Price when Shares, options or other securities are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of any Strategic Investor unless the issue price is below HK\$4 per Share (which is subject to adjustments pursuant to the adjustment events set out above).

**Maximum number of  
MCB Conversion  
Shares to be issued:**

Assuming that MCB in the aggregate principal amount of US\$2,200,000,000 will be issued by the Company and assuming full conversion of the 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, up to 4,290,000,000 MCB Conversion Shares will be issued, which represent:

- (a) approximately 78.73% of the existing issued share capital of the Company as at the date of this announcement;
- (b) approximately 44.05% of the issued share capital of the Company as enlarged by the issue of such MCB Conversion Shares; and
- (c) approximately 38.98% of the issued share capital of the Company as enlarged by (i) the issue of such MCB Conversion Shares, (ii) the issue of CB Conversion Shares upon full conversion of the CB at the CB Conversion Price of HK\$20 per Share and (iii) the issue of Controlling Shareholder Conversion Shares upon full conversion of the Controlling Shareholder Bond at the same conversion price of HK\$4 per Share (further assuming there is no other change in the issued share capital of the Company).

The MCB Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$429,000,000.

**Security and  
guarantee:**

The MCB will be secured by the charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors, subject to the terms of the Intercreditor Agreement, to be shared among different tranches of the New Notes, the MCB, the CB and any other Permitted Pari Passu Secured Indebtedness.

The MCB will be jointly and severally guaranteed by the initial Subsidiary Guarantors and JV Subsidiary Guarantors (if any).

**Cash Sweeps:**

The MCB benefits from the Cash Sweeps.

**Redemption events:**

**(a) Redemption upon maturity**

Subject to the terms of the MCB, unless previously redeemed, converted or purchased and cancelled, each MCB will be mandatorily and automatically converted into Shares at the applicable MCB Conversion Price on the maturity date.

**(b) Redemption at the option of the Company**

Subject to the redemption restriction set out below and the other terms of the MCB, on giving not less than 15 business days' notice to the holders of the MCB and to the trustee and principal agent (which notice shall be irrevocable), the Company may redeem all or any part of the MCB on the date specified in the notice at their principal amount as at such date, at any time.

(c) **Redemption for taxation reasons**

Subject to the terms of the MCB, at any time the Company may, having given not less than 15 business days' notice to the holders of the MCB, the trustee and the principal agent (which notice shall be irrevocable) redeem all but not some only of the MCB at their principal amount as at such date if (i) the Company (or if the guarantees were called, any Subsidiary Guarantor) has or will become obliged to pay additional taxation amounts as a result of any change in, or amendment to, the laws or regulations of the relevant jurisdictions, and (ii) such obligation cannot be avoided by the Company (or the relevant Subsidiary Guarantor, as the case may be) taking reasonable measures available to it.

(d) **Redemption for Relevant Event**

Subject to the terms of the MCB, following the occurrence of a Relevant Event, the holder of each MCB will have the right at such holder's option, to require the Company to redeem all or some only of that holder's MCB on the Relevant Event Redemption Date (as defined below) at a redemption price equal to their principal amount as at such date, by completing, signing and depositing at the specified office of any paying agent a duly completed and signed notice of redemption by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to bondholders by the Company. The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

**Redemption  
restriction:**

The Company shall not redeem or repurchase the MCB to the extent any Tranche A or Tranche B of the New Notes remains outstanding, except where such redemption or repurchase is made using the proceeds or funds from a Strategic Investor.

**Ranking:** The MCB, the New Notes and the CB benefit from the same Subsidiary Guarantees and charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors. The MCB is senior ranking to the Controlling Shareholder Loan and the Controlling Shareholder Bond. The MCB Conversion Shares, when allotted and issued to a holder, shall rank *pari passu* in all respects with the Shares in issue on the date on which such holder is registered as such in the Company's register of members.

**Voting rights:** The holder(s) of the MCB shall not have any right to attend or vote in any general meeting of the Company.

**Transferability:** The MCB are freely transferable subject to conditions.

### **Specific Mandate**

The MCB Conversion Shares will be issued under the Specific Mandate proposed to be sought from the Shareholders at the EGM.

### **Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the MCB Conversion Shares.

An application will be made for the listing and quotation of the MCB on the SGX.

## **4. DISPOSAL OF SHARES IN SUNAC SERVICES**

Subject to the occurrence of the Restructuring Effective Date, Scheme Creditors who have voluntarily elected to exchange their Existing Debt claims into existing Sunac Services Shares will receive Sunac Services Shares from Sunac Services Investment, an indirect wholly-owned subsidiary of the Company, at an exchange price equal to 2.5 times the VWAP of the Sunac Services Shares for the 60 trading days immediately preceding the Record Time, subject to a minimum exchange price of HK\$13.5 per Sunac Services Share.

The maximum number of Sunac Services Shares to be transferred to the Scheme Creditors is 449,356,068 existing Sunac Services Shares, representing approximately 14.7% of the total issued Sunac Services Shares as at the date of this announcement. If the number of Sunac Services Shares elected for exchange by the Scheme Creditors exceeds such maximum number of Sunac Services Shares, such maximum number of Sunac Services Shares will be allocated to the electing Scheme Creditors pro rata to the Scheme Creditors' claims elected for exchange.

