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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 MANDATORY CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;
(b) CONNECTED TRANSACTION – ISSUE OF MANDATORY
CONVERTIBLE BONDS TO SUBSTANTIAL SHAREHOLDER;
(c) ADOPTION OF THE EMPLOYEE STOCK OWNERSHIP PLAN;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(3) NOTICE OF EGM**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



A letter from the Board is set out on pages 12 to 65 of this circular. A letter from the Independent Board Committee is set out on page 66 of this circular.

A letter from Ignite Capital (Asia Pacific) Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 67 to 119 of this circular.

A notice convening the EGM to be held at the Meeting Room, 2nd Floor, No. 522, Wangjing Dongyuan, Chaoyang District, Beijing, PRC on Tuesday, 9 September 2025 at 10:30 a.m. is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the respective websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.sunac.com.cn). Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting if they so wish and in such event, the form of proxy shall be deemed to be revoked.

22 August 2025

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DEFINITIONS

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

“Actual Sale Proceeds”	the proceeds from the sale of the Award Shares net of brokerage, Stock Exchange trading fee, SFC transaction levy and any other applicable costs
“Adoption Date”	the date of fulfillment of the conditions set out in the paragraph headed “25. CONDITIONS OF THE ESOP” of Appendix II to this circular
“Adoption of the ESOP”	the proposed adoption of the ESOP by the Company at the EGM
“Announcement”	the announcement of the Company dated 18 August 2025 in relation to the possible transactions in connection with the Restructuring involving, among others, (a) the MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder (including the grant of the Specific Mandate), (b) the Adoption of the ESOP and (c) the Increase in Authorised Share Capital
“Award Shares”	new Shares underlying a Share Award, including treasury shares of the Company that are transferred out of treasury by the Company
“Base Consent Fee”	with respect to each Consenting Creditor, subject to and in accordance with the terms of the RSA, an amount equal to 0.5% of the aggregate principal amount of Eligible Restricted Debt held by such Consenting Creditor as of the Base Consent Fee Deadline, payable in the form of MCB 1 at face value
“Base Consent Fee Deadline”	5:00 p.m. (Hong Kong time) on 20 June 2025
“Board”	the board of the Company
“Chairman Undertaking”	a letter of undertaking to be executed by Mr. Sun in favour of the Company with the terms set out in the section headed “4. THE CONNECTED MCB ISSUE” in the Letter from the Board in this circular

DEFINITIONS

“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)
“Connected MCB Issue”	the proposed issue of the MCBs to Mr. Sun or his designated person(s) in the Restructuring, comprising (1) the issue of MCBs to Sunac International as a Scheme Creditor and (2) the issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement
“Consenting Creditors”	a person, on behalf of itself or, where such person 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
“Director(s)”	the director(s) of the Company
“Early Consent Fee”	with respect to each Consenting Creditor, subject to and in accordance with the terms of the RSA, an amount equal to 1.0% of the aggregate principal amount of Eligible Restricted Debt held by such Consenting Creditor as of the Early Consent Fee Deadline, payable in the form of MCB 1 at face value
“Early Consent Fee Deadline”	5:00 p.m. (Hong Kong time) on 23 May 2025
“EGM”	the extraordinary general meeting of the Company to be convened and held at the Meeting Room, 2nd Floor, No. 522, Wangjing Dongyuan, Chaoyang District, Beijing, PRC on Tuesday, 9 September 2025 at 10:30 a.m., or any adjournment thereof, for the Shareholders and/or the Independent Shareholders to consider and, if thought fit, to approve by way of poll, the MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the MCB Conversion Shares), the Adoption of the ESOP and the Increase in Authorised Share Capital

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“Election and Allocation Mechanism”	has the meaning given to it in the section headed “2. BACKGROUND AND KEY FEATURES OF THE RESTRUCTURING – Key Features of the Restructuring (1) Restructuring Consideration – Mandatory Convertible Bonds” in the Letter from the Board of this circular
“Eligible Participant(s)”	an Employee Participant or a Related Entity Participant, in each case, excluding Mr. Sun
“Eligible Restricted Debt”	Restricted Debt which was made subject to the RSA by a Consenting Creditor on or prior to the Base Consent Fee Deadline
“Employee Participants”	the directors and employees (whether full-time, part-time or other employment arrangement) of any member of the Group (including persons who are granted Share Awards under the ESOP as inducement to enter into employment contracts with any member of the Group), and “Employee Participant” means any one of them
“ESOP”	the employee stock ownership plan proposed to be adopted by the Company at the EGM (which terms may be amended and/or supplemented from time to time and which plan mandate limit may be refreshed and/or increased from time to time subject to the requirement of the Listing Rules)
“Exercise Period”	in respect of any Share Award, the period to be determined and notified by the Company to the Grantee thereof at the time of making an Offer provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant Share Award
“Exercised Award Shares”	such number of Award Shares that have been exercised or deemed exercised by a Grantee
“Existing Debt”	the Company’s existing senior notes, bonds and other financing instruments or debts in the principal amount of US\$8,766,648,394.00 plus any outstanding accrued and unpaid interest (but excluding default interest) and fees and charges payable in relation to the Existing Debt

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The above figure, together with all figures set out in this circular in relation to the Existing Debt or any part thereof, are only estimates as at the date of the RSA. The final amounts are subject to review and determination by the Scheme administrator

“Grantee”	any Eligible Participant who accepts the Offer in accordance with the terms of the ESOP, his permitted transferee or his personal representative
“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
“Increase in Authorised Share Capital”	the proposed increase in the Company’s authorised share capital from HK\$1,500,000,000 divided into 15,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares by creating an additional 15,000,000,000 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 Connected MCB Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Ignite Capital (Asia Pacific) Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Connected MCB 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 Connected MCB Issue and the transactions contemplated thereunder
“Information Agent”	Sodali & Co Ltd, or any other person appointed by the Company to act as information agent in connection with the Scheme and the RSA

DEFINITIONS

“Initial Consenting Creditors”	certain offshore creditors who have executed the RSA as at 17 April 2025 and who are Consenting Creditors
“Latest Practicable Date”	18 August 2025, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority Consenting Creditors”	means, at any time, Consenting Creditors 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 all Consenting Creditors at that time
“Maximum Scheme Creditors’ Claims”	US\$9,650,000,000, the maximum Scheme Creditors’ Claims estimated based on the Existing Debt and the Restructuring Effective Date having occurred on or before 31 March 2026
“MCB 1”	new zero-coupon mandatory convertible bonds of the Company with a term of six months from the date of issue which may be issued to the Scheme Creditors as part of the Restructuring Consideration and/or for payment of the Consent Fees (as the case may be)
“MCB 1 Conversion Price”	the conversion price per Share (subject to adjustments) in respect of the MCB 1
“MCB 1 Conversion Shares”	the Shares to be allotted and issued upon conversion of the MCB 1
“MCB 2”	new zero-coupon mandatory convertible bonds of the Company with a term of thirty months from the earlier of 31 December 2025 and the date of issue which may be issued to the Scheme Creditors as part of the Restructuring Consideration
“MCB 2 Conversion Price”	the conversion price per Share (subject to adjustments) in respect of the MCB 2
“MCB 2 Conversion Shares”	the Shares to be allotted and issued upon conversion of the MCB 2
“MCBs”	the MCB 1 and the MCB 2

DEFINITIONS

“MCB Conversion Price”	the conversion price per Share (subject to adjustments) in respect of the MCBs
“MCB Conversion Shares”	collectively, the MCB 1 Conversion Shares and the MCB 2 Conversion Shares
“MCB Issue”	the issue of the MCBs
“Minimum Period”	with respect to a Share Award, the period commencing on the offer date and ending on the day immediately prior to the expiry of the twelve (12)-month period thereof
“Mr. Sun”	Mr. Sun Hongbin, the chairman of the Board and an executive Director, and who, as at the Latest Practicable Date, directly and indirectly controls, through certain corporations (including Sunac International) and in his individual capacity, an aggregate of approximately 23.90% of the Shares
“Offer”	an offer to an Eligible Participant for the grant of a Share Award (as may be amended and/or supplemented by the Board from time to time in its absolute discretion)
“Plan Mandate Limit”	has the meaning ascribed to it in the paragraph headed “7. PLAN LIMITS AND ADDITIONAL APPROVALS” of Appendix II to this circular
“PRC”	the People’s Republic of China
“Purchase Price”	with respect to a particular Share Award, the price per Share at which the relevant Grantee is required to pay to purchase or receive the Shares comprising the Share Award, which shall be nil
“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
“Related Entity”	any associated company(ies) of the Company
“Related Entity Participants”	the directors and employees (whether full-time, part-time or other employment arrangement) of any Related Entity, and “Related Entity Participant” means any one of them

DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Company
“Restricted Debt”	with respect to a Consenting Creditor at any time, the aggregate outstanding principal amount of Existing Debt set out in a notice in the form set out in the RSA then most recently delivered by that Consenting Creditor, as modified from time to time by any transfer notices (as applicable) delivered by Consenting Creditors to the Information Agent, subject to evidence satisfactory to the Information Agent having been provided in accordance with the terms of the RSA
“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, being the MCBs, in exchange for the discharge and release of the relevant claims against the Company
“Restructuring Documents”	all documents, agreements and instruments necessary to implement the Restructuring in accordance with the RSA, including but not limited to the composite document to be circulated by the Company to the holders of the Existing Debt in relation to the Scheme, which will include (among other things) an explanatory statement and the terms of the Scheme, the account holder letter, the trust deeds relating to the MCBs and any instructions with regards to the tendering of any Existing Notes to a clearing system
“Restructuring Effective Date”	the day on which all conditions precedent to the Restructuring have been satisfied or waived (as the case may be), including the obtaining of all relevant approvals or consents
“Returned Shares”	unvested Award Shares held by a trustee of the Trust in respect of Share Awards which have lapsed or have been cancelled in accordance with the terms of the ESOP
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“RSA”	the restructuring support agreement dated 17 April 2025 entered into by, among others, the Company and the initial consenting creditors named therein, as amended from time to time
“Scheme”	the scheme(s) 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 or debt holders of the Company, whose claims against the Company and any other obligors under the Existing Debt are or will be the subject of the Scheme
“Scheme Creditor’s Claims” or Scheme Creditors’ Claims	<p>in respect of each Scheme Creditor, the sum of:</p> <ul style="list-style-type: none">(a) the total outstanding principal amount of the Existing Debt(s) held by that Scheme Creditor as at the Record Time; and(b) all accrued and unpaid interest (except for any default interest) on, and any fees and charges payable under, such Existing Debt(s) of that Scheme Creditor up to (but excluding) the earlier of 30 June 2025 and the Restructuring Effective Date, <p>the “Scheme Creditor’s Claims”, and together in aggregate in respect of all Scheme Creditors, the “Scheme Creditors’ Claims”</p> <p>As at 30 June 2025, the total amount of Scheme Creditors’ Claims are estimated at US\$9,552,284,577.95, subject to review and determination by the Scheme administrator. If the Restructuring Effective Date occurs, interest on the Existing Debt shall stop accruing from the earlier of 30 June 2025 and the Restructuring Effective Date</p>
“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

DEFINITIONS

“Scheme Meeting”	the meeting or meetings of the Scheme Creditors for the purposes of voting on, and if thought fit to approve, the Scheme, which will be convened pursuant to an order of the court (and any adjournment of such meeting)
“SFC”	The Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX”	Singapore Exchange Securities Trading Limited
“Share Award”	an award which vests as a right to purchase or receive Award Shares pursuant to the ESOP
“Shareholders”	holders of the Shares
“Shareholding Structure Stability Arrangement”	has the meaning given to it in the section headed “4. THE CONNECTED MCB ISSUE” in the Letter from the Board in this circular
“Shares”	ordinary shares of the Company
“Specific Mandate”	the specific mandate to be granted by the Shareholders and/or Independent Shareholders at the EGM to allot and issue the MCB 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 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

DEFINITIONS

“Subsidiary Guarantee”	any guarantee of the payment of the MCBs under the terms of the MCBs 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; 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 or the MCBs (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 “Subsidiary Guarantor” means any one of them; provided that a Subsidiary Guarantor will not include any person whose Subsidiary Guarantee has been released in accordance with the terms of the MCBs
“Sunac International”	Sunac International Investment Holdings Ltd, a company incorporated in the British Virgin Islands, which is controlled by family trusts of Mr. Sun
“Sunac International MCB”	the Hong Kong law-governed mandatory convertible bonds due 30 September 2028 issued by the Company to Sunac International. As at the Latest Practicable Date, the aggregate principal amount of the Sunac International MCB outstanding was US\$15,812,060.00
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Termination Date”	5:00 p.m. (Hong Kong time) on the date which falls on the date immediately prior to the tenth (10th) anniversary of the Adoption Date, or such earlier date as the ESOP is terminated in accordance of the terms thereunder
“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

DEFINITIONS

“Total Plan Cap”	has the meaning ascribed to it in the paragraph headed “7. PLAN LIMITS AND ADDITIONAL APPROVALS” of Appendix II to this circular
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules
“Trust(s)”	has the meaning defined in the paragraph headed “2. ADMINISTRATION OF THE ESOP” of Appendix II to this circular
“US\$”	United States dollar, the lawful currency of the United States of America

LETTER FROM THE BOARD

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)

Executive Directors:

Mr. SUN Hongbin (*Chairman*)

Mr. WANG Mengde
(*Chief Executive Officer*)

Ms. MA Zhixia

Mr. TIAN Qiang

Mr. HUANG Shuping

Mr. SUN Kevin Zheyi

Principal Place of Business in Hong Kong:

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Causeway Bay, Hong Kong

*Headquarters and Principal Places of Business
in the PRC:*

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26/F, Block B

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Beijing, PRC

Tianjin Office

Building 1, East Side in Sunac Center,

No. 278, Hongqi Road, Nankai District

Tianjin, PRC

Non-executive Director:

Mr. LAM Wai Hon

Independent non-executive Directors:

Mr. POON Chiu Kwok

Mr. ZHU Jia

Mr. MA Lishan

Mr. YUAN Zhigang

Registered Office:

One Nexus Way

Camana Bay

Grand Cayman KY1-9005

Cayman Islands

22 August 2025

To the Shareholders

Dear Sir or Madam,

- (1) POSSIBLE TRANSACTIONS IN CONNECTION WITH THE
RESTRUCTURING INVOLVING, AMONG OTHERS:
(a) ISSUE OF MANDATORY CONVERTIBLE BONDS
UNDER SPECIFIC MANDATE;
(b) CONNECTED TRANSACTION - ISSUE OF MANDATORY
CONVERTIBLE BONDS TO SUBSTANTIAL SHAREHOLDER;
(c) ADOPTION OF THE EMPLOYEE STOCK OPTION PLAN;
(2) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(3) NOTICE OF EGM**

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among others, (a) details of the MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder, including the allotment and issue of the MCB Conversion Shares under the Specific Mandate; (b) details of the Adoption of the ESOP; and (c) details of the Increase in Authorised Share Capital, and to give you notice of the EGM.

