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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)

**PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

On 10 January 2020, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to procure, on a fully underwritten basis, places for 186,920,000 Placing Shares at a price of HK\$42.80 per Share. The Placing Shares represent approximately 4.20% of the existing number of issued shares of the Company and approximately 4.03% of the number of issued shares of the Company as enlarged by the Placing. The gross proceeds from the Placing are expected to be approximately HK\$8 billion (equivalent to approximately US\$1.028 billion).

The Placing will further enlarge the shareholders’ equity base of the Company and optimize the capital structure of the Company.

As the Placing Agent has the right to terminate the Placing Agreement in accordance with the termination events thereunder and completion of the Placing is subject to the fulfilment of certain condition, the Placing may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

PLACING AGREEMENT

Date: 10 January 2020

Parties: (1) the Company;
(2) the Placing Agent, i.e. Morgan Stanley.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent is independent of and not connected with the Company and the connected persons of the Company.

Number of Placing Shares

The number of Placing Shares is 186,920,000, representing approximately 4.20% of the existing number of issued shares of the Company and approximately 4.03% of the number of issued shares as enlarged by the Placing assuming that there is no other changes to the number of issued shares of the Company. Based on the par value of HK\$0.10 per Share, the aggregate nominal value of the Placing Shares is HK\$18,692,000.

Placing Price

The Placing Price is HK\$42.80 per Share and represents:

- (1) a discount of approximately 8.25% to the closing price of HK\$46.65 per Share as quoted on the Stock Exchange on 9 January 2020, the last full trading day immediately preceding the date of releasing this announcement; and
- (2) a discount of approximately 8.06% to the average closing price of HK\$46.55 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 9 January 2020.

The net Placing Price (after deducting related costs and expenses to be borne by the Company) is approximately HK\$42.58 per Share.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent after taking into account the recent market price of the Shares and the current market conditions.

The Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable under the current market conditions and is in the interests of the Company and the Shareholders as a whole.

Rights of the Placing Shares

The Placing Shares will, on allotment and issue, be free from all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of issue of the Placing Shares. The Placing Shares will rank pari passu in all respects with other existing Shares upon issuance.

Placees

The Placing Shares will be placed by the Placing Agent to not less than six independent professional, institutional and/or other investors. It is not expected that any placee will become a substantial shareholder of the Company as a result of the Placing.

The placees to be procured by the Placing Agent are expected to be independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

General mandate to issue the Placing Shares

The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting held on 4 June 2019. Pursuant to such mandate, the Directors were granted authority to issue up to 887,492,525 new Shares, representing 20% of the number of issued Shares as at 4 June 2019.

Since the grant of the general mandate on 4 June 2019 and prior to the Placing, the Directors have not exercised their power to allot and issue any new Shares pursuant to such general mandate. Accordingly, the issue of the Placing Shares will fall within the limit of the general mandate and will not be subject to approval by the Shareholders.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Placing Shares.

If the above condition has not been satisfied at or prior to 8:00 a.m. (Hong Kong time) on the Closing Date, the Placing Agent and the Company shall have no obligations or liabilities to each other under the Placing and neither the Placing Agent nor the Company shall have any claim against the other for costs, damages, compensation or otherwise arising under the Placing Agreement save for antecedent breaches.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

Termination Events

The completion of the Placing is subject to, amongst other things, the requirement that none of the following events and other events specified in the Placing Agreement shall have occurred prior to 8:00 a.m. (Hong Kong time) on the Closing Date:

- (1) any breach of any of the representations and warranties set out in the Placing Agreement or any breach of any other obligations of the Company which are required to be performed at or before the Closing Date;
- (2) the introduction of any new law or regulation or any change or involving a prospective change in existing laws or regulations which in the opinion of the Placing Agent, has or is likely to have a material adverse effect on the financial position of the Group;
- (3) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Singapore Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the completion of the Placing; or
- (4) there has been a change or development involving a prospective change in taxation which has or is likely to have a material adverse effect on the Group as a whole or the Placing Shares or the transfer thereof.