As at the date of this announcement, the Company holds, through Sunac Services Investment and Sunac Shine (PTC) Limited, approximately 64.4% of the Sunac Services Shares. Assuming that the maximum number of Sunac Services Shares will be transferred to the Scheme Creditors, there is no other change in the Company's interest in Sunac Services Shares and there is no change in the issued share capital of Sunac Services Shares, following completion of the Disposal, the Company's interest in Sunac Services Shares will be reduced to approximately 49.7% and Sunac Services will remain a subsidiary of the Company.

### **Information on Sunac Services Investment**

Sunac Services Investment is an indirect wholly-owned subsidiary of the Company. It is incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

### **Information on Sunac Services**

Sunac Services is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (stock code: 1516). Sunac Services and its subsidiaries are principally engaged in the provision of property management services, value-added services to non-property owners, community living services and commercial operational services in the PRC.

The following financial information is extracted from the 2022 annual report of Sunac Services:

	<b>Year Ended 31 December 2022</b>	Year Ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	<b>7,126,161</b>	7,903,674
<b>(Loss)/profit before tax</b>	<b>(641,053)</b>	1,784,975
<b>(Loss)/profit after tax</b>	<b>(462,396)</b>	1,358,494

The audited net assets of Sunac Services as at 31 December 2022 was approximately RMB7,769,029,000.

### **Financial effects of the Disposal**

Assuming that 449,356,068 existing Sunac Services Shares will be disposed of by the Group under the Disposal at the minimum exchange price of HK\$13.5 per Sunac Services Share, with reference to the net assets of Sunac Services as at 31 December 2022, it is expected that the Group will recognise an increase in non-controlling interests of approximately RMB1.29 billion and a reduction in liabilities of approximately RMB5.38 billion, with the difference between the two of approximately RMB4.09 billion being recognized as a gain from the Disposal and constituting part of the profit or loss arising from the Restructuring, subject to the annual audit by the Company's auditors.

## **5. ISSUE OF CONTROLLING SHAREHOLDER BOND UNDER SPECIFIC MANDATE**

As at the date of this announcement, the Controlling Shareholder Loan extended by the Controlling Shareholder to the Group remains outstanding.

Pursuant to the terms of the Controlling Shareholder Bond Subscription Agreement, the Controlling Shareholder will conditionally agree to subscribe for, and the Company will conditionally agree to issue, the Controlling Shareholder Bond, on the Restructuring Effective Date.

### **Conditions**

Completion of the Controlling Shareholder Bond Issue will be conditional upon:

- (a) the occurrence of the Restructuring Effective Date;
- (b) the listing of and permission to deal in the Controlling Shareholder Conversion Shares being granted by the listing committee of the Stock Exchange; and
- (c) the passing of all necessary resolutions by the Independent Shareholders to approve the Controlling Shareholder Bond Subscription Agreement and the transactions contemplated thereunder and to grant the Specific Mandate to the Board for the purpose of the allotment and issuance of the Controlling Shareholder Conversion Shares; and
- (d) the Intercreditor Agreement being in Agreed Form.

If the above conditions are not fulfilled on or prior to 31 December 2023 or such later date and time as the Company may elect to extend to with the prior written consent of the Super Majority Ad Hoc Group or Majority Consenting Creditors (provided such date shall not be extended beyond 31 March 2024), the Controlling Shareholder Bond Subscription Agreement shall terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise.

### **Completion**

Subject to the fulfilment of the above conditions, completion of the issue of the Controlling Shareholder Bond to the Controlling Shareholder shall take place on the Restructuring Effective Date whereupon the Company shall issue the Controlling Shareholder Bond to the Controlling Shareholder by delivery of an instrument to the Controlling Shareholder, and the Controlling Shareholder shall settle the subscription price for the Controlling Shareholder Bond (i.e. US\$450,000,000) which shall be deemed satisfied by the Controlling Shareholder agreeing to set-off and waive any rights of repayment or recourse against the Company and other relevant members of the Group in respect of the Controlling

Shareholder Loan, upon which the Controlling Shareholder Loan shall be deemed irrevocably repaid by the Company and the Controlling Shareholder shall not have any claim or other right of set-off or recourse with respect to the Controlling Shareholder Loan against the Group.

### **Principal terms of the Controlling Shareholder Bond**

The principal terms of the Controlling Shareholder Bond are set out below:

<b>Issuer:</b>	The Company
<b>Principal amount:</b>	US\$450,000,000
<b>Issue date:</b>	Restructuring Effective Date
<b>Maturity:</b>	5 years from the Restructuring Effective Date or 30 September 2023, whichever is earlier, with the outstanding principal amount of the Controlling Shareholder Bond mandatorily converted into the Shares at maturity, subject to the terms set out in the paragraph headed “Maturity Conversion” below
<b>Interest:</b>	The Controlling Shareholder Bond is not interest bearing
<b>Conversion:</b>	<p><b>(a) Corresponding Conversion:</b></p> <p>Within 60 days after the relevant MCB conversion date, such proportion of the Controlling Shareholder Bond then outstanding will be mandatorily converted, directly or indirectly, into Shares as the same or approximately the same as the proportion that the principal amount of MCB so converted bears to the total outstanding principal amount of the MCB prior to such MCB conversion, provided that if such conversion of the relevant portion of the Controlling Shareholder Bond would result in the relevant thresholds under the Takeovers Code being exceeded thereby triggering a general offer under the Takeovers Code on the part of the Controlling Shareholder, the Company shall reduce the amount of the relevant portion to be converted to such amount which would avoid triggering such general offer and the remaining portion shall be converted into Shares at such time to be agreed between the Company and the Controlling Shareholder as would not trigger such general offer (both acting reasonably) (the “<b>Corresponding Conversion</b>”).</p>