2. BACKGROUND AND KEY FEATURES OF THE RESTRUCTURING

Background

Reference is made to the announcement of the Company dated 17 April 2025 in relation to the Restructuring.

The Company proposed to implement the Restructuring through the Scheme.

As set out in the announcement of the Company dated 24 June 2025, as at the date of such announcement, Consenting Creditors holding approximately 75% of the aggregate outstanding principal amount of the Existing Debt have acceded to the RSA.

Consenting Creditors who have acceded to the RSA 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.

Key Features of the Restructuring

The scope of the Restructuring includes offshore debts issued or guaranteed by the Company, with estimated debt claims (including principal and accrued and unpaid interest, but excluding default interest) of US\$9,552,284,577.95 in aggregate as of 30 June 2025, subject to review and determination by the Scheme administrator. The Restructuring will involve release of the Company's indebtedness as well as certain obligations of other entities in the Group.

(1) Restructuring Consideration – Mandatory Convertible Bonds

In consideration for the cancellation of the Existing Debt and the release of the relevant claims in connection with the Existing Debt, subject to the arrangement set out in the paragraph headed "Shareholding Structure Stability Arrangement" below, two series of MCBs will be distributed to the Scheme Creditors as Restructuring Consideration.

LETTER FROM THE BOARD

MCB 1 and MCB 2 together shall have an aggregate principal amount equal to the total amount of all Scheme Creditors' Claims. Subject to the terms of the Restructuring and to the extent permitted by applicable laws and regulations, Scheme Creditors may elect for MCB 1, MCB 2, or a combination of MCB 1 and MCB 2. The election and allocation mechanism (the "**Election and Allocation Mechanism**") is as follows:

- (i) Option 1 (Default Option): MCB 1; and/or
- (ii) Option 2: MCB 2, where the total elections by the Scheme Creditors shall be no more than 25% of all the Scheme Creditors' Claims (the "**Cap**").

If Scheme Creditors' elections for MCB 2 exceed the Cap, then:

- (i) MCB 2 will be issued on the Restructuring Effective Date in an aggregate principal amount equal to the Cap; and
- (ii) Scheme Creditors who elected for MCB 2 shall be issued MCB 2 pro rata based on the portion of their claims which was elected for MCB 2, with MCB 1 issued to such Scheme Creditors in respect of any remaining claims elected for MCB 2.

Further details of the terms and conditions of the MCBs are set out in the section headed "3. ISSUE OF MCBS UNDER SPECIFIC MANDATE" in this letter.

(2) *Shareholding Structure Stability Arrangement*

23% of the abovementioned MCBs (comprising the MCB 1 and the MCB 2) attributable to the Scheme Creditors as Restructuring Consideration will be used for the Shareholding Structure Stability Arrangement.

To 1) maintain a stable shareholding structure, 2) ensure the continued contribution of Mr. Sun to the Group's ongoing home delivery program, debt risk resolution and long-term business recovery, and 3) strengthen stakeholder confidence and better facilitate resource integration, conditional restricted shares are proposed to be allocated to the Substantial Shareholder or his designated person(s) as part of the Restructuring. This would enable Mr. Sun and/or his designated persons to retain a certain shareholding level. Specifically, for every US\$100 in principal amount of MCBs attributable to the Scheme Creditors (other than those attributable to Sunac International), US\$23 out of those MCBs will instead be issued to Mr. Sun or his designated person(s).

Further details of the Shareholding Structure Stability Arrangement are set out in the section headed "4. THE CONNECTED MCB ISSUE" in this letter.

LETTER FROM THE BOARD

(3) *ESOP*

A stable, dedicated and capable workforce, who continues to contribute and add value, is essential to support the Group's continued efforts in guaranteed home delivery, debt risk resolution, asset revitalization, long-term business recovery, and financial performance. Given the urgent need to stabilize the workforce, and the ongoing uncertainty and shortage of funds to support staff remuneration, the Group intends to formulate an ESOP. Under this plan, the Group intends to grant Shares to its selected employees as a long-term supplementary form of remuneration by way of allotting and issuing new Shares in accordance with the Listing Rules. Meanwhile, the ESOP is also to incentivize future continuous contribution of the grantees to the Group, in order to promote the continuous operations of the Group and the long-term business recovery and growth of the Group.

Subject to obtaining the requisite shareholders' approval under the Listing Rules, the Company plans to allot and issue Shares under the ESOP of no more than 7% of the fully diluted share capital (assuming the conversion of all the MCBs into Shares and the allotment and issue of Shares to such employees under the ESOP). Assuming the conversion of all the MCBs into Shares where the principal amount of the MCB 1 to be issued would represent the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees, and the principal amount of the MCB 2 to be issued would represent 25% of the Maximum Scheme Creditors' Claims and the allotment and issue of Shares to such employees under the ESOP, such 7% of the fully diluted share capital amounts to 1,861,317,829 Shares. Assuming the conversion of all the MCBs into Shares where the principal amount of the MCB 1 to be issued would represent 100% of the Maximum Scheme Creditors' Claims and the Consent Fees and the allotment and issue of Shares to such employees under the ESOP, such 7% of the fully diluted share capital amounts to 1,701,719,114 Shares. After the Restructuring Effective Date, such Shares will be granted annually by the Board to selected employees, based on their contribution to the Group's core business activities. The new Shares will be granted over a period of 5 years or more, and will be fully vested in no less than 8 years. The last batch of the Share Awards granted under the ESOP shall not become fully vested before the eighth anniversary of the Restructuring Effective Date. The Shares received by employees may not be sold within 18 months after the Restructuring Effective Date.

The Company will seek approval of the Shareholders at the EGM for the Plan Mandate Limit of not exceeding 10% of the issued shares of the Company as at the date of the EGM pursuant to Rule 17.03B(1) of the Listing Rules. Assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, it is expected that the Plan Mandate Limit to be sought at the EGM will be 1,146,984,354 Shares, representing 10% of the issued shares of the Company as at the date of the EGM.

LETTER FROM THE BOARD

The Company will in due course seek further approval of the Shareholders in a general meeting of the Company to refresh the Plan Mandate Limit or to grant further Share Awards subject to and in accordance with the Listing Rules, as appropriate, so as to facilitate the aforementioned Company's plan to allot and issue Shares under the ESOP of no more than 7% of the fully diluted share capital (assuming the conversion of all the MCBs into Shares and the allotment and issue of Shares to such employees under the ESOP).

Further details of the ESOP are set out in the section headed "5. THE ADOPTION OF THE ESOP" in this letter.

(4) Early Consent Fee or Base Consent Fee

A Consenting Creditor who validly held Eligible Restricted Debt as of the Early Consent Fee Deadline and still holds all or part of such Eligible Restricted Debt at the Record Time will, subject to the terms of the RSA, receive an Early Consent Fee in an amount equal to 1.0% of the aggregate principal amount of the Eligible Restricted Debt held by such Consenting Creditor as of the Early Consent Fee Deadline.

A Consenting Creditor who validly holds Eligible Restricted Debt as of the Base Consent Fee Deadline and still holds all or part of such Eligible Restricted Debt at the Record Time will, subject to the terms of the RSA, receive a Base Consent Fee in an amount equal to 0.5% of the aggregate principal amount of the Eligible Restricted Debt held by such Consenting Creditor as of the Base Consent Fee Deadline.

For the avoidance of doubt, the entitlement to Early Consent Fee and Base Consent Fee are mutually exclusive for the same principal amount of the Eligible Restricted Debt. A Consenting Creditor in respect of Eligible Restricted Debt may only receive either an Early Consent Fee or a Base Consent Fee in respect of that Eligible Restricted Debt.

The Early Consent Fee and the Base Consent Fee shall be payable in the form of the MCB 1 at face value on or prior to the Restructuring Effective Date, provided that the Consenting Creditor, among other things:

- (a) holds or has acquired its Eligible Restricted Debt in compliance with the relevant provisions of the RSA;
- (b) votes the aggregate amount of the Existing Debt held by it at the Record Time in favour of the Scheme at the Scheme Meeting (whether in person or by proxy); and
- (c) has not exercised its rights to terminate the RSA and has not breached any of the relevant terms and conditions of the RSA in any material respect.

The Consent Fee is not subject to the Shareholding Structure Stability Arrangement.

LETTER FROM THE BOARD

Conditions to the Restructuring

The Restructuring is conditional upon the following conditions being satisfied, or waived by the Initial Consenting Creditors acting reasonably and in good faith or the Majority Consenting Creditors, as the case may be:

- (a) the obtaining of all relevant approvals or consents for the Restructuring to take effect, including, without limitation, the occurrence of the Scheme Effective Date(s), relevant listing/quotation approvals-in-principle or conditional approvals for the listing of the MCBs on the Singapore Stock Exchange, the Stock Exchange or another stock exchange with international standing, all necessary approvals for the issuance and conversion of the MCBs and for the Adoption of the ESOP (including listing approval or conditional approval from the Stock Exchange for the Shares to be issued upon conversion of the MCBs and necessary approval(s) from the Shareholders as required for the issuance of the Shares upon conversion of the MCBs and adoption and implementation of the ESOP), and any board approvals of the Company required to consummate the Restructuring;
- (b) the settlement in full of all of the Company's fees, costs and expenses in respect of the Restructuring, including (but not limited to) professional fees and disbursements of any financial adviser, legal adviser or any other professional adviser and any other professional fees in relation to the Existing Debt, that are payable on or prior to the Restructuring Effective Date, under contracts or other arrangements entered into by the Company with such financial or legal advisers or other professional parties for their services rendered in relation to the proposed Restructuring;
- (c) the settlement in full of the Early Consent Fee and Base Consent Fee on or prior to the Restructuring Effective Date;
- (d) each major Restructuring Document being in agreed form, and the Company providing drafts of the key terms of the ESOP and the associated deed poll to the Initial Consenting Creditors for their review and comment;
- (e) compliance by the Company with the terms of the term sheet appended to the RSA in respect of any conditions which are required to be completed before the Restructuring Effective Date in all material aspects;
- (f) the maintenance of the listing status of the Shares on the Stock Exchange;

LETTER FROM THE BOARD

- (g) the satisfaction of each of the specific conditions precedent contained in each of the Restructuring Documents; 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 (other than limbs (b) and (c) which shall be satisfied on the Restructuring Effective Date) being satisfied or waived, and in any event on or prior to 31 March 2026 or such later date and time as the Company may elect to extend to, with the prior written consent of the Initial Consenting Creditors or the requisite majority of the Consenting Creditors.

3. ISSUE OF MCBS UNDER SPECIFIC MANDATE

Subject to the terms of the Restructuring, two series of MCBs will be distributed to the Scheme Creditors, namely MCB 1 and MCB 2.

As set out in the section headed “2. BACKGROUND AND KEY FEATURES OF THE RESTRUCTURING” in this letter from the Board, MCBs may be issued to Scheme Creditors for the purpose of satisfying the Restructuring Consideration and/or, in the case of MCB 1 only, the payment of the Consent Fees (as the case may be).

Terms of the MCBs

The principal terms of the MCBs are set out below:

Issuer:	The Company
Principal amount:	Up to US\$9,710,670,612.75 (being the sum of 100% of the Maximum Scheme Creditors' Claims and the Early Consent Fee and the Base Consent Fee) in principal amount of MCB 1; and up to US\$2,412,500,000 (being 25% of the Maximum Scheme Creditors' Claims) in principal amount of MCB 2.

(a) As Restructuring Consideration to Scheme Creditors

In respect of MCB 1, no less than 75% of the Scheme Creditors' Claims.

In respect of MCB 2, no more than 25% of the Scheme Creditors' Claims.

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Assuming that none of the Scheme Creditors will elect for MCB 2, all the Scheme Creditors will receive MCB 1 by default. In this case, the principal amount of the MCB 1 to be issued would be up to US\$9,650,000,000, representing 100% of the Maximum Scheme Creditors' Claims, and no MCB 2 will be issued.

Assuming that Scheme Creditors' elections for MCB 2 are not less than the Cap, MCB 2 will be issued on the Restructuring Effective Date in an aggregate principal amount equal to the Cap. In this case, the principal amount of the MCB 1 to be issued would be up to approximately US\$7,237,500,000.00, representing 75% of the Maximum Scheme Creditors' Claims, and the principal amount of the MCB 2 to be issued would be up to approximately US\$2,412,500,000, representing 25% of the Maximum Scheme Creditors' Claims.

(b) As Consent Fee (MCB 1 only)

The Early Consent Fee and the Base Consent Fee shall be payable in the form of the MCB 1 at face value on or prior to the Restructuring Effective Date, provided that the relevant terms of the RSA are complied with.