Completion of the Placing

The Placing will be completed on the Closing Date, i.e. 17 January 2020 (or such other date as the Company and the Placing Agent may agree in writing).

As the Placing Agent has the right to terminate the Placing Agreement in accordance with the termination events thereunder and completion of the Placing is subject to the fulfilment of certain condition, the Placing may or may not proceed to completion. Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Lock-Up Undertakings

The Company has undertaken to the Placing Agent that for a period of 90 days from the date of completion of the Placing, the Company will not, save pursuant to (1) the terms of any employee share option scheme of the Company or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association or (3) the terms of any hedging or swap agreements as may be entered into by the Company and/or any of its subsidiaries from time to time for the purpose hedging against the risk of Share price fluctuations arising from the grant of share awards under any employee share award scheme of the Company, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to Shares or interest in Shares; (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Placing Agent.

EFFECT OF THE PLACING ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing are and will be as follows (assuming there will be no other changes in the shareholding structure of the Company from the date of this announcement up to completion of the Placing):

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
<i>Directors and substantial shareholders</i>				
Sunac International, Mr. Sun Hongbin and corporations controlled by him (Note)	2,102,719,884	47.20	2,102,719,884	45.30
Directors (other than Mr. Sun Hongbin) and their respective close associates	34,649,000	0.78	34,649,000	0.75
<i>Public shareholders</i>				
The places	—	—	186,920,000	4.03
Other Shareholders	<u>2,317,141,727</u>	<u>52.02</u>	<u>2,317,141,727</u>	<u>49.92</u>
Total	<u><u>4,454,510,611</u></u>	<u><u>100.00</u></u>	<u><u>4,641,430,611</u></u>	<u><u>100.00</u></u>

Note: As at the date of this announcement, Sunac International is beneficially interested in 2,042,623,884 Shares. The entire issued shares of Sunac International is wholly-owned by the family trusts of Mr. Sun Hongbin, who is the chairman of the Board and an executive Director of the Company. In addition, Mr. Sun Hongbin is directly interested in 11,390,000 Shares and indirectly interested in 48,706,000 Shares which are held by corporations wholly-owned by him.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The purposes of the Placing are to further enlarge the Company's shareholders' equity base and optimize the capital structure of the Company.

The Board considers that the terms of the Placing Agreement are normal commercial terms and the Placing is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Placing is expected to be approximately HK\$8 billion (equivalent to approximately US\$1.028 billion) and the net proceeds after deducting related costs and expenses to be borne by the Company is expected to be approximately HK\$7.958 billion (equivalent to approximately US\$1.023 billion).

The Company intends to apply the net proceeds from the Placing for general corporate purposes.

EQUITY FUND RAISING ACTIVITIES DURING PAST TWELVE MONTHS

During the past twelve months immediately before the date of this announcement, the Company has not conducted any equity fund raising activity:

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Closing Date”	17 January 2020, or such other date as the Company and the Placing Agent may agree in writing
“Company”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 01918)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Placing”	the placement of the Placing Shares at the Placing Price to independent investors procured by the Placing Agent subject to the terms and conditions of the Placing Agreement
“Placing Agent”	Morgan Stanley
“Placing Agreement”	the placing agreement dated 10 January 2020 between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$42.80 per Share
“Placing Shares”	186,920,000 new Shares

“PRC”	the People’s Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Sunac International”	Sunac International Investment Holdings Ltd, a company incorporated in the British Virgin Islands with limited liability. All the issued shares of Sunac International Investment Holdings Ltd is wholly-owned by the family trusts of Mr. Sun Hongbin, who is the chairman of the Board and an executive director of the Company.
“US\$”	United States dollar, the lawful currency of the United States of America

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

Hong Kong, 10 January 2020

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