**(b) Maturity Conversion:**

All remaining outstanding principal amount of the Controlling Shareholder Bond as of the maturity date shall be mandatorily converted into Shares at the maturity date, provided that if such conversion of such remaining portion would result in the relevant thresholds under the Takeovers Code being exceeded thereby triggering a general offer under the Takeovers Code on the part of the Controlling Shareholder, the Company shall reduce the amount of such remaining portion to be converted on the maturity date to such amount which would avoid triggering such general offer, and any remaining portion of the Controlling Shareholder Bond after such reduction shall be converted into Shares at such time after the maturity date as agreed between the Company and the Controlling Shareholder (both acting reasonably) which would not trigger such general offer under the Takeovers Code on the part of the Controlling Shareholder (the “**Maturity Conversion**”).

**Conversion price:**

The Controlling Shareholder Bond Conversion Price in respect of a Corresponding Conversion shall be equal to the MCB Conversion Price applicable to the MCB so converted with respect to the relevant conversion of the MCB.

The Controlling Shareholder Bond Conversion Price in respect of the Maturity Conversion shall be equal to the conversion price applicable to the remaining MCB so mandatorily converted upon maturity of the MCB under the terms of the MCB.

**Maximum number of Controlling Shareholder Conversion Shares to be issued:**

Assuming full conversion of the Controlling Shareholder Bond at the MCB Minimum Conversion Price of HK\$4 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 877,500,000 Controlling Shareholder Conversion Shares will be issued, which represent:

- (a) approximately 16.10% of the existing issued share capital of the Company as at the date of this announcement;
- (b) approximately 13.87% of the issued share capital of the Company as enlarged by the issue of such Controlling Shareholder Conversion Shares; and

- (c) approximately 7.97% of the issued share capital of the Company as enlarged by (i) the issue of such Controlling Shareholder Conversion Shares, (ii) the issue of CB Conversion Shares upon full conversion of the CB at the CB Conversion Price of HK\$20 per Share and (iii) the issue of MCB Conversion Shares upon full conversion of the MCB at the same conversion price of HK\$4 per Share (further assuming there is no other change in the issued share capital of the Company).

The Controlling Shareholder Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$87,750,000.

**Security and  
guarantee:**

No security or guarantee.

**Repayment  
arrangement:**

The Company shall not repay the Controlling Shareholder Bond before its maturity (whether through repayment, redemption, repurchase or otherwise) to the extent any MCB remains outstanding except that the Controlling Shareholder Bond can be tendered for acceptance in a general or partial takeover offer to purchase made to both the Controlling Shareholder and the holders of the MCB (i) made by a Strategic Investor and (ii) on such terms that are no more favourable than the offer made to holders of MCB.

**Redemption events:**

**(a) Redemption upon maturity**

Subject to the terms of the Controlling Shareholder Bond, unless previously redeemed, converted or purchased and cancelled, any remaining outstanding principal amount of the Controlling Shareholder Bond will be mandatorily converted into Shares on the maturity date (subject to the terms set out in the paragraph headed “Maturity Conversion” above).

**(b) Redemption at the option of the Company**

Subject to the repayment arrangement set out above and the other terms of the Controlling Shareholder Bond, on giving not less than 15 business days' notice to the Controlling Shareholder (which notice shall be irrevocable), the Company may redeem all or any part of the Controlling Shareholder Bond on the date specified in the notice at their principal amount as at such date, at any time.

**Ranking:** The Controlling Shareholder Bond (and the Controlling Shareholder Loan if, for whatever reason, it remains outstanding) shall be subordinated in rights of payment to the New Notes, the MCB and CB, on and pursuant to the terms of the Intercreditor Agreement. The Controlling Shareholder Conversion Shares, when allotted and issued to the Controlling Shareholder, shall rank pari passu in all respects with the Shares in issue on the date on which the Controlling Shareholder is registered as such in the Company's register of members.

**Voting rights:** The holder of the Controlling Shareholder Bond shall not have any right to attend or vote in any general meeting of the Company.

**Transferability:** The Controlling Shareholder Bond is not transferable.

**Specific Mandate**

The Controlling Shareholder Conversion Shares will be issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

**Application for listing**

An application will be made by the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Controlling Shareholder Conversion Shares. No application will be made for the listing of the Controlling Shareholder Bond on the Stock Exchange or any other stock exchange.

**Information on the Controlling Shareholder**

The Controlling Shareholder is a company incorporated in the British Virgin Islands, which is controlled by family trusts of Mr. Sun Hongbin, the chairman of the Board and an executive Director. The Controlling Shareholder is principally engaged in investment holding.

## **6. INFORMATION ON THE COMPANY**

The Company is a company incorporated in the Cayman Islands with limited liability, which is listed on the main board of the Stock Exchange. With the brand philosophy of “passion for perfection”, the Group is committed to providing wonderful living environment and services for Chinese families through high-quality products and services and integration of high-quality resources. With a focus on its core business of real estate, the Group implements its strategic layout in real estate development, property management, ice & snow operation management, cultural tourism, culture and other business segments. After 20 years of development, the Group has become a leading enterprise in China’s real estate industry, a leading ice & snow industry operator and a leading cultural tourism industry operator and property owner in China, with nationwide leading capabilities in comprehensive urban development and integrated industrial operation.