Scheme Creditors holding Existing Debt in principal amount of US\$5,579,064,062.86 have acceded to the RSA on or before the Early Consent Fee Deadline.

Assuming that such Consenting Creditors will have complied with the relevant terms of the RSA and will receive the Early Consent Fee in an amount equal to 1.0% of the aggregate principal amount of the Eligible Restricted Debt held by such Consenting Creditor as of the Early Consent Fee Deadline, Early Consent Fee, being MCB 1 in principal amount of US\$55,790,640.63, will be issued.

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Scheme Creditors holding Existing Debt in additional principal amount of US\$975,994,424.32 have acceded to the RSA after the Early Consent Fee Deadline but on or before the Base Consent Fee Deadline.

Assuming that such Scheme Creditors will have complied with the relevant terms of the RSA and will receive the Base Consent Fee in an amount equal to 0.5% of the aggregate principal amount of the Eligible Restricted Debt held by such Consenting Creditor as of the Base Consent Fee Deadline, Base Consent Fee, being MCB 1 in principal amount of US\$4,879,972.12 will be issued.

Issue date: Restructuring Effective Date

Maturity: In respect of MCB 1, the date falling six months from the issue date, with the outstanding principal amount of the MCB 1 mandatorily converted into the Shares at maturity, subject to the terms and conditions of the MCB 1.

In respect of MCB 2, the date falling thirty months from the earlier of 31 December 2025 and the issue date, with the outstanding principal amount of the MCB 2 mandatorily converted into the Shares at maturity, subject to the terms and conditions of the MCB 2.

Interest: The MCBs are not interest bearing.

Conversion events/period: (a) **Ordinary Conversion:**

MCB 1:

At any time before the date falling twenty (20) business days prior to the maturity date, any holder of the MCB 1 may deliver a conversion notice to convert all or part of the MCB 1 it holds into Shares at the MCB 1 Conversion Price.

LETTER FROM THE BOARD

MCB 2:

During the period after (and including) the date falling 18 months after the earlier of 31 December 2025 and the Restructuring Effective Date and before the date falling 20 business days prior to the maturity date, any holder of the MCB 2 may deliver a notice in respect of all or part of the MCB 2 it holds into Shares at the MCB 2 Conversion Price.

During the period after (and including) the Restructuring Effective Date to (and excluding) the date falling 18 months after the earlier of 31 December 2025 and the Restructuring Effective Date, the Company may, at its sole discretion and by giving prior notice to all holders of the MCB 2, on one or more occasions, declare that all or up to a specified amount of the MCB 2 may be converted into Shares at the option of any holder of the MCB 2, in which case any holder of the MCB 2 may deliver a conversion notice in respect of all or part of the MCB 2 it holds into Shares. In case only up to a specified amount of the MCB 2 (but not all of the MCB 2) are declared by the Company to be convertible, the MCB 2 shall be converted on a first-come-first served basis according to the conversion date (as defined in the terms and conditions of the MCB 2) of each conversion. Sunac International has notified the Company that, in the event that only up to a specified amount of the MCB 2 (but not all of the MCB 2) are declared by the Company to be convertible, Sunac International agrees to defer its conversion after all the other converting holders' conversion requests have been fulfilled, and in the event that the amount of MCB 2 of all the converting holders exceeds such specified amount, Sunac International's conversion request will not be processed at all.

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(b) Maturity Mandatory Conversion:

All remaining MCBs outstanding as of the date falling 20 business days prior to the maturity date shall be mandatorily converted into Shares at the applicable maturity date, provided that if any of the below events has occurred and is continuing at any time during the period from and including the record date set out in the terms and conditions of the relevant MCB, and (in the case of event in paragraph (iv) only) (1) the trustee, if so requested in writing by the holders of not less than 10 per cent. in principal amount of the relevant MCB then outstanding with a total outstanding principal amount of no less than US\$200,000,000 or (2) holder(s) of not less than 10 per cent. in principal amount of the relevant MCB then outstanding with a total outstanding principal amount of no less than US\$200,000,000, have given notice in writing to the Company electing the suspension of the mandatory conversion of the relevant MCB, then the relevant MCB held by all holders shall not be so mandatorily converted into Shares:

- (i) winding up order granted against the Company;
- (ii) delisting of the Company's shares;
- (iii) suspension of trading of the Company's shares as set out in the terms of the relevant MCB; and
- (iv) failure to deliver MCB Conversion Shares subject to the terms and conditions of the relevant MCB,

provided that no notice in writing has been given to the Company that the relevant MCB have become due and payable pursuant to the terms and conditions of the relevant MCB and upon all event(s) above ceasing to be continuing, the mandatory conversion shall be resumed in accordance with the terms and conditions of the relevant MCB.

LETTER FROM THE BOARD

(c) Early Mandatory Conversion:

Notwithstanding anything to the contrary in the terms and conditions of the relevant MCB, at any time after the total principal amount of MCB 1 outstanding is less than US\$500,000,000 (in respect of MCB 1) or US\$250,000,000 (in respect of MCB 2), the Company may deliver a mandatory conversion notification and all remaining MCB 1 or MCB 2 (as applicable) outstanding shall be mandatorily converted into Shares on the date specified by the Company, subject to the terms and conditions of the relevant MCB.

(d) Accelerated Conversion (for MCB 2 only):

Under the MCB 2, the accelerated conversion events are:

- incurrence of any new debts by the Company after the Restructuring Effective Date, other than normal operating expenses incurred in the ordinary course of business;
- breach of other obligations under MCB 2;
- Cross acceleration, judgement/involuntary proceeding/voluntary proceeding in respect of the Company and the Subsidiary Guarantors (with relevant carve outs as set out in the terms of the MCB 2);
- except as permitted under the trust deed relating to the MCB 2, any Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect with respect to any Subsidiary Guarantor, or is claimed to be unenforceable, invalid or not in full force and effect by any Subsidiary Guarantor;

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- except as permitted under the Trust Deed, any security document becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by any Subsidiary Guarantor Pledgor or the Company;
- winding up order granted against the Company;
- delisting of the Company's shares;
- suspension of trading of the Company's shares as set out in the terms of the MCB 2; and
- failure to deliver MCB Conversion Shares subject to the terms and conditions of the MCB 2.

Upon the occurrence of any of the accelerated conversion events, the MCB 2 will become convertible subject to the terms of the MCB 2.

**Restriction on
conversion:**

A conversion right may not be exercised in respect of the MCBs where the Company has already exercised its right, by delivering or depositing the relevant redemption/repurchase notice, to redeem or repurchase such MCBs in accordance with the terms and conditions of the MCBs, provided that this restriction on exercise of conversion right shall cease to apply if the Company fails to redeem or repurchase such MCBs in accordance with the relevant redemption / repurchase notice.

Conversion price:

MCB 1

Subject to the terms and conditions of the MCB 1, the MCB 1 Conversion Price is initially HK\$6.80 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed "Adjustment events" below.

LETTER FROM THE BOARD

The initial MCB 1 Conversion Price of HK\$6.80 per Share represents:

- (a) a premium of approximately 330.38 % over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on 17 April 2025, being the date of the signing of the RSA;
- (b) a premium of approximately 341.56% over the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (c) a premium of approximately 352.13% over the average closing price of HK\$1.504 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date.

MCB 2

Subject to the terms and conditions of the MCB 2, the MCB 2 Conversion Price is initially HK\$3.85 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed “Adjustment events” below.

The initial MCB 2 Conversion Price of HK\$3.85 per Share represents:

- (a) a premium of approximately 143.67 % over the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on 17 April 2025, being the date of the signing of the RSA;
- (b) a premium of approximately 150.00% over the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

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- (c) a premium of approximately 155.98% over the average closing price of HK\$1.504 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date.

Each of the MCB 1 Conversion Price and the MCB 2 Conversion Price was determined after arms' length negotiations between the Company and the Initial Consenting Creditors 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. Each of the initial MCB 1 Conversion Price of HK\$6.80 per Share and the initial MCB 2 Conversion Price of HK\$3.85 per Share is at a premium to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on 17 April 2025, being the date of the signing of the RSA. Each of the MCB 1 Conversion Price and the MCB 2 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 MCBs, each of the MCB 1 Conversion Price and the MCB 2 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;

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- (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 1 or (ii) Shares issued on the exercise of conversion rights attaching to the MCB 2) 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;

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- (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 MCBs, no adjustment will be made to the MCB 1 Conversion Price or the MCB 2 Conversion Price:

- (i) when Shares, options or other securities are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of Eligible Participants pursuant to the ESOP; or
- (ii) 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\$5 per Share.

When Shares, options or other securities are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of any Strategic Investor at the issue price of below HK\$5 per Share, an adjustment may be made to the MCB 1 Conversion Price or the MCB 2 Conversion Price in the scenarios in (g) or (h) above if such issue price is also 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 Shares, options or other securities.

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If an adjustment is required in the scenario in (g) above, the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

Where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such current market price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

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If an adjustment is required in the scenario in (h) above, the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such current market price per Share on the date of such announcement; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

The rationale to include such carve out to adjustment to the MCB Conversion Price is that the introduction of Strategic Investors would be beneficial to the Group as a whole. In such case, the Company is of the view that anti-dilution protection for holders of the MCBs should not apply.

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The issue price of HK\$5 per Share has been determined after negotiations between the Company and the creditors and their advisor after taking into account, among other things:

- (1) the effective MCB 2 Conversion Price of HK\$5, being HK\$3.85 / 77% after taking into account 23% of the MCBs attributable to the Scheme Creditors as Restructuring Consideration will be used for the Shareholding Structure Stability Arrangement. The effective MCB 2 Conversion Price only takes into account the portion of MCB 2 that the Scheme Creditors are actually issued, hence the MCB 2 Conversion Price is divided by 77% to arrive at the effective MCB 2 Conversion Price. Furthermore, only the MCB 2 Conversion Price (but not the MCB 1 Conversion Price) was taken into account given that any Strategic Investor would tend to be a long-term investor of the Company. Hence the MCB 2 Conversion Price would be a more relevant reference point given that the MCB 2's tenure is 30 months while the MCB 1's tenure is only 6 months;
- (2) the share price performance of the Company; and
- (3) the assessment of acceptability of creditors towards the terms of the Restructuring, and

such price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Maximum number of MCB 1

MCB Conversion

Shares to be issued:

- (i) Assuming issue of MCB 1 in the maximum aggregate principal amount of US\$9,710,670,612.75 (being the aggregate of 100% of the Maximum Scheme Creditors' Claims and the Consent Fees)

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Assuming that MCB 1 in the maximum aggregate principal amount of US\$9,710,670,612.75 (being the aggregate of 100% of the Maximum Scheme Creditors' Claims and the Consent Fees) will be issued by the Company and assuming full conversion of the MCB 1 at the MCB 1 Conversion Price of HK\$6.80 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 11,138,710,407 MCB 1 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 97.11% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 49.27% of the issued share capital of the Company as enlarged by the allotment and issue of such MCB 1 Conversion Shares;
- (c) approximately 46.89% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares and (ii) the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company); and
- (d) approximately 45.82% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, and (ii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,701,719,114 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

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The MCB 1 Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$1,113,871,040.70.

- (ii) Assuming issue of MCB 1 in the aggregate principal amount of US\$7,298,170,612.75 (being the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees)

Assuming that MCB 1 in the aggregate principal amount of US\$7,298,170,612.75 (being the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees) will be issued by the Company and assuming full conversion of the MCB 1 at the MCB 1 Conversion Price of HK\$6.80 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 8,371,430,996 MCB 1 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 72.99% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 42.19% of the issued share capital of the Company as enlarged by the allotment and issue of such MCB 1 Conversion Shares;
- (c) approximately 32.36% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, (ii) the allotment and issue of MCB 2 Conversion Shares upon full conversion of the MCB 2 in the maximum principal amount of US\$2,412,500,000.00 at the MCB 2 Conversion Price of HK\$3.85 per Share, and (iii) the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company); and

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- (d) approximately 31.48% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, (ii) the allotment and issue of MCB 2 Conversion Shares upon full conversion of the MCB 2 in the maximum principal amount of US\$2,412,500,000.00 at the MCB 2 Conversion Price of HK\$3.85 per Share, and (iii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,861,317,829 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

The MCB 1 Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$837,143,099.60.

MCB 2

Assuming that MCB 2 in the maximum aggregate principal amount of US\$2,412,500,000.00 (being 25% of the Maximum Scheme Creditors' Claims) will be issued by the Company and assuming full conversion of the MCB 2 at the MCB 2 Conversion Price of HK\$3.85 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 4,887,662,336 MCB 2 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 42.61% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 29.88% of the issued share capital of the Company as enlarged by the allotment and issue of such MCB 2 Conversion Shares;

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- (c) approximately 18.89% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 2 Conversion Shares, (ii) the allotment and issue of MCB 1 Conversion Shares upon full conversion of the MCB 1 in the principal amount of US\$7,298,170,612.75 at the MCB 1 Conversion Price of HK\$6.80 per Share, and (iii) the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company); and
- (d) approximately 18.38% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 2 Conversion Shares, (ii) the allotment and issue of MCB 1 Conversion Shares upon full conversion of the MCB 1 in the principal amount of US\$7,298,170,612.75 at the MCB 1 Conversion Price of HK\$6.80 per Share, and (iii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,861,317,829 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

The MCB 2 Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$488,766,233.60.

The maximum number of MCB Conversion Shares will be allotted and issued when the principal amount of the MCB 1 to be issued would represent the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees, and the principal amount of the MCB 2 to be issued would represent 25% of the Maximum Scheme Creditors' Claims.

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Based on the above figures, the maximum number of MCB Conversion Shares (the sum of 8,371,430,996 MCB 1 Conversion Shares and 4,887,662,336 MCB 2 Conversion Shares) that may be allotted and issued by the Company is 13,259,093,332.

**Security and
guarantee:**

The MCBs will be secured by the charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors to be shared among the MCB 1, the MCB 2 and any other permitted *pari passu* secured indebtedness.