## **7. REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTIONS IN CONNECTION WITH THE RESTRUCTURING**

Since the fourth quarter of 2021, the industry environment has been constantly changing. A number of situations went beyond the Group’s expectation. The Group has proactively taken all necessary measures to ensure stable cash flow. However, sales have declined precipitously since March 2022, and various funding proposals such as asset disposals and targeted financing, which were aggressively promoted to satisfy the liquidity requirements in the second quarter of 2022, could not be implemented, resulting in the Group encountering liquidity issues.

Over the past year, the Group has been actively working with its financial adviser, Houlihan Lokey (China) Limited, and legal adviser, Sidley Austin, to assess its current financial and operational conditions with a view to formulating a solution that respects the rights of all stakeholders and unlocks the inherent value of the Group’s business and assets as the onshore operating environment recovers over time. The Group and members of the Ad Hoc Group, together with their respective advisers, have been engaged in constructive dialogue towards a consensual restructuring of the Company’s offshore indebtedness. On 28 March 2023, the Company reached agreement with the Ad Hoc Group representing over 30% of the aggregate outstanding principal amount of the Existing Debt on the terms of the Restructuring.

The Restructuring is intended to (a) provide the Company with a long-term, sustainable capital structure; (b) allow adequate financial flexibility and sufficient runway to stabilise the business; and (c) protect the rights and interests, and maximize value, for all stakeholders. As mentioned above, the Restructuring seeks to address the Company's existing senior notes and other offshore instruments or debts in the principal amount of US\$9,048 million (or approximately RMB63,017 million), comprising senior notes in the principal amount of US\$7,704 million (or approximately RMB53,655 million) and other offshore instruments in the principal amount of US\$1,344 million (or approximately RMB9,362 million). Details of the creditors of such indebtedness are set out in the section headed **"10. INFORMATION ON THE EXISTING DEBT UNDER THE SCHEME"** below. Save for debts in respect of which the Company reached or the Company is confident that it will reach bilateral agreements with the relevant creditors, the Restructuring will address all existing debts of the Company.

The Controlling Shareholder Loan in the principal amount of US\$450 million (or approximately RMB3,134 million) will be dealt with through the issue of the Controlling Shareholder Bond. The main feature of the Controlling Shareholder Bond is that the Controlling Shareholder Bond will be converted into shares within 60 days after the relevant MCB conversion date in the same proportion and at the same conversion price as that under the MCB. The Controlling Shareholder Bond Issue reflects the long-term support from the Controlling Shareholder for the Group through the conversion of the Controlling Shareholder Bond into equity.

The Restructuring will be implemented through the Scheme, the effect of which is that once the Scheme becomes effective, all the Existing Debt claims of the Scheme Creditors will be discharged and extinguished and the Scheme Creditors will not be allowed to make any claim against the Company in respect of their Existing Debt.

No net proceeds will be received by the Group from the CB Issue, the MCB Issue, the Disposal and the Controlling Shareholder Bond Issue. All proceeds from the CB Issue and the MCB Issue and the Disposal will be applied towards the satisfaction of part of the Restructuring Consideration in connection with the Restructuring, and all proceeds from the Controlling Shareholder Bond Issue will be applied towards setting off the Controlling Shareholder Loan owing to the Controlling Shareholder by the Group, thereby in each case reducing the overall debt size and debt pressure of the Group, enhancing its net asset value and improving the financial position of the Company. As the term of each of the New Notes, CB and MCB to be issued as part of the Restructuring Consideration will be longer than one year, upon completion of the Restructuring, the indebtedness of the Company in the principal amount of US\$9,048 million (or approximately RMB63,017 million), all of which are now regarded as current liabilities of the Company, will be reclassified to non-current liabilities of the Company, thereby improving the liquidity of the Company. The CB Issue, the MCB Issue and the Controlling Shareholder Bond Issue would also increase the capital base through the issue of Shares and help the Company achieve a sustainable capital structure.

Hence, the Directors (with respect to the Controlling Shareholder Bond Issue only, excluding Mr. Sun Hongbin, Mr. Sun Kevin Zheyi, the son of Mr. Sun Hongbin, and the members of the Independent Board Committee whose views will be included in the circular, after being advised by the Independent Financial Adviser) consider that the terms and conditions of the CB Issue, the MCB Issue, the Disposal and the Controlling Shareholder Bond Issue are fair and reasonable based on the current market conditions and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Sun Hongbin and Mr. Sun Kevin Zheyi is considered to have a material interest in the Controlling Shareholder Bond Issue and has abstained from voting on the board resolutions in relation to the Controlling Shareholder Bond Issue. Save as disclosed above, none of the Directors has a material interest in the Controlling Shareholder Bond Issue.

## **8. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any equity fund raising activities in the past 12 months immediately before the date of this announcement.

## **9. 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\$2,200,000,000 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\$2,200,000,000 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	28.15	2,988,759,884	27.15
Mr. Wang Mengde	17,177,000	0.32	17,177,000	0.29	17,177,000	0.16	17,177,000	0.16
Mr. Jing Hong (Note 2)	12,155,000	0.22	12,155,000	0.21	12,155,000	0.11	12,155,000	0.11
Mr. Tian Qiang	6,982,000	0.13	6,982,000	0.12	6,982,000	0.07	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	0.05
Mr. Sun Kevin Zheyi	261,000	0.00	261,000	0.00	261,000	0.00	261,000	0.00
Holder of CB	0	0.00	390,000,000	6.68	0	0.00	390,000,000	3.54
Holder of MCB	0	0.00	0	0.00	4,290,000,000	40.41	4,290,000,000	38.98
Other Shareholders (Note 3)	3,295,649,027	60.48	3,295,649,027	56.44	3,295,649,027	31.04	3,295,649,027	29.94
<b>Total:</b>	<b>5,448,883,911</b>	<b>100.00</b>	<b>5,838,883,911</b>	<b>100.00</b>	<b>10,616,383,911</b>	<b>100.00</b>	<b>11,006,383,911</b>	<b>100.00</b>

*Notes:*

- 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.
- 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.
- 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.

## 10. INFORMATION ON THE EXISTING DEBT UNDER THE SCHEME

The Scheme Creditors comprise the persons who hold beneficial interests as principal in, or who are the lenders under, the following instruments as at the Record Time for the Scheme:

- (a) the New York law-governed 7.25% senior notes due 14 June 2022 (the “**June 2022 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the June 2022 Notes outstanding is US\$600,000,000;
- (b) the New York law-governed 7.95% senior notes due 8 August 2022 (the “**August 2022 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the August 2022 Notes outstanding is US\$600,000,000;
- (c) the New York law-governed 8.35% senior notes due 19 April 2023 (the “**April 2023 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the April 2023 Notes outstanding is US\$643,000,000;
- (d) the New York law-governed 6.50% senior notes due 9 July 2023 (the “**July 2023 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the July 2023 Notes outstanding is US\$600,000,000;
- (e) the New York law-governed 7.95% senior notes due 11 October 2023 (the “**October 2023 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the October 2023 Notes outstanding is US\$741,600,000;
- (f) the New York law-governed 7.50% senior notes due 1 February 2024 (the “**February 2024 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the February 2024 Notes outstanding is US\$616,400,000;
- (g) the New York law-governed 5.95% senior notes due 26 April 2024 (the “**April 2024 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the April 2024 Notes outstanding is US\$942,000,000;

- (h) the New York law-governed 6.65% senior notes due 3 August 2024 (the “**August 2024 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the August 2024 Notes outstanding is US\$620,000,000;
- (i) the New York law-governed 6.80% senior notes due 20 October 2024 (the “**October 2024 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the October 2024 Notes outstanding is US\$400,000,000;
- (j) the New York law-governed 6.50% senior notes due 10 January 2025 (the “**January 2025 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the January 2025 Notes outstanding is US\$740,900,000;
- (k) the New York law-governed 7.00% senior notes due 9 July 2025 (the “**July 2025 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the July 2025 Notes outstanding is US\$600,000,000;
- (l) the New York law-governed 6.50% senior notes due 26 January 2026 (the “**2026 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the 2026 Notes outstanding is US\$600,000,000;
- (m) the New York law-governed 6.00% senior notes due 6 July 2022 (the “**Private 2022 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the Private 2022 Notes outstanding is US\$225,000,000;
- (n) the Hong Kong law-governed 7.75% facility due 15 July 2022 (the “**Private Debt A**”) borrowed by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the Private Debt A outstanding is US\$300,000,000;
- (o) the Hong Kong law-governed floating rate facility due 28 August 2022 (the “**Private Debt B**”) borrowed by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the Private Debt B outstanding is US\$170,500,000;

- (p) the Hong Kong law-governed floating rate facility due 30 June 2024 (the “**Private Debt C**”) borrowed by the Company and guaranteed by the Subsidiary Guarantors and secured over the shares in the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the Private Debt C outstanding is approximately US\$205,000,000 (consisting of facility A with a principal amount of US\$175,000,000 and facility B with a principal amount of HK\$235,500,000);
- (q) the English law-governed swap instrument due 18 March 2022 entered into by the Company (the “**Private Debt D**”). As at the date of the RSA, the aggregate principal amount of the Private Debt D outstanding is US\$28,030,000;
- (r) the English law-governed swap instrument due 7 June 2022 entered into by the Company (the “**Private Debt E**”). As at the date of the RSA, the aggregate principal amount of the Private Debt E outstanding is US\$768,647;
- (s) the Hong Kong law-governed 5.00% facility due 9 June 2022 (the “**Private Debt F**”) borrowed by the Company. As at the date of the RSA, the aggregate principal amount of the Private Debt F outstanding is US\$80,000,000;
- (t) the Hong Kong law-governed 7.00% facility due 2 July 2022 (the “**Private Debt G**”) borrowed by the Company. As at the date of the RSA, the aggregate principal amount of the Private Debt G outstanding is US\$70,000,000;
- (u) the Hong Kong law-governed 7.00% facility due 8 April 2023 (the “**Private Debt H**”) borrowed by the Company. As at the date of the RSA, the aggregate principal amount of the Private Debt H outstanding is US\$110,000,000; and
- (v) the Hong Kong law-governed 6.60% facility due 8 June 2023 (the “**Private Debt I**”) borrowed by the Company. As at the date of the RSA, the aggregate principal amount of the Private Debt I outstanding is US\$155,000,000,

provided that the Company may, at its election, (i) exclude any of the above existing private debt from the Scheme, or (ii) include any additional debt in the Scheme, provided that in each case it obtains the prior written consent of the Majority Ad Hoc Group (such consent not to be unreasonably withheld) and, to the extent that the excluded debt is held by a member of the Ad Hoc Group, consent shall also be required from that member of the Ad Hoc Group.