The MCBs will be jointly and severally guaranteed by the Subsidiary Guarantors.

Subject to the terms of the MCBs, the security and guarantee may be enforced upon the occurrence of payment acceleration events under the MCBs where the MCBs would become due and payable. The Company will assess the Listing Rules implications arising from any such enforcement based on the then prevailing facts and circumstances and comply with the relevant requirements under the Listing Rules, if applicable.

Redemption events:

(a) Redemption at the option of the Company

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

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(b) Redemption for taxation reasons

Subject to the terms of the relevant MCB, at any time the Company may, having given not less than 15 business days' notice to the holders of the relevant MCB, the trustee and the principal agent (which notice shall be irrevocable) redeem all but not some only of such 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.

**Redemption
restriction:**

The Company may redeem or repurchase the outstanding MCBs, through tender offers or other offers of purchases that are made to all holders of the MCBs (subject to customary exclusions for compliance with the securities laws of relevant jurisdictions), provided that: (a) no open market repurchase of the MCBs shall be made; and (b) to the extent any MCBs which were allocated to and received by Mr. Sun or any of his affiliates or other designated persons under the Shareholding Structure Stability Arrangement remain outstanding, the Company shall not redeem or repurchase such Bonds held by Mr. Sun or any of his affiliates or other designated persons.

**Payment acceleration
events:**

Payment acceleration events under the MCBs are as follows:

- winding up order granted against the Company;
- delisting of the Company's shares;

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- suspension of trading of the Company's shares as set out in the terms of the MCBs; and
- failure to deliver Conversion Shares subject to the terms and conditions of the MCBs

If any of the payment acceleration events has occurred and is continuing, the MCB 1 or MCB 2 (as applicable) may be declared due and payable subject to the terms of the relevant MCB.

Ranking:

The MCBs constitute direct, unsubordinated, unconditional and secured obligations of the Company, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the MCBs shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The MCB 1 and the MCB 2 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 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 MCBs 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.

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 MCBs on the SGX.

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4. THE CONNECTED MCB ISSUE

Sunac International is a substantial shareholder of the Company which holds approximately 23.31% of the total issued share capital of the Company as at the Latest Practicable Date. Sunac International is controlled by family trusts of Mr. Sun. Each of Sunac International and Mr. Sun is a connected person of the Company under Chapter 14A of the Listing Rules.

(1) Issue of MCBs to Sunac International as a Scheme Creditor

As at the Latest Practicable Date, Sunac International was the holder of the Sunac International MCB, details of which are set out in the section headed “9. INFORMATION ON THE EXISTING DEBT UNDER THE SCHEME” in this letter. Therefore, similar to other holders of the Existing Debt, subject to the Election and Allocation Mechanism, the Sunac International MCB held by Sunac International will be exchanged into MCBs in the Restructuring. As at the Latest Practicable Date, the aggregate principal amount of the Sunac International MCB outstanding was US\$15,812,060.00. It is estimated that Sunac International, as a Scheme Creditor, may be issued MCBs in the principal amount of up to US\$15,812,060.00.

Sunac International will not be receiving any Consent Fees under the Scheme.

(2) Issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement

As mentioned in the section headed “Shareholding Structure Stability Arrangement” above, for every US\$100 in principal amount of MCBs attributable to the Scheme Creditors (other than those attributable to Sunac International), US\$23 out of those MCBs (the “**Relevant New MCBs**”) will instead be issued to Mr. Sun or his designated person(s) (“**Designee(s)**”) (the “**Shareholding Structure Stability Arrangement**”).

On the basis of the Maximum Scheme Creditors’ Claims, it is estimated that Mr. Sun and/or his designated person(s) may be issued additional MCBs in principal amount of up to US\$2,215,863,226.20 as a result of the Shareholding Structure Stability Arrangement.

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In connection with the Shareholding Structure Stability Arrangement, Mr. Sun will execute the Chairman Undertaking pursuant to which he will irrevocably undertake to the Company that, among others:

- a. Mr. Sun will not, and will procure that his Designee(s) do not, sell, assign, transfer, pledge or otherwise dispose of or create any encumbrance over any of the conversion shares to be issued upon conversion of the Relevant New MCBs (the “**Relevant MCB Conversion Shares**”) (each a “**Transaction**”), unless:
 - i. at any time during the period from (and including) the Restructuring Effective Date to and (excluding) the date that is the sixth anniversary of the Restructuring Effective Date, the average closing price per Share as quoted on the daily quotation sheets of the Stock Exchange for any period of 30 consecutive trading days reaches or exceeds HK\$7.4 per Share (the “**Minimum Price**”); or
 - ii. the Transaction occurs on or after the date that is the sixth anniversary of the Restructuring Effective Date,

and, in either case, subject further to the conditions that:

- iii. the Transaction must comply with all applicable laws and regulations, including (without limitation) the Listing Rules;
- iv. as at the date that is: (x) the sixth anniversary of the Restructuring Effective Date; or (y) if sub-paragraph (a)(i) above applies, the date of the relevant Transaction, Mr. Sun shall remain, or (if Mr. Sun is restricted by law or by any order or directive of a government agency from holding a senior position at the Company) one of his affiliates shall remain, employed or engaged as the chairman or a member of the Board and/or in another senior managerial position at the Company (the “**Qualification Condition**”), save that:
 - A. where the Strategic Investor (if any) has required the resignation of Mr. Sun and his affiliates as a condition for its equity investment in, or general or partial takeover of, the Company, then (without prejudice to or derogation from the requirements set out in sub-paragraphs (a)(i) and (a)(ii) above) the Qualification Condition shall cease to apply; and

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- B. in the case of Mr. Sun's death or disability prior to the date that is the sixth anniversary of the Restructuring Effective Date, the Qualification Condition shall cease to apply, and the person who inherits or otherwise legally assumes ownership or control of his rights in or title to the Relevant MCB Conversion Shares shall be permitted to enter into one or more Transactions in respect of those Relevant MCB Conversion Shares on and from the date that is the sixth anniversary of the Restructuring Effective Date;

and if, at as the date that is the sixth anniversary of the Restructuring Effective Date, the Qualification Condition applies but is not satisfied, then, subject to compliance with all applicable laws and regulations, including (without limitation) the Listing Rules, the Relevant MCB Conversion Shares shall, from that date onwards, be held to the order of the Company, and Mr. Sun and the Designee(s) and their respective permitted transferee(s) (as applicable) shall thereafter cease to have any beneficial interest in such Relevant MCB Conversion Shares; and

- b. before the conversion of the Relevant New MCBs in accordance with the provisions of the MCBs, Mr. Sun will not, and will procure that his Designee(s) do not, sell, assign, transfer, pledge or otherwise dispose of or create any encumbrance over any of the Relevant New MCBs.

For the avoidance of doubt, nothing in the Chairman Undertaking shall restrict Mr. Sun, his Designee(s) or their respective permitted transferee(s) (as applicable) from exercising the conversion right attaching to the Relevant New MCBs in accordance with the provisions of the MCBs. In addition, for the avoidance of doubt, notwithstanding anything to the contrary in the Chairman Undertaking, Mr. Sun, his Designee(s) and their respective permitted transferee(s) (as applicable) shall be entitled to exercise and enjoy all voting rights and dividend rights attached to the Relevant MCB Conversion Shares upon their issuance to Mr. Sun, his Designee(s) or their respective permitted transferee(s) (as applicable) following conversion of the Relevant New MCBs.

The above shall not restrict the ability of Mr. Sun or any of his Designee(s) to transfer some or all of the Relevant New MCBs and/or the conversion shares issuable thereunder to Mr. Sun's affiliate(s), provided that, among others, such affiliate(s) shall, as a condition precedent to receive such Relevant New MCBs and/or conversion shares, agree to the terms set out in the Chairman Undertaking as if it were a party to the Chairman Undertaking.

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The Minimum Price and the period of 30 consecutive trading days were determined after arms' length negotiations between the Company and the Initial Consenting Creditors after taking into account, among other things:

- (1) the effective MCB Conversion Price (calculated by $1/(0.75/6.8+0.25/3.85)/77\%$);

To arrive at such effective MCB Conversion Price, it has been assumed that the principal amount of the MCB 1 to be issued would represent the aggregate of 75% of the Scheme Creditors' Claims and the Consent Fees, and the principal amount of the MCB 2 to be issued would represent 25% of the Scheme Creditors' Claims. In addition, 23% of the MCBs (comprising MCB 1 and MCB 2) attributable to the Scheme Creditors as Restructuring Consideration will be used for the Shareholding Structure Stability Arrangement. The effective MCB Conversion Price only takes into account the portion of MCB that the Scheme Creditors are actually issued, hence the MCB Conversion Price is divided by 77% to arrive at the effective MCB Conversion Price.

- (2) the share price performance of the Company;
- (3) the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure; and
- (4) the purpose of the Shareholding Structure Stability Arrangement to incentivize Mr. Sun to contribute towards the Group's long-term business recovery and unlock value for the Company and its stakeholders as a whole.

The Minimum Price of HK\$7.40 per Share is at a significant premium of approximately 368.35 % over the closing price to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on 17 April 2025, being the date of the signing of the RSA. Mr. Sun, in respect of the conversion shares issuable under the Relevant New MCBs, will be subject to restrictions on disposal, encumbrance or transfer until the conversion shares are vested upon the occurrence of the relevant trigger event, i.e. on the date that is the sixth anniversary of the Restructuring Effective Date, or the average closing price per Share quoted on the daily quotation sheets published by the Stock Exchange for any period of 30 consecutive trading days is not less than the Minimum Price. This lock-up arrangement which is linked to the future share price of the Company would ensure the continued contribution of Mr. Sun to the Group's business recovery and facilitate the alignment of Mr. Sun's interest with those of the Shareholders. The requirement for the share price to maintain the level of the Minimum Price for a period of 30 consecutive trading days would ensure that Mr. Sun is only released from the lock up after the share price has sustained this level for a reasonably long period of time, preventing release due to temporary market fluctuations. The Shareholding Structure Stability Arrangement (including the Minimum Price) is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Total amount of MCBs to be issued to Sunac International and/or Mr. Sun and/or his designated person(s)

Based on the above two arrangements (namely, issue of MCBs to Sunac International as a Scheme Creditor and issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement), subject to the occurrence of the Restructuring Effective Date, based on the Maximum Scheme Creditors' Claims, it is estimated that Sunac International and/or Mr. Sun and/or his designated person(s) will in aggregate be issued MCBs in principal amount of up to US\$2,231,675,286.20 in the Restructuring, comprising (1) the MCBs in principal amount of up to US\$15,812,060.00 to be issued to Sunac International as a Scheme Creditor and (2) the MCBs in principal amount of up to US\$2,215,863,226.20 to be issued to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement. Assuming that such amount of MCBs will be issued by the Company to Sunac International and/or Mr. Sun and/or his designated person(s) in the Restructuring, subject to the Election and Allocation Mechanism (which applies to all Scheme Creditors whether or not they are Sunac International or other Scheme Creditors), the two extreme scenarios are illustrated below:

(1) all such MCBs will be issued in the form of MCB 1

Upon full conversion of such MCB 1 at the MCB 1 Conversion Price and based on the agreed exchange rate of US\$1=HK\$7.8, such MCB 1 will be converted into an aggregate of 2,559,862,827 new Shares. Such new Shares represent:

- (i) approximately 22.32% of the issued share capital of the Company as at the Latest Practicable Date;
- (ii) approximately 10.53% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such new Shares, (ii) the allotment and issue of the other MCB 1 Conversion Shares upon full conversion of the MCB 1 in the principal amount of US\$9,710,670,612.75 at the MCB 1 Conversion Price of HK\$6.80 per Share, and (iii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,701,719,114 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company);

(2) MCBs to Sunac International as a Scheme Creditor and the MCBs to be issued to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement will be issued in the form of 75% MCB 1 and 25% MCB 2

Upon full conversion of such MCB 1 at the MCB 1 Conversion Price and MCB 2 at the MCB 2 Conversion Price and based on the agreed exchange rate of US\$1=HK\$7.8, such MCB 1 and MCB 2 will be converted into an aggregate of 3,050,226,161 new Shares. Such new Shares represent:

- (i) approximately 26.59% of the issued share capital of the Company as at the Latest Practicable Date; and

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- (ii) approximately 11.47% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such new Shares, (ii) the allotment and issue of the other MCB 1 Conversion Shares upon full conversion of the MCB 1 in the principal amount of US\$7,298,170,612.75 at the MCB 1 Conversion Price of HK\$6.80 per Share and the allotment and issue of the MCB 2 Conversion Shares upon full conversion of the MCB 2 in the principal amount of US\$2,412,500,000 at the MCB 2 Conversion Price of HK\$3.85 per Share, and (iii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,861,317,829 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

Further details on the impact on the shareholding percentage of Mr. Sun or his designated person(s) or Sunac International as a result of the Connected MCB Issue are set out in the section headed "8. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY" in this letter.

The principal terms of the MCBs are set out in the section headed "3. ISSUE OF MCBS UNDER SPECIFIC MANDATE" in this letter.

Information on Sunac International and Mr. Sun

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

5. ADOPTION OF THE ESOP

Introduction

A stable, dedicated and capable workforce, who continues to contribute and add value, is essential to support the Group's continued efforts in guaranteed home delivery, debt risk resolution, asset revitalization, long-term business recovery, and financial performance. Given the urgent need to stabilize the workforce, and the ongoing uncertainty and shortage of funds to support staff remuneration, the Group intends to formulate the ESOP. Under the ESOP, the Group intends to grant Award Shares to its selected employees as a long-term supplementary form of remuneration by way of allotting and issuing new Shares in accordance with the Listing Rules. Meanwhile, the ESOP is also to incentivize future continuous contribution of the grantees to the Group, in order to promote the continuous operations of the Group and the long-term business recovery and growth of the Group.

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Subject to obtaining the requisite shareholders' approval under the Listing Rules, the Company plans to allot and issue Shares under the ESOP of no more than 7% of the fully diluted share capital (assuming the conversion of all the MCBs into Shares and the allotment and issue of Shares to such employees under the ESOP). Assuming the conversion of all the MCBs into Shares where the principal amount of the MCB 1 to be issued would represent the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees, and the principal amount of the MCB 2 to be issued would represent 25% of the Maximum Scheme Creditors' Claims and the allotment and issue of Shares to such employees under the ESOP, such 7% of the fully diluted share capital amounts to 1,861,317,829 Shares. Assuming the conversion of all the MCBs into Shares where the principal amount of the MCB 1 to be issued would represent 100% of the Maximum Scheme Creditors' Claims and the Consent Fees and the allotment and issue of Shares to such employees under the ESOP, such 7% of the fully diluted share capital amounts to 1,701,719,114 Shares. After the Restructuring Effective Date, such Shares will be granted annually by the Board to selected employees, based on their contribution to the Group's core business activities. The new Shares will be granted over a period of 5 years or more, and will be fully vested in no less than 8 years. The last batch of the Share Awards granted under the ESOP shall not become fully vested before the eighth anniversary of the Restructuring Effective Date. The Shares received by employees may not be sold within 18 months after the Restructuring Effective Date.

The Company will seek approval of the Shareholders at the EGM for the Plan Mandate Limit of not exceeding 10% of the issued shares of the Company as at the date of the EGM pursuant to Rule 17.03B(1) of the Listing Rules. Assuming that 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 EGM, it is expected that the Plan Mandate Limit to be sought at the EGM will be 1,146,984,354 Shares, representing 10% of the issued shares of the Company as at the date of the EGM.

The Company will in due course seek further approval of the Shareholders in a general meeting of the Company to refresh the Plan Mandate Limit or to grant further Share Awards subject to and in accordance with the Listing Rules, as appropriate, so as to facilitate the aforementioned Company's plan to allot and issue Shares under the ESOP of no more than 7% of the fully diluted share capital (assuming the conversion of all the MCBs into Shares and the allotment and issue of Shares to such employees under the ESOP).

The adoption of the ESOP is conditional upon the passing of an ordinary resolution by the Shareholders at the EGM. Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued by the Company in respect of the Share Awards that may be granted pursuant to the ESOP.

A summary of the principal terms of the ESOP is set out in Appendix II to this circular.

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Purpose

The purpose of the ESOP is set out in the paragraph headed “1. PURPOSE” in Appendix II to this circular.

Conditions

The adoption of the ESOP is conditional upon (1) the passing of an ordinary resolution to approve and adopt the ESOP by the Shareholders in a general meeting of the Company and (2) the occurrence of the Restructuring Effective Date.

Eligible Participants

The Eligible Participants are the Eligible Employees and the Related Entity Participants, and the criteria for determination of their eligibility are set out in the paragraph headed “3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY” in Appendix II to this circular.

The scope of the Eligible Participants is not limited to the employees and directors of the Group. The Board (including the independent non-executive Directors) is of the view that the Related Entity Participants should be included as Eligible Participants on the basis of the following:

The Group is principally engaged in real estate development, property management, ice & snow operation management, cultural tourism, culture and other business segments. The real estate development industry is a capital-intensive industry, so it is a common phenomenon for real estate development companies to cooperate with third-party investors to develop real estate projects, and therefore the Related Entities are engaged in businesses related to the Group’s business scope. Historically and currently, a relatively large part of the Group’s real estate projects, in terms of quantity or sales scale, are projects developed by Related Entities. Such Related Entities have contributed to the Group’s business development and performance, and are expected to continue to contribute value in the future, so it would be reasonable for the Eligible Participants to include employees and directors of the Related Entities. In addition, there are many employees sent by the Group to act as key management of the Related Entities. These employees, who were previously employees of the Group, have their employer on record changed to the Related Entities so as to facilitate the supervision and management of the relevant projects by the Company, as a shareholder of such Related Entities. Such employees possess the necessary skill, knowledge and experience to support and assist the Related Entities and in turn the Group’s development. Therefore, despite that the Related Entity Participants may not be directly appointed or employed by members of the Group, they are also nonetheless valuable resources of the Group given their long-standing and close working relationship with the Group, as well as their connection and involvement in property projects or other business engagements relating to the Group’s businesses from time to time.

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As such, the Company wishes to recognise the importance of the past or future contribution of the Related Entity Participants and considers the inclusion of the Related Entity Participants as Eligible Participants will provide the Company with (i) the flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with such persons, and (ii) opportunities to align their interests and strengthen their loyalty with the Group, and to facilitate a higher degree of collaboration and closer business ties with the Group in the long run.

Furthermore, the growth and development of the Related Entities positively impact the Group's financial performance. This allows the Group to benefit from the successes of these Related Entities. As such, the Directors are of the view that collaboration with Related Entities will support the long term business recovery of the Group and hence, the inclusion of Related Entity Participants as Eligible Participants aligns with the purpose of the ESOP.

The Board (including the independent non-executive Directors) is of the view that the criteria of selection of the Eligible Participants and the inclusion of Related Entity Participants as Eligible Participants are fair and reasonable and align with the purpose of the ESOP to recognise contributions made and to be made to the growth and development of the Group and the long-term interests of the Company and the Shareholders.

Vesting and Vesting Period

Subject to the terms of the ESOP and the fulfillment of all terms and conditions as set out in the Offer, including the attainment of any performance targets stated therein (if any), a Share Award shall be exercisable and shall be deemed exercised to the maximum extent permitted under the terms and conditions as set out in the Offer by the Grantee (or, in the case of death of the Grantee, by the Grantee's personal representative) unless the Grantee gives notice in writing to the Company stating otherwise, in which case, the Grantee shall state in the notice the number of Award Shares in respect of which it is exercised.

The vesting period of the Share Awards is set out in the paragraph headed "5. VESTING PERIOD" in Appendix II. The paragraph also sets out circumstances in which the Board may grant Share Awards with a vesting period shorter than the Minimum Period. The paragraph headed "19. RIGHTS ON A CORPORATE TRANSACTION" in Appendix II to this circular further sets out circumstances in which the Board may in its discretion accelerate the vesting dates of Share Awards, which may result in a vesting period shorter than the Minimum Period.

The Board and the Remuneration Committee are of the view that (i) there are certain limited instances (for example in circumstances set out in the paragraphs headed "5. VESTING PERIOD" and "19. RIGHTS ON A CORPORATE TRANSACTION" of Appendix II to this circular) where a strict twelve (12)-month vesting requirement would not be fair to the Employee Participants; (ii) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting period or in

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exceptional circumstances where justified. In this regard, the Board and Remuneration Committee are of the view that an event of change in control (as such term is defined in the Takeovers Code) of the Company as the result of a merger, scheme of arrangement or general offer, or Mr. Sun Hongbin ceasing to be the single largest shareholder of the Company, or a dissolution or liquidation of the Company would be exceptional circumstances where the Board may determine whether the vesting dates of any Share Awards to Employee Participants will be accelerated, taking into account the fact that these are fundamental changes to the Group which would have a material impact on the stability of the Group; and (iii) the Company should be allowed to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition. It should have the flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

As such, the Board and the Remuneration Committee are of the view that the circumstances when the vesting period is shorter than the Minimum Period prescribed in the paragraphs headed “5. VESTING PERIOD” and “19. RIGHTS ON A CORPORATE TRANSACTION” of Appendix II to this circular are appropriate and align with the purpose of the ESOP.

Maximum number of Shares subject to the ESOP

The total number of Shares which may be allotted and issued (including any transfer of treasury shares of the Company) in respect of all Share Awards which may be granted under the ESOP is set out in the paragraph headed “7. PLAN LIMITS AND ADDITIONAL APPROVALS” in Appendix II to this circular.

Pursuant to Rule 17.03B (1) of the Listing Rules, the scheme mandate limit must not exceed 10% of the relevant class of shares of the listed issuer in issue (excluding treasury shares) as at the date of approval of the scheme.

The Company will seek approval of the Shareholders at the EGM for the Plan Mandate Limit of not exceeding 10% of the issued shares of the Company as at the date of the EGM pursuant to Rule 17.03B(1) of the Listing Rules. Assuming that there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the date of the EGM, it is expected that the Plan Mandate Limit to be sought at the EGM will be 1,146,984,354 Shares, representing 10% of the issued shares of the Company as at the date of the EGM. The Company will in due course seek further approval of the Shareholders in a general meeting of the Company to refresh the Plan Mandate Limit or to grant further Share Awards subject to and in accordance with the Listing Rules, as appropriate.

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Performance targets and clawback mechanism

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant Share Award, including condition(s) and/or performance target(s) that must be achieved before any of the Share Awards can be exercised or deemed exercised, as well as the clawback mechanism for the Company to recover or withhold any Share Awards granted to any Eligible Participants.

The Board (including the independent non-executive Directors) believes that this will provide the Board with more flexibility in setting out the terms and conditions of the Share Awards under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group.

Specifically, the Board may, at its discretion, require at the time of grant any particular Grantee to achieve such performance targets as the Board may then specify in the grant before any Share Awards granted under the ESOP to such Grantee can be exercised or deemed exercised. If performance targets are imposed on a Grantee at the grant of the relevant Share Award, the Board will have regard to the purpose of the ESOP in assessing the reasonableness and suitability of such performance targets, with reference to factors including but not limited to, as and when appropriate, the contribution of the relevant Grantee to the core business activities of the Group, including guaranteed home delivery, debt risk resolution, asset revitalization, long-term business recovery, and financial performance, and the factors considered in assessing whether any person is eligible to participate in the ESOP, the satisfaction of which shall be assessed and determined by the Board at its discretion. The performance target(s), if imposed, may include without limitation (i) individual financial targets such as revenue or profits generated by the Grantee over a defined period; (ii) individual non-financial targets relevant to the Grantee's roles and responsibilities; (iii) financial targets of the Group, whether on a targeted or comparative basis; (iv) non-financial targets of the Group such as the Group's strategic objectives, operational targets and plans for future development; and (v) any other performance targets that the Board may appropriately determine in its sole and absolute discretion.

Generally, the Company will also utilize its internal assessment system to appraise and evaluate whether the Eligible Participants will contribute to the long-term business recovery and growth of the Group on a case-by-case basis. Specifically, the Eligible Participants' expected contribution will be considered with reference to factors including but not limited to their contributions to the Group, the nature of job duties or services, position within or related to the Group and other features. Specific weightings will be given to the factors above in order to provide a fair and objective appraisal of the Eligible Participants before Share Awards will be granted, such that the grants will be on a fair and reasonable basis and in the interest of the Company and its Shareholders as a whole.

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On the other hand, a clawback mechanism may be prescribed, at the Board's discretion, on a Grantee at the grant of the relevant Share Award, pursuant to which, if the Grantee's employment has been terminated summarily, or if he or she has been convicted of any criminal offence involving his or her integrity or honesty, or has been involved in any wrongdoing that brings the Group into disrepute or causes damages to the Group, or there occurs other circumstances described in paragraph 14 (relating to circumstances of termination of employment for misconduct, bankruptcy), 17 (relating to circumstances where a Grantee who is a Related Entity Participant ceases to be an Eligible Participant) or 19 (relating to circumstances of certain corporate transactions) in Appendix II to this circular, any outstanding Share Awards not yet vested shall be immediately forfeited, unless the Board determines otherwise at its discretion.

Others

The Company understands that the adoption of the ESOP would not constitute an offer to public and would not be subject to the prospectus requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

None of the Directors is and will be a trustee of the ESOP nor has a direct or indirect interest in the trustee.

The Company may issue new Shares and/or treasury shares (if any) to satisfy grant(s) of the Share Award(s) under the ESOP.

The Company will, where applicable, comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the ESOP.

As at the Latest Practicable Date, save for the existing share award scheme of the Company adopted on 8 May 2018, the Company had no other share scheme in place which was still in effect to provide incentives to employees or other eligible participants. Pursuant to such existing share award scheme, the trustee may purchase up to 220,113,960 Shares, representing 5% of the total Shares in issue of the Company on 8 May 2018, in the open market, for the purpose of award. For details of the existing share award scheme, please refer to the section headed "Directors' Report – Share Award Scheme" of the Company's annual report for the year ended 31 December 2024.

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To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder had any material interest in the Adoption of the ESOP. Accordingly, no Shareholder is required to abstain from voting on the resolution approving the Adoption of the ESOP at the EGM.

A summary of the principal rules of the ESOP is set out in Appendix II to this circular.

Application for Listing

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be allotted and issued in respect of all Share Awards that may be granted pursuant to the ESOP.

6. REASONS FOR AND BENEFITS OF THE POSSIBLE TRANSACTIONS IN CONNECTION WITH THE RESTRUCTURING

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 more than 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.

Overview of the Group’s financial situation

As at 31 December 2024, the Group had borrowings of RMB259.67 billion (of which RMB73.58 billion were classified as non-current borrowings and RMB186.09 billion were classified as current borrowings). The borrowings of the Group mainly comprised bank and other institution borrowings, senior notes, corporate bonds, private domestic corporate bonds and convertible bonds. Further details of the indebtedness situation of the Group as at 31 December 2024 are set out in the annual report of the Company for the year ended 31 December 2024 and published on the website of the Stock Exchange on 28 April 2025.

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As at 31 December 2024, the Group had not repaid borrowings in principal amount of approximately RMB105.80 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totaling of approximately RMB64.57 billion might be demanded for early repayment.