Any such election made by the Company would not affect the Specific Mandate to be granted, given that:

- (a) In respect of the CB, the principal amount of the CB is fixed at US\$1,000,000,000 and will not be increased or decreased as a result of the aforesaid exclusion or inclusion.

- (b) In respect of the MCB, the aggregate principal amount of MCB that can be elected by Scheme Creditors is subject to the current cap of US\$1,750,000,000, provided that the Company may in its sole discretion increase such cap in the event that the aggregate amount of MCB selected by Scheme Creditors exceeds such cap. The Specific Mandate in respect of the MCB Conversion Shares to be obtained at the EGM is in respect of the maximum number of MCB Conversion Shares issuable under the cap of US\$2,200,000,000. If the Company exercises its sole discretion to increase the cap beyond US\$2,200,000,000, the Company will use its general mandate or seek additional specific mandate from the Shareholders.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Scheme Creditors was independent of the Company and connected persons of the Company. The Company does not expect that any additional creditors to be included in the Scheme (if any) would be a connected person of the Company.

## **11. LISTING RULES IMPLICATIONS**

### **The CB Issue**

The CB Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. The CB Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the CB 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 CB Conversion Shares.

### **The MCB Issue**

The MCB Conversion Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM. The MCB Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Shareholders at the EGM. The issue of the 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 MCB Conversion Shares.

### **The Disposal**

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

## **The Controlling Shareholder Bond Issue**

The Controlling Shareholder is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Controlling Shareholder Bond Issue constitutes a connected transaction for the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Controlling Shareholder Conversion Shares will be issued under the Specific Mandate to be sought from the Independent Shareholders at the EGM. The Controlling Shareholder Bond Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Independent Shareholders at the EGM. The issue of the Controlling Shareholder 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 Controlling Shareholder Conversion Shares.

## **12. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to seek the approval by way of ordinary resolution at the EGM by the Shareholders of an increase in its authorised share capital from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by creating an additional 5,000,000,000 unissued Shares, such Shares shall rank *pari passu* in all respects.

In order to facilitate the Restructuring and to accommodate subsequent business development of the Group and to provide the Company with greater flexibility to raise funds in the future, the Board proposed the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

## **13. GENERAL**

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Controlling Shareholder Bond Issue and the transactions contemplated thereunder, and as to whether the Controlling Shareholder Bond Issue is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. Opus Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve by way of poll, the CB Issue and the MCB Issue (including the grant of the Specific Mandate for the issue of the CB Conversion Shares and the MCB Conversion Shares respectively) and the Increase in Authorised Share Capital and for the Independent Shareholders to consider and, if thought fit, to approve by way of poll, the Controlling Shareholder Bond Issue and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue of the Controlling Shareholder Conversion Shares).

Save that the Controlling Shareholder, Mr. Sun Hongbin, Tianjin Biaodi and Mr. Sun Kevin Zheyi (the son of Mr. Sun Hongbin), holding in aggregate approximately 38.75% of the total number of issued Shares as at the date of this announcement, and being interested in the transactions contemplated under the Controlling Shareholder Bond Issue, shall abstain from voting for the resolution to approve the Controlling Shareholder Bond Issue and the transactions contemplated thereunder at the EGM, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required to abstain from voting for the resolution to approve the Controlling Shareholder Bond Issue and the transactions contemplated thereunder at the EGM or the resolutions to approve the CB Issue, the MCB Issue, the Increase in Authorised Share Capital and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (a) further details of the CB Issue and the MCB Issue and the transactions contemplated thereunder, including the issue of the CB Conversion Shares and the MCB Conversion Shares under the Specific Mandate; (b) further details of the Controlling Shareholder Bond Issue and the transactions contemplated thereunder, including the issue of the Controlling Shareholder Conversion Shares under the Specific Mandate; (c) further details of the Increase in Authorised Share Capital; (d) a letter of recommendations from the Independent Board Committee to the Independent Shareholders on the Controlling Shareholder Bond Issue and the transactions contemplated thereunder; (e) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Controlling Shareholder Bond Issue and the transactions contemplated thereunder; and (f) a notice convening the EGM will be despatched by the Company to the Shareholders on or before 14 June 2023.

**Completion of the transactions set out in this announcement is subject to the fulfilment or waiver of the conditions precedent as set out in this announcement. 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.**

## 14. DEFINITIONS

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

- “90-Trading Day-VWAP” the VWAP for the 90 trading days immediately preceding the relevant calculation date, provided that where any event giving rise to any adjustment as set out in the paragraph headed “Adjustment events” in the principal terms of the MCB as set out in this announcement occurs during any such 90 trading days for the purposes of calculating the 90-Trading-Day VWAP, the share prices in the relevant Adjustment Period shall be subject to adjustments for such event in the same manner as set forth in the paragraph headed “Adjustment events” in the principal terms of the MCB, further provided that each such adjustment shall be effective on each date during the relevant Adjustment Period. For this purpose, “Adjustment Period” means, with respect to any 90-Trading-Day VWAP calculation period, the period from and including the first date of such 90-Trading-Day VWAP calculation period and ending on the trading day immediately prior to the date on which the event giving rise to the relevant adjustment is first publicly announced
- “Accreted Value” with respect to any outstanding CB, means, as of any date, an amount equal to the sum of (i) the initial nominal principal amount of such CB issued on the issue date of such CB and (ii) the PIK Interest paid or due and payable through such date less for the avoidance of doubt (iii) any amounts of CB partly redeemed, repurchased or converted in accordance with the terms and conditions of the CB
- “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