The table below sets out the borrowings of the Company as at 31 December 2024:

	As at 31 December 2024 <i>RMB (billion)</i>
Non-current borrowings	73.58
Current borrowings	186.09
Total borrowings	259.67

The Restructuring

In light of the impact of the winding-up petition filed against the Company in January 2025, and the fact that current industry conditions have significantly fallen short of expectations at the time when the previous offshore debt restructuring plan was formulated, the Company, over the past few months, 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, and has maintained constructive dialogue with offshore creditors, with a view to formulating a viable holistic offshore debt solution to completely address the offshore debt risks, establishing a sustainable capital structure and stable operating environment to support its long-term business recovery. On 17 April 2025, the Company reached agreement with the Initial Consenting Creditors on the terms of the Restructuring.

The Restructuring aims to provide a fair and equitable solution that maximizes recovery for creditors, while preserving the Group's ability to operate as a going concern and creating a win-win outcome for all stakeholders. Specifically, the Restructuring will (a) provide Scheme Creditors with the opportunity to convert their debt into equity, allowing them to benefit from near-term liquidity and potential equity upside; (b) completely address the Group's offshore debt risks and establish a sustainable capital structure. The implementation of the Shareholding Structure Stability Arrangement and the Adoption of the ESOP is expected to further reinforce stakeholder confidence, thereby supporting future project delivery, debt risk resolution, assets revitalization, and long-term business recovery. As mentioned above, the Restructuring seeks to address the Existing Debt. Details of the creditors of such indebtedness are set out in the section headed "9. 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 offshore debts of the Company.

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Through the payment of the Consent Fees by the issue of the MCB 1, less cash flow pressure will be created on the Group while more Scheme Creditors can be incentivized to support the Scheme. Although the relative shareholding in the Company of the existing Shareholders would be diluted as a result of the conversion of the MCBs, the Board is of the view that it would be in the best interest of the Company and the Shareholders as a whole if the liquidity of the Group would be significantly improved as a result of the completion of the Restructuring.

The Restructuring will be implemented through the Scheme. Upon the occurrence of the Restructuring Effective Date, 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 MCB Issue. All proceeds from the MCB Issue will be applied towards the satisfaction of part of the Restructuring Consideration, thereby reducing the overall debt size and debt pressure of the Group, enhancing its net asset value and significantly improving the financial position. The exchange of the relevant debts of the Group into MCBs will greatly improve the liquidity of the Company. The MCB Issue would also increase the capital base through the issue of Shares and help the Company achieve a sustainable capital structure with substantially reduced offshore debts risks. In addition, the issue of MCBs to the Substantial Shareholder or his designated person(s) under the Shareholding Structure Stability Arrangement would assist the Company in maintaining a stable shareholding structure, ensure the continued contribution of Mr. Sun to the Group's ongoing home delivery program, debt risk resolution and long-term business recovery and strengthen stakeholder confidence and better facilitate resource integration.

Given the urgent need to stabilize the workforce, and the ongoing uncertainty and shortage of funds to support staff remuneration, the Adoption of the ESOP would facilitate the establishment of a stable, dedicated and capable workforce, who will continue to contribute and add value, which is essential to support the Group's continued efforts in guaranteed home delivery, debt risk resolution, asset revitalization, long-term business recovery, and financial performance.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the MCB Issue (excluding the Connected MCB Issue) and the Adoption of the ESOP 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.

LETTER FROM THE BOARD

The Directors (excluding Mr. Sun and Mr. Sun Kevin Zheyi, the son of Mr. Sun, but including the members of the Independent Board Committee whose views have been included in this circular, after being advised by the Independent Financial Adviser) consider that the terms and conditions of the Connected MCB 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 and Mr. Sun Kevin Zheyi is considered to have a material interest in the Connected MCB Issue and has abstained from voting on the board resolutions in relation to the Connected MCB Issue. Save as disclosed above, none of the Directors has a material interest in the Connected MCB Issue and is required to abstain from voting on the relevant resolution(s).

7. EQUITY FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Save for the following, the Company has not carried out any equity fundraising activities in the past 12 months immediately before the Latest Practicable Date:

Date of announcement	Activity	Use of proceeds stated in the announcement	Actual use of proceeds as at the Latest Practicable Date
17 October 2024	Top-up placing of the Company in relation to the placing of 489,000,000 Shares at HK\$2.465 per Share	Approximately HK\$1.192 billion, which would be used by the Company in accordance with its plan of supporting the long-term solutions for its onshore corporate bonds, as well as for general working capital purposes.	Approximately RMB0.8 billion was used to repurchase onshore corporate bonds in the Group's onshore debt restructuring, while the remaining proceeds will be used in accordance with the stated purposes.
4 July 2025	Issue of 754,468,943 new Shares in connection with the Group's onshore debt restructuring	The Group did not receive any fund from such share issue.	The purposes are as set out in the Company's announcement dated 4 July 2025.

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8. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company

- (a) as at the Latest Practicable Date;
- (b) assuming full conversion of the MCBs at the initial MCB 1 Conversion Price of HK\$6.80 per Share or the initial MCB 2 Conversion Price of HK\$3.85 per Share (as applicable), and (i) the principal amount of the MCB 1 to be issued as Restructuring Consideration would be equal to US\$7,237,500,000.00 representing 75% of Maximum Scheme Creditors' Claims, and the principal amount of the MCB 2 to be issued would be equal to approximately US\$2,412,500,000.00 representing 25% of the Maximum Scheme Creditors' Claims, (ii) Sunac International and/or Mr. Sun and/or his designated person(s) will in aggregate be issued MCBs in maximum principal amount of US\$2,231,675,286.20 in the Restructuring, comprising (1) the MCBs in principal amount of up to US\$15,812,060.00 to be issued to Sunac International as a Scheme Creditor and (2) the MCBs in principal amount of up to US\$2,215,863,226.20 to be issued to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement, and (iii) for the purpose of the payment of Consent Fees, MCB 1 in principal amount of US\$60,670,612.75 will be issued to the Scheme Creditors;
- (c) assuming occurrence of the scenario in (b) above and the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized; and
- (d) assuming occurrence of the scenario in (b) above and subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,861,317,829 Shares is fully utilized, and

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further assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date 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 Latest Practicable Date		(b) Immediately upon full conversion of the MCBs based on the assumptions stated above		(c) Immediately upon full conversion of the MCBs and the allotment and issue of Shares pursuant to the ESOP based on the Plan Mandate Limit of 1,146,984,354 Shares, and based on the other assumptions stated above		(d) Immediately upon full conversion of the MCBs and the allotment and issue of Shares pursuant to the ESOP based on the Plan Mandate Limit of 1,861,317,829 Shares, and based on the other assumptions stated above	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Mr. Sun (<i>Note 1</i>)	2,741,756,987	23.9%	5,791,983,148	23.4%	5,791,983,148	22.4%	5,791,983,148	21.8%
Mr. Wang Mengde	17,177,000	0.150%	17,177,000	0.069%	17,177,000	0.066%	17,177,000	0.065%
Ms. Ma Zhixia	3,829,000	0.033%	3,829,000	0.015%	3,829,000	0.015%	3,829,000	0.014%
Mr. Tian Qiang	6,982,000	0.061%	6,982,000	0.028%	6,982,000	0.027%	6,982,000	0.026%
Mr. Huang Shuping	5,400,000	0.047%	5,400,000	0.022%	5,400,000	0.021%	5,400,000	0.020%
Mr. Sun Kevin Zheyi	261,000	0.002%	261,000	0.001%	261,000	0.001%	261,000	0.001%
Holders of MCB 1 (other than Sunac International, Mr. Sun or his designated person(s))	–	–	6,451,533,875	26.1%	6,451,533,875	24.9%	6,451,533,875	24.3%
Holders of MCB 2 (other than Sunac International, Mr. Sun or his designated person(s))	–	–	3,757,333,296	15.2%	3,757,333,296	14.5%	3,757,333,296	14.1%
Other Shareholders (<i>Note 2</i>)	8,694,437,556	75.8%	8,694,437,556	35.2%	8,694,437,556	33.6%	8,694,437,556	32.7%
Grantees (<i>Note 3</i>)	–	–	–	–	1,146,984,354	4.4%	1,861,317,829	7.0%
Total:	11,469,843,543	100.0%	24,728,936,875	100.0%	25,875,921,229	100.0%	26,590,254,704	100.0%

Notes:

- Of these 2,741,756,987 Shares, (a) 19,930,000 Shares were held by Mr. Sun, (b) 2,673,120,987 Shares were held by Sunac International and (c) 48,706,000 Shares were held by Tianjin Biaodi. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the HBS Family Trust (the “**Family Trust**”). South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun and Mr. Sun and some of his family members are the beneficiaries. In accordance with the SFO, Mr. Sun was deemed to be interested in the aforesaid Shares.
- To the best of the Directors’ knowledge, information and belief, all of these Shareholders are members of the public as defined in Rule 8.24 of the Listing Rules as at the Latest Practicable Date.
- The exact identities of Grantees are yet to be determined as at the Latest Practicable Date.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, based on the disclosure of interests filings on the Company that were publicly available on the Disclosure of Interests Online (DION) System, save for Mr. Sun and his affiliates, no person had reported any notifiable interest in 5% or more of the Shares of the Company under Part XV of the SFO.

Based on the shareholding table (adopting the Maximum Scheme Creditors' Claims) above, it is expected that the public float of the Company upon full conversion of the MCBs will be at least 71.09% of the issued share capital of the Company. Such public float comprises Shares to be held by holders of the MCBs (other than Sunac International, Mr. Sun or his designated person(s)) and other Shareholders as described in the shareholding table (adopting the Maximum Scheme Creditors' Claims) above. In addition, as can be seen from the shareholding table (adopting the Maximum Scheme Creditors' Claims) above, holders of MCBs alone already constitute more than 38.39% of the issued share capital of the Company upon full conversion of the MCBs. Based on information currently available to the Company, there were over 1,000 Scheme Creditors as at the Latest Practicable Date. Therefore, based on such currently available information and barring unforeseen circumstances, the Company is of the view that conversion of the MCBs is unlikely to affect the public float compliance of the Company.

Even in the extreme and highly unlikely event that only the MCBs held by Sunac International and/or Mr. Sun and/or his designated person(s) are converted into Shares but not those held by the other Scheme Creditors, upon such conversion, the public float will be approximately 53.08% (i.e. well above 25%) and the minimum public float requirement will remain to be satisfied by the Company in such circumstance.

If any person, together with parties acting in concert (within the meaning of the Takeovers Code) with him, would acquire 30% or more of the voting rights of the Company following the conversion of the MCBs, he may incur an obligation to make a general offer for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by him and parties acting in concert with him under the Takeovers Code.

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9. 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 senior notes due 30 September 2025 (the “**2025 Notes**”) issued by the Company and guaranteed by (i) Sunac Real Estate Investment Holdings Ltd, (ii) Qiwei Real Estate Investment Holdings Ltd., (iii) Ying Zi Real Estate Investment Holdings Ltd, (iv) Jujin Real Estate Investment Holdings Ltd, (v) Jujin Property Investment Holdings Limited, (vi) Ding Sheng Real Estate Investment Holdings Ltd, (vii) Ding Sheng Property Investment Holdings Limited, (viii) Zhuo Yue Real Estate Investment Holdings Limited and (ix) Zhuo Yue Property Investments Holdings Limited (卓越資產投資控股有限公司). (the “**Subsidiary Guarantors**”) (ISIN: XS2708721233 (Regulation S), XS2708721159 (144A) and XS2708721076 (IAI)). As at the date of the RSA, the aggregate principal amount of the 2025 Notes outstanding is approximately US\$522 million;
- (b) the New York law-governed senior notes due 30 September 2026 (the “**2026 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708721589 (Regulation S), XS2708721316 (144A) and XS2708721407 (IAI)). As at the date of the RSA, the aggregate principal amount of the 2026 Notes outstanding is approximately US\$524 million;
- (c) the New York law-governed senior notes due 30 September 2027 (the “**2027 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708721829 (Regulation S), XS2708721662 (144A) and XS2708721746 (IAI)). As at the date of the RSA, the aggregate principal amount of the 2027 Notes outstanding is approximately US\$1,050 million;
- (d) the New York law-governed senior notes due 30 September 2028 (the “**2028 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708722397 (Regulation S), XS2708722041 (144A) and XS2708722124 (IAI)). As at the date of the RSA, the aggregate principal amount of the 2028 Notes outstanding is approximately US\$1,578 million;
- (e) the New York law-governed senior notes due 30 September 2029 (the “**2029 Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708722637 (Regulation S), XS2708722470 (144A) and XS2708722553 (IAI)). As at the date of the RSA, the aggregate principal amount of the 2029 Notes outstanding is approximately US\$1,582 million;

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- (f) the New York law-governed senior notes due 30 September 2030 (the “**2030 Notes**”, together with the 2025 Notes, the 2026 Notes, the 2027 Notes, the 2028 Notes, and the 2029 Notes, the “**Existing Senior Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708722983 (Regulation S), XS2708722710 (144A) and XS2708722801 (IAI)). As at the date of the RSA, the aggregate principal amount of the 2030 Notes outstanding is approximately US\$745 million;
- (g) the Hong Kong law-governed mandatory convertible bonds due 30 September 2028 (the “**Existing MCBs**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708724096 (Regulation S), XS2708724179 (144A) and XS2708724419 (IAI)). As at the date of the RSA, the aggregate principal amount of the Existing MCBs outstanding is approximately US\$97 million;
- (h) the Hong Kong law-governed convertible bonds due 30 September 2032 (the “**Convertible Bonds**”, together with the Existing Senior Notes and the Existing MCBs, the “**Existing Notes**”) issued by the Company and guaranteed by the Subsidiary Guarantors (ISIN: XS2708723791 (Regulation S), XS2708723874 (144A) and XS2708723957 (IAI)). As at the date of the RSA, the aggregate principal amount of the Convertible Bonds outstanding is approximately US\$246 million;
- (i) the Hong Kong law-governed mandatory convertible bonds due 30 September 2028 (i.e. the Sunac International MCB) issued by the Company to Sunac International. As at the date of the RSA, the aggregate principal amount of the Sunac International MCB outstanding is approximately US\$16 million;
- (j) the Hong Kong law-governed facility due 27 February 2028 (the “**Private Debt A**”) borrowed by the Company and guaranteed by the Subsidiary Guarantors. As at the date of the RSA, the aggregate principal amount of the Private Debt A outstanding is approximately US\$47 million;
- (k) the Hong Kong law-governed facility due 19 January 2029 (the “**Private Debt B**”) borrowed by the Company. As at the date of the RSA, the aggregate principal amount of the Private Debt B outstanding is approximately US\$21 million;

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- (l) the Hong Kong law-governed facility due 28 February 2027 (the “**Private Debt C**”, together with Private Debt A and Private Debt B, the “**S1 Debts**”) borrowed by the Company. As at the date of the RSA, the aggregate principal amount of the Private Debt C outstanding is approximately US\$135 million;
- (m) the Hong Kong law-governed facility due 22 December 2027 (the “**Private Debt D**”) guaranteed by the Company and others. As at the date of the RSA, the outstanding principal amount of the Private Debt D outstanding is approximately US\$114 million;
- (n) the Hong Kong law-governed facility due 1 January 2028 (the “**Private Debt E**”) guaranteed by the Company and others. As at the date of the RSA, the outstanding principal amount of the Private Debt E outstanding is approximately US\$78 million;
- (o) the Hong Kong law-governed facility due 23 September 2026 (the “**Private Debt F1**”) guaranteed by the Company and others. As at the date of the RSA, the outstanding principal amount of the Private Debt F1 outstanding is approximately US\$52 million;
- (p) the Hong Kong law-governed facility due 23 September 2026 (the “**Private Debt F2**”, together with Private Debt F1, the “**Private Debt F**”) which benefits from the same guarantors as for Private Debt F1. As at the date of the RSA, the outstanding principal amount of the Private Debt F2 outstanding is approximately US\$35 million;
- (q) the Hong Kong law-governed deferred put option liability due 30 November 2030 (the “**Private Debt G**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt G outstanding is approximately RMB498 million (equating to approximately US\$68 million);
- (r) the Hong Kong law-governed deferred put option liability due 30 November 2030 (the “**Private Debt H**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt H outstanding is approximately RMB840 million (equating to approximately US\$115 million);
- (s) the Hong Kong law-governed facility due 23 March 2023 (the “**Private Debt I**”, together with Private Debt D, Private Debt E, Private Debt F, Private Debt G, and Private Debt H, the “**S2 Debts**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt I outstanding is US\$30 million;

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- (t) the Hong Kong law-governed facility due 31 August 2026 (the “**Private Debt J**”) guaranteed by the Company and the Subsidiary Guarantors. As at the date of the RSA, the outstanding principal amount of the Private Debt J outstanding is approximately RMB678 million (equating to approximately US\$93 million);
- (u) the Hong Kong law-governed facility due 31 August 2026 (the “**Private Debt K**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt K outstanding is approximately US\$138 million;
- (v) the Hong Kong-law governed facility due 30 December 2027 (the “**Private Debt L**”) guaranteed by the Company and the Subsidiary Guarantors. As at the date of the RSA, the outstanding principal amount of the Private Debt L outstanding is approximately US\$436 million;
- (w) the Hong Kong law-governed facility due 28 December 2026 (the “**Private Debt M**”) guaranteed by the Company and others. As at the date of the RSA, the outstanding principal amount of the Private Debt M outstanding is approximately HK\$998 million (equivalent to approximately US\$128 million);
- (x) the Hong Kong law-governed facility due 28 February 2027 (the “**Private Debt N**”, together with Private Debt J, Private Debt K, Private Debt L, and Private Debt M, the “**S3 Debts**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt N outstanding is approximately US\$56 million;
- (y) the PRC law-governed loan due 7 August 2022 (the “**Private Debt O**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt O outstanding is approximately RMB2,000 million (equating to approximately US\$274 million);
- (z) the PRC law-governed loan due 20 October 2024 (the “**Private Debt P**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt P outstanding is approximately RMB3,000 million (equating to approximately US\$411 million); and

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- (aa) the PRC law-governed loan due 14 November 2024 (the “**Private Debt Q**”, together with Private Debt O and Private Debt P, the “**S4 Debts**”; the S4 Debts, together with the S1 Debts, the S2 Debts and the S3 Debts, the “**Existing Private Debts**”; the Existing Notes, together with the Sunac International MCBs and Existing Private Debts, the “**Existing Debt**”) guaranteed by the Company. As at the date of the RSA, the outstanding principal amount of the Private Debt Q outstanding is approximately RMB1,300 million (equating to approximately US\$178 million),

provided that the Company may, at its election, but in consultation with the Initial Consenting Creditors acting reasonably and in good faith, (i) exclude any of the Existing Private Debts from the Scheme(s), or (ii) include any additional debt in the Scheme(s), or (iii) in respect of the S2 Debts and the S3 Debts, change the classification of an S2 Debt to an S3 Debt and vice versa (which, as further described below, shall affect how the relevant debt shall be released by the Scheme(s)), provided that, in the case of (i), no exclusion shall result in any holder of the relevant Existing Private Debt(s) receiving a more favourable compromise or arrangement (in monetary terms) compared to what it would have received under the Scheme(s).

All figures set out in this circular in relation to the Existing Debt or any part thereof are only estimates as at the date of the RSA. The final amounts are subject to review and determination by the Scheme administrator.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, save for Sunac International, 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.

10. LISTING RULES IMPLICATIONS

The MCB Conversion Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders and/or Independent Shareholders at the EGM. The MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the MCB Conversion Shares) are subject to the passing of necessary resolution by the Shareholders and/or Independent 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.

Sunac International is a substantial shareholder of the Company which holds approximately 23.31% of the total issued share capital of the Company as at the Latest Practicable Date. Sunac International is controlled by family trusts of Mr. Sun, the chairman of the Board and an executive Director. Each of Sunac International and Mr. Sun is a connected person of the Company under Chapter 14A of the Listing Rules.

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Accordingly, the Connected MCB Issue, comprising (1) the issue of MCBs to Sunac International as a Scheme Creditor and (2) the issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement, 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 Connected MCB Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Independent Shareholders at the EGM.

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

11. 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\$1,500,000,000 divided into 15,000,000,000 Shares to HK\$3,000,000,000 divided into 30,000,000,000 Shares by creating an additional 15,000,000,000 unissued Shares, such Shares shall rank *pari passu* in all respects.

In order to facilitate the transactions as contemplated in this circular (including the MCB Issue (including the Connected MCB Issue) and the Adoption of the ESOP), and taking into account that the Company's authorized share capital is insufficient to cover the new Shares to be issued pursuant to the aforementioned transactions as of the Latest Practicable Date, 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.

12. EGM

Set out on pages EGM-1 to EGM-4 of this circular is the notice of the EGM at which, inter alia, ordinary resolutions will be proposed to the Shareholders and/or the Independent Shareholders to consider and approve the MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the MCB Conversion Shares), the Adoption of the ESOP and the Increase in Authorised Share Capital.

LETTER FROM THE BOARD

A form of proxy is enclosed for use at the EGM. Such form of proxy is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn). Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude Shareholders from attending and voting at the EGM if they so wish and in such event, the form of proxy shall be deemed to be revoked.

The record date for determining the eligibility of the Shareholders to attend and vote at the EGM will be as of close of business on Tuesday, 9 September 2025 (Hong Kong time). For the purpose of determining the Shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 5 September 2025 to Tuesday, 9 September 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 4 September 2025.

Pursuant to article 66 of the Articles of Association and Rule 13.39(4) of the Listing Rules, at any general meeting a resolution put to the vote of the meeting shall be taken by way of a poll. The chairman of the EGM will explain the procedures for conducting a poll at the EGM.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he/she/it is the holder, subject to the Articles of Association. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

After the conclusion of the EGM, the poll results will be published by the Company on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sunac.com.cn) by way of an announcement.

Save that Sunac International, Mr. Sun, Tianjin Biaodi and Mr. Sun Kevin Zheyi (the son of Mr. Sun), holding in aggregate approximately 23.91% of the total number of issued Shares as at the Latest Practicable Date, and being interested in the transactions contemplated under the Connected MCB Issue, shall abstain from voting for the resolution to approve the Connected MCB 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 was required to abstain from voting for the resolutions to approve the MCB Issue (including the Connected MCB Issue), the Adoption of the ESOP and the Increase in Authorised Share Capital at the EGM.

LETTER FROM THE BOARD

13. RECOMMENDATIONS

The Board is of the view that the terms of the MCB Issue and the Connected MCB Issue and the transactions contemplated thereunder, which have been agreed after arm's length negotiations, are on normal commercial terms and such terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. The Board also considers that the Adoption of the ESOP and the Increase in Authorised Share Capital are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders and/or the Independent Shareholders to vote in favour of the resolutions for approving the MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder (including the grant of the Specific Mandate for the allotment and issue of the MCB Conversion Shares), the Adoption of the ESOP and the Increase in Authorised Share Capital to be proposed at the EGM.

14. ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee to the Independent Shareholders and the letter of advice from Ignite Capital (Asia Pacific) Limited to the Independent Board Committee and the Independent Shareholders with respect to the Connected MCB Issue and the transactions contemplated thereunder, and the additional information as set out in the appendices to this circular.

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

Yours faithfully,
By order of the Board
Sunac China Holdings Limited
Sun Hongbin
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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)

22 August 2025

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION – ISSUE OF MANDATORY
CONVERTIBLE BONDS TO SUBSTANTIAL SHAREHOLDER**

We refer to the circular issued by the Company to its Shareholders dated 22 August 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall bear the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to advise you in respect of the Connected MCB Issue and the transactions contemplated thereunder.

Ignite Capital (Asia Pacific) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Connected MCB Issue and the transactions contemplated thereunder. Details of the advice of the Independent Financial Adviser, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 67 to 119 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendix to the Circular.

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with their views and consider that although the entering into of the Connected MCB Issue is not in the ordinary and usual course of business of the Company, the terms of the Connected MCB Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the ordinary resolution(s) to be proposed at the EGM to approve the Connected MCB Issue and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. POON Chiu Kwok
Independent
non-executive Director

Mr. ZHU Jia
Independent
non-executive Director

Mr. MA Lishan
Independent
non-executive Director

Mr. YUAN Zhigang
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Connected MCB Issue and the transactions contemplated thereunder, which has been prepared for the purpose of inclusion in this circular.



Unit A, 15th Floor, CMA Building
64-65 Connaught Road Central
Central, Hong Kong

22 August 2025

To: The Independent Board Committee and the Independent Shareholders of Sunac China Holdings Limited

Dear Sir or Madam,

CONNECTED TRANSACTION – ISSUE OF MANDATORY CONVERTIBLE BONDS TO SUBSTANTIAL SHAREHOLDER

INTRODUCTION

We, Ignite Capital (Asia Pacific) Limited (“**Ignite Capital**”), refer to our appointment by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Connected MCB Issue and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 22 August 2025 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 17 April 2025 in relation to the Restructuring, the Company proposed to implement the Restructuring through the Scheme. Reference is also made to the Announcement in relation to, among others, the Connected MCB Issue.

The scope of the Restructuring includes offshore debts issued or guaranteed by the Company, with estimated debt claims (including principal and accrued and unpaid interest, but excluding default interest) (i.e. the Scheme Creditors’ Claims) of US\$9,552,284,577.95 in aggregate as of 30 June 2025, subject to review and determination by the Scheme administrator. The Restructuring will involve release of the Company’s indebtedness as well as certain obligations of other entities in the Group.

In consideration for the cancellation of the Existing Debt and the release of the relevant claims in connection with the Existing Debt, subject to the arrangement set out in the paragraph headed “The Shareholding Structure Stability Arrangement” below, two series of MCBs will be distributed to the Scheme Creditors as Restructuring Consideration.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

MCB 1 and MCB 2 together shall have an aggregate principal amount equal to the total amount of all Scheme Creditors' Claims. Subject to the terms of the Restructuring and to the extent permitted by applicable laws and regulations, Scheme Creditors may elect for MCB 1, MCB 2, or a combination of MCB 1 and MCB 2, subject to the Election and Allocation Mechanism as set out under the section headed "2. BACKGROUND AND KEY FEATURES OF THE RESTRUCTURING" in the Letter from the Board.

THE CONNECTED MCB ISSUE

(a) Issue of MCBs to Sunac International as a Scheme Creditor

As at the Latest Practicable Date, Sunac International, a substantial shareholder of the Company which holds approximately 23.31% of the total issued share capital of the Company, was the holder of the Sunac International MCB, being one of the Existing Debt. Therefore, similar to other holders of the Existing Debt, subject to the Election and Allocation Mechanism, the Sunac International MCB held by Sunac International will be exchanged into MCBs in the Restructuring. As at the Latest Practicable Date, the aggregate principal amount of the Sunac International MCB outstanding was US\$15,812,060.00. It is estimated that Sunac International, as a Scheme Creditor, may be issued MCBs in the principal amount of up to US\$15,812,060.00.

Sunac International will not be receiving any Consent Fees under the Scheme.

(b) Issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement

23% of the MCBs (comprising the MCB 1 and the MCB 2) attributable to the Scheme Creditors as Restructuring Consideration will be used for the Shareholding Structure Stability Arrangement.

To 1) maintain a stable shareholding structure, 2) ensure the continued contribution of Mr. Sun to the Group's ongoing home delivery program, debt risk resolution and long-term business recovery, and 3) strengthen stakeholder confidence and better facilitate resource integration, conditional restricted shares (the "**Restricted Shares**") are proposed to be allocated to the Substantial Shareholder or his designated person(s) as part of the Restructuring. This would enable Mr. Sun and/or his designated persons to retain a certain shareholding level. Specifically, for every US\$100 in principal amount of MCBs attributable to the Scheme Creditors (other than those attributable to Sunac International), US\$23 out of those MCBs (the "**Relevant New MCBs**") will instead be issued to Mr. Sun or his designated person(s) (the "**Designee(s)**").