“Affiliate”	means, with respect to any person, any other person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person; (ii) who is a director or officer of such person or any subsidiary of such person or of any person referred to in clause (i) of this definition; or (iii) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a person described in clause (i) or (ii). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise
“Agreed Form”	the form agreed in writing between the Company and the Majority Ad Hoc Group, in each case acting reasonably, and in a form consistent in all material respects with the RSA
“Board”	the board of the Company
“Cash Sweeps”	the Specified Asset Cash Sweep, the Other Specified Asset Cash Sweep and the Relevant 1516 Shares Cash Sweep, details of each of which are set out in the announcement of the Company dated 28 March 2023
“CB”	the 1.0/2.0 per cent. convertible bonds for a term of 9 years to be issued by the Company
“CB Conversion Period”	the period during which the CB can be converted into the Shares
“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
“CB Issue”	the issue of the CB subject to the occurrence of the Restructuring Effective Date
“CB Relevant Events”	events including the Shares ceasing to be listed or admitted to trading on the Stock Exchange (or if applicable, an alternative stock exchange) and a change of control
“Change of Control”	<p>includes the occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> <li>(i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its restricted subsidiaries, taken as a whole, to any person, other than one or more Permitted Holders;</li> <li>(ii) the Company consolidates with, or merges with or into, any person (other than one or more Permitted Holders), or any person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding voting stock of the Company or such other person is converted into or exchanged for cash, securities or other property, other than any such transaction where the voting stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) voting stock (other than disqualified stock) of the surviving or transferee person constituting a majority of the outstanding shares of voting stock of such surviving or transferee person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;</li> <li>(iii) the Permitted Holders collectively cease to be interested or control the specified level of the voting power of the voting stock of the Company;</li> </ul>

	(iv) individuals who on the original issue date constituted the board of directors of the Company, together with any new directors whose election by the board of directors was approved by a vote of at least a majority of the directors present at the meeting voting on such election who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Company then in office; or
	(v) the adoption of a plan relating to the liquidation or dissolution of the Company
“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” or “Sunac International”	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 Bond Issue”	the issue of the Controlling Shareholder Bond pursuant to the terms of the Controlling Shareholder Bond Subscription Agreement subject to the occurrence of the Restructuring Effective Date
“Controlling Shareholder Bond Subscription Agreement”	the agreement to be entered between, among others, the Company and the Controlling Shareholder, pursuant to which the Controlling Shareholder Bond will be issued to the Controlling Shareholder subject to occurrence of the Restructuring Effective Date

“Controlling Shareholder Conversion Shares”	the Shares to be issued upon conversion of the Controlling Shareholder Bond
“Controlling Shareholder Loan”	the US\$450,000,000 loan extended by the Controlling Shareholder to the Group, including any corresponding on-lending arrangements
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of up to 449,356,068 existing Sunac Services Shares, representing approximately 14.7% of the total issued Sunac Services Shares as at the date of this announcement, in connection with the Restructuring
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve by way of poll, the CB Issue and the MCB Issue (including the grant of the Specific Mandate for the issue of the CB Conversion Shares and the MCB Conversion Shares respectively) and the Increase in Authorised Share Capital and for the Independent Shareholders to consider and, if thought fit, to approve by way of poll, the Controlling Shareholder Bond Issue and the transactions contemplated thereunder (including the grant of the Specific Mandate for the issue of the Controlling Shareholder Conversion Shares)
“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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from HK\$1,000,000,000 divided into 10,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by creating an additional 5,000,000,000 unissued Shares

“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Controlling Shareholder Bond Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Opus Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Controlling Shareholder Bond Issue and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders not required under the Listing Rules to abstain from voting on the resolution approving the Controlling Shareholder Bond Issue and the transactions contemplated thereunder including but not limited to the grant of the Specific Mandate for the issue of the Controlling Shareholder Conversion Shares
“Intercreditor Agreement”	the intercreditor agreement to be entered into between, among others, the trustees of the New Notes, the MCB and the CB, the Company and the Controlling Shareholder in connection with the share charges and to become effective upon the Restructuring Effective Date
“JV Subsidiary Guarantee”	any guarantee of the payment of the New Notes, the CB or the MCB (as the case may be) under the terms of the New Notes, the CB or the MCB (as the case may be) by any JV Subsidiary Guarantor
“JV Subsidiary Guarantor”	a non-wholly owned restricted subsidiary which guarantees the payment of the New Notes, the MCB and the CB (as the case may be) as designated by the Company pursuant to the respective terms of the New Notes, the MCB and the CB (as the case may be) from time to time
“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 <sup>2</sup> / <sub>3</sub> % 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 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
“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 this announcement
“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 under the Disposal (if any)
“Offshore Creditors’ Director”	the non-executive director nominated by an ad hoc group of creditors of the Company (if any)
“Pari Passu Guarantee”	a guarantee by the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor of indebtedness of the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor; provided that such guarantee ranks pari passu with the New Notes, the MCB and the CB, with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor, or with any outstanding JV Subsidiary Guarantee of such JV Subsidiary Guarantor, as the case may be

“Permitted Holders”	means any or all of the following:
	<ul style="list-style-type: none"> <li data-bbox="639 193 1418 342">(i) Mr. SUN Hongbin, the spouse, children and grandchildren of Mr. SUN Hongbin, and any family trust set up by any person listed in this clause (i);</li> <li data-bbox="639 385 1418 491">(ii) any Affiliate (other than an Affiliate as defined in clause (ii) or (iii) of the definition of Affiliate) of the person specified in clause (i);</li> <li data-bbox="639 534 1418 715">(iii) any person both the capital stock and the voting stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% or more by one or more persons specified in clauses (i) and (ii)</li> </ul>
“Permitted Pari Passu Secured Indebtedness”	indebtedness of the Company or any Subsidiary Guarantor which, on or after the date of issue of the New Notes, the CB or the MCB (as the case may be), becomes to be secured on the collateral securing the New Notes, the CB or the MCB (as the case may be) or guaranteed by any Pari Passu Guarantee pari passu with the security for the benefit of the trustee of the New Notes, the CB or the MCB (as the case may be) and the holders of the New Notes, the CB or the MCB (as the case may be) in accordance with the terms and conditions of the New Notes, the CB or the MCB (as the case may be)
“PIK Interest”	paid-in-kind interest
“PRC”	the People’s Republic of China
“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
“Relevant Event”	occurs when: <ul style="list-style-type: none"> <li data-bbox="639 1619 1418 1725">(i) the Shares cease to be listed or admitted to trading on the Stock Exchange (or if applicable, an alternative stock exchange); or</li> </ul>

	(ii) after the date falling 36 months after the Restructuring Effective Date or 30 September 2023, whichever is earlier, the Shares are suspended for a period equal to or exceeding 60 consecutive trading days on the Stock Exchange (or if applicable, an alternative stock exchange); or
	(iii) a Change of Control occurs
“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 Sunac Services Shares, in exchange for the discharge and release of the relevant Existing Debt claims of the Scheme Creditors against the Company
“Restructuring Documents”	all documents, agreements and instruments necessary to implement the Restructuring in accordance with the RSA
“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)
“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

“Scheme Effective Date”	the date on which the sanction order is filed with the registrar of companies in the relevant jurisdiction of the Scheme at which time the Scheme shall become effective in accordance with its terms
“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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX”	Singapore Exchange Securities Trading Limited
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders at the EGM to issue the CB Conversion Shares and the MCB Conversion Shares and to be granted by the Independent Shareholders at the EGM to issue the Controlling Shareholder Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Investor”	any person not being a connected person of the Company at the Company level before entering into any agreement in respect of equity investment in the Company in respect of whom (a) the Board (at a meeting that all the Board members have the opportunity to attend) has made a determination (and recorded such determination in corporate authorisations that shall be shared with the Offshore Creditors’ Director at its reasonable request) in good faith that such person is likely to develop a material strategic relationship with the Company, including without limitation an acquisition of another entity or assets, in connection with and related to the Company’s present or future business, and its affiliates; and (b) (i) the Company or its shareholder(s) and such person have entered into a binding agreement in respect of the equity investment or (ii) such person has made a general or partial takeover offer

“Subsidiary Guarantee”	any guarantee of the payment of the New Notes, the CB or the MCB (as the case may be) under the terms of the New Notes, the CB or the MCB (as the case may be) by any Subsidiary Guarantor
“Subsidiary Guarantor Pledgors”	collectively, Jujin Real Estate Investment Holdings Ltd, Ding Sheng Real Estate Investment Holdings Ltd and Zhuo Yue Real Estate Investment Holdings Limited and each other Subsidiary Guarantor which provides collateral to secure the obligations of the Company under the New Notes, the CB or the MCB (as the case may be) and of such Subsidiary Guarantor under its Subsidiary Guarantee; provided that a Subsidiary Guarantor Pledgor will not include any person whose pledge under the security documents has been released in accordance with the security documents, the New Notes, the CB or the MCB (as the case may be)
“Subsidiary Guarantors”	collectively, Sunac Real Estate Investment Holdings Ltd, Qiwei Real Estate Investment Holdings Ltd., Ying Zi Real Estate Investment Holdings Ltd, Jujin Real Estate Investment Holdings Ltd, Jujin Property Investment Holdings Limited, Ding Sheng Real Estate Investment Holdings Ltd, Ding Sheng Property Investment Holdings Limited, Zhuo Yue Real Estate Investment Holdings Limited and Zhuo Yue Property Investment Holdings Limited and any other restricted subsidiary which guarantees the payment of the New Notes, the MCB and the CB and “Subsidiary Guarantor” means any one of them; provided that a Subsidiary Guarantor will not include (a) any person whose Subsidiary Guarantee has been released in accordance with the terms of the New Notes, the MCB or the CB or (b) any JV Subsidiary Guarantor
“Sunac Services”	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)
“Sunac Services Investment”	Sunac Services Investment Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Sunac Services Shares”	ordinary shares of Sunac Services

“Super Majority Ad Hoc Group”	at any time, (a) two-thirds or more 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 66 <sup>2</sup> / <sub>3</sub> % of the outstanding principal amount of the Existing Debt held in aggregate by the Ad Hoc Group at that time
“Takeovers Code”	the Code on Takeovers and Mergers
“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
“VWAP”	the volume-weighted average price per Share, a measurement that shows the average price of a security, adjusted for its volume

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

Hong Kong, 13 June 2023

*As at the date of this announcement, the executive Directors 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 are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. MA Lishan and Mr. YUAN Zhigang.*