On the basis of the Maximum Scheme Creditors' Claims, it is estimated that Mr. Sun and/or the Designee(s) may be issued additional MCBs in principal amount of up to US\$2,215,863,226.20 as a result of the Shareholding Structure Stability Arrangement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Total amount of MCBs to be issued to Sunac International and/or Mr. Sun and/or his designated person(s)

Based on the above two arrangements (namely, issue of MCBs to Sunac International as a Scheme Creditor and issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement), subject to the occurrence of the Restructuring Effective Date, based on the Maximum Scheme Creditors' Claims, it is estimated that Sunac International and/or Mr. Sun and/or his designated person(s) will in aggregate be issued MCBs in principal amount of up to US\$2,231,675,286.20 in the Restructuring, comprising (1) the MCBs in principal amount of up to US\$15,812,060.00 to be issued to Sunac International as a Scheme Creditor and (2) the MCBs in principal amount of up to US\$2,215,863,226.20 to be issued to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement.

LISTING RULES IMPLICATIONS

Sunac International is a substantial shareholder of the Company which holds approximately 23.31% of the total issued share capital of the Company as at the Latest Practicable Date. Sunac International is controlled by family trusts of Mr. Sun, the chairman of the Board and an executive Director. Each of Sunac International and Mr. Sun is a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the Connected MCB Issue, comprising (1) the issue of MCBs to Sunac International as a Scheme Creditor and (2) the issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement, 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 Connected MCB Issue and the transactions contemplated thereunder are subject to the passing of necessary resolution by the Independent Shareholders at the EGM.

Save that Sunac International, Mr. Sun, Tianjin Biaodi and Mr. Sun Kevin Zheyi (the son of Mr. Sun), holding in aggregate approximately 23.91% of the total number of issued Shares as at the Latest Practicable Date, and being interested in the transactions contemplated under the Connected MCB Issue, shall abstain from voting for the resolution to approve the Connected MCB 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 was required to abstain from voting for the resolutions to approve the MCB Issue (including the Connected MCB Issue) and the transactions contemplated thereunder at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. MA Lishan and Mr. YUAN Zhigang, being all the independent non-executive Directors, was established to consider and to advise the Independent Shareholders on: (i) whether the Connected MCB Issue and the transactions contemplated thereunder are conducted in the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; (ii) whether terms of the Connected MCB Issue and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote on the relevant resolution at the EGM. Our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in the same respect has been approved by the Independent Board Committee pursuant to the Rule 13.84 of the Listing Rules.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with, or interest in, the Group, Mr. Sun, Sunac International or other parties that could reasonably be regarded as relevant to our independence. During the two years immediately prior to this letter, Ignite Capital has not: (i) acted in the capacity as a financial adviser or as an independent financial adviser to the Company; (ii) provided any services to the Company; or (iii) had any relationship with the Company. Apart from normal independent financial advisory fees paid or payable (as the case may be) to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, Mr. Sun, Sunac International or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, amongst other things:

- (i) the Company's annual report for the year ended 31 December ("FY") 2024 (the **"2024 Annual Report"**);
- (ii) announcement of the Company dated 17 April 2025 in relation to the Restructuring;
- (iii) the Announcement; and
- (iv) other information as set out in the Circular.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations made to us by the Company, the Directors and the management of the Group (collectively, the **"Management"**). We have assumed that all information and representations contained or referred to in the Circular and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date and up to and including the date of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in the Circular were reasonably made after due enquiries and careful consideration and there are no other facts not contained in the Circular, the omission of which make any such statement contained in the Circular misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection for their consideration of the Connected MCB Issue and the transactions contemplated thereunder, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Connected MCB Issue and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

1. Information of the Parties

1.1 The Group

Business profile

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange. The Group is principally engaged in real estate development, property management, ice & snow operation management, cultural tourism, culture and other business segments.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial information

The following is a summary of the financial results of the Group for the FY2023 and FY2024, as extracted from the 2024 Annual Report.

Table 1: Highlights of the financial results of the Group

	FY2024 Audited (RMB'000)	FY2023 Audited (RMB'000)
Revenue	74,019,193	154,230,892
– Revenue from sales of properties	61,234,808	140,795,561
– Cultural tourism city construction and Operation income	5,208,104	5,915,164
– Property management income	6,879,019	6,600,521
– Revenue from other business	697,262	919,646
Gross profit/loss	2,892,108	(2,502,743)
Loss attributable to owners of the Company	(25,695,200)	(7,968,963)

Source: the 2024 Annual Report

Total revenue of the Group for FY2024 amounted to approximately RMB74.02 billion, representing a decrease of approximately 52.0% as compared with the total revenue of approximately RMB154.23 billion for FY2023. The decrease in revenue of the Group was mainly due to the decline in revenue from sales of properties. Revenue from sales of properties in FY2024 decreased by approximately 56.5% as compared with that for FY2023. As stated in the 2024 Annual Report, due to the continued downturn in the real estate market, the contraction in new sales and the liquidity pressure faced by the Group, property delivery area of the Group for FY2024 decreased compared to FY2023 with a corresponding reduction in property sales revenue.

The Group's gross profit for FY2024 was approximately RMB2.89 billion, representing an increase of approximately RMB5.39 billion as compared with the gross loss of approximately RMB2.50 billion for FY2023. The increase in gross profit was mainly due to the impact of the high proportion of high margin projects carried forward from the Group's property sales revenue in FY2024 and the reduction in the provision for impairment of properties recognised by the Group during FY2024 compared to FY2023.

Loss of the Group attributable to owners of the Company for FY2024 amounted approximately RMB25.70 billion, representing an increase of approximately 222.4% from approximately RMB7.97 billion in FY2023. Such increase in the loss of the Group attributable to owners of the Company in FY2024 was attributable to various factors, including, among others, (i) decrease in other income and gains of the Group mainly due to the higher restructuring income from

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

offshore debt recognised in FY2023; (ii) increase in finance expenses of the Group mainly due to the decrease in proportion of capitalised interests in total interest expenses in line with the develop process of the Group's property development projects as compared to that of FY2023; and (iii) share of post-tax losses of associates and joint ventures of the Group mainly due to the decrease in revenue and operating profit of the Group's joint ventures and associates and increasing provision of impairment for investment accounted for using the equity method recognised by the Group during FY2024 as compared to FY2023.

We also noted from the 2024 Annual Report that the Group recorded consecutive losses attributable to the owners of the Company for FY2021, FY2022, FY2023 and FY2024.

The following is a summary of the financial positions of the Group as at 31 December 2024 as extracted from the 2024 Annual Report:

Table 2: Highlights of the financial positions of the Group

	FY2024 Audited (RMB'000)	FY2023 Audited (RMB'000)
Non-current assets	193,416,085	219,350,288
Current assets	689,467,066	758,503,915
Non-current liabilities	84,749,731	114,822,303
Current liabilities	742,987,052	779,246,035
Equity attributable to owners of the Company	40,521,108	62,428,917

Source: the 2024 Annual Report

As at 31 December 2024, total assets and liabilities of the Group were approximately RMB882.88 billion and RMB827.74 billion respectively, as compared to total assets and liabilities of approximately RMB977.85 billion and RMB894.07 billion as at 31 December 2023 respectively, registering a decrease of approximately 9.7% and 7.4% respectively. The Group recorded a net current liability position of approximately RMB53.52 billion as at 31 December 2024. With the loss of the Group attributable to owners of the Company for FY2024 of approximately RMB25.70 billion, the equity attributable to owners of the Company decreased from approximately RMB62.43 billion as at 31 December 2023 to approximately RMB40.52 billion as at 31 December 2024, representing a decrease of approximately 35.1%.

Going concern issue and the need for the Restructuring

It was noted from the 2024 Annual Report that, while the Board has prepared the consolidated financial statements of the Group as at 31 December 2024 on a going concern basis, the Company's auditor, BDO Limited ("BDO"), has given a

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

disclaimer of opinion (the “**Disclaimer of Opinion**”) on the consolidated financial statements of the Group for FY2024. The basis of the Disclaimer of Opinion indicated the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern, details of which are summarised as follows:

- (i) the Group incurred a net loss of approximately RMB27.40 billion for FY2024 and, as at 31 December 2024, the Group had net current liabilities of approximately RMB53.52 billion;
- (ii) the Group’s current and non-current borrowings amounted to approximately RMB186.09 billion and RMB73.58 billion as at 31 December 2024 respectively, while the Group had total cash (including cash and cash equivalents and restricted cash) amounting to approximately RMB19.75 billion;
- (iii) as at 31 December 2024, the Group had not repaid borrowings in principal amount of approximately RMB105.80 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totalling of approximately RMB64.57 billion might be demanded for early repayment;
- (iv) up to the date of the 2024 Annual Report, the Group had not repaid borrowings in principal amount of approximately RMB109.35 billion in aggregate according to their scheduled repayment dates and as a result, borrowings in principal amount totalling of approximately RMB56.44 billion might be demanded for early repayment; and
- (v) the Group was involved in various litigation and arbitration cases in relation to the settlement of unpaid borrowings, outstanding construction and daily operation payables, delayed delivery of projects and other matters of the Group.

We note that it is not the first year that BDO issued a disclaimer of opinion on the consolidated financial statements of the Group. In fact, BDO issued disclaimer of opinion on the Group’s consolidated financial statements for each of FY2023, FY2022 and FY2021 under similar circumstances as the Disclaimer of Opinion.

Notably on 10 January 2025, the Company received a winding-up petition (the “**Petition**”) filed by China Cinda (HK) Asset Management Co., Limited (the “**Petitioner**”) at the High Court of Hong Kong (the “**High Court**”) in relation to the non-repayment of the loan to the Petitioner as lender by Shining Delight Investment Limited (an indirect wholly owned subsidiary of the Company) as borrower and the Company as guarantor, in the aggregate principal amount of US\$30,000,000 and accrued interests. On 20 August 2025, the High Court has vacated the hearing of the Petition scheduled on 25 August 2025 and has adjourned the hearing for the Petition to 5 January 2026.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, we note that the Company is facing pressure on its working capital and liquidity positions. The above challenging conditions may cast doubt on the Group's ability to continue as a going concern.

1.2 Sunac International and Mr. Sun

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

2. Reasons for and benefits of the Connected MCB Issue

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 more than 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.

Overview of the Group's financial situation

As at 31 December 2024, the Group had borrowings of approximately RMB259.67 billion (of which approximately RMB73.58 billion were classified as non-current borrowings and approximately RMB186.09 billion were classified as current borrowings). The borrowings of the Group mainly comprised bank and other institution borrowings, senior notes, corporate bonds, private domestic corporate bonds and convertible bonds. Further details of the indebtedness situation of the Group as at 31 December 2024 are set out in the 2024 Annual Report.

As at 31 December 2024, the Group had not repaid borrowings in principal amount of approximately RMB105.80 billion in aggregate according to their scheduled repayment dates, and as a result, borrowings in principal amount totaling of approximately RMB64.57 billion might be demanded for early repayment (the “**Overdue and Early Repayment Borrowings**”).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The table below sets out the borrowings of the Company as at 31 December 2024

	As at 31 December 2024 <i>RMB (billion)</i>
Non-current borrowings	73.58
Current borrowings	186.09
Total borrowings	259.67

The Restructuring

In light of the impact of the Petition, and the fact that current industry conditions have significantly fallen short of expectations at the time when the previous offshore debt restructuring plan was formulated, the Company, over the past few months, 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, and has maintained constructive dialogue with offshore creditors, with a view to formulating a viable holistic offshore debt solution to completely address the offshore debt risks, establishing a sustainable capital structure and stable operating environment to support its long-term business recovery. On 17 April 2025, the Company reached agreement with the Initial Consenting Creditors on the terms of the Restructuring.

The Restructuring aims to provide a fair and equitable solution that maximizes recovery for creditors, while preserving the Group's ability to operate as a going concern and creating a win-win outcome for all stakeholders. Specifically, the Restructuring will (a) provide Scheme Creditors with the opportunity to convert their debt into equity, allowing them to benefit from near-term liquidity and potential equity upside; (b) completely address the Group's offshore debt risks and establish a sustainable capital structure (the "**Key Restructuring Objectives**"). As mentioned above, the Restructuring seeks to address the Existing Debt. 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 offshore debts of the Company.

Through the payment of the Consent Fees by the issue of the MCB 1, less cash flow pressure will be created on the Group while more Scheme Creditors can be incentivized to support the Scheme. Although the relative shareholding in the Company of the existing Shareholders would be diluted as a result of the conversion of the MCBs, the Board is of the view that it would be in the best interest of the Company and the Shareholders as a whole if the liquidity of the Group would be significantly improved as a result of the completion of the Restructuring.

The Restructuring will be implemented through the Scheme. Upon the occurrence of the Restructuring Effective Date, 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.

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No net proceeds will be received by the Group from the MCB Issue. All proceeds from the MCB Issue will be applied towards the satisfaction of part of the Restructuring Consideration, thereby reducing the overall debt size and debt pressure of the Group, enhancing its net asset value and significantly improving the financial position. The exchange of the relevant debts of the Group into MCBs will greatly improve the liquidity of the Company. The MCB Issue would also increase the capital base through the issue of Shares and help the Company achieve a sustainable capital structure with substantially reduced offshore debts risks. In addition, the issue of MCBs to the Substantial Shareholder or his designated person(s) under the Shareholding Structure Stability Arrangement would assist the Company in maintaining a stable shareholding structure, ensure the continued contribution of Mr. Sun to the Group's ongoing home delivery program, debt risk resolution and long-term business recovery and strengthen stakeholder confidence and better facilitate resource integration.

In relation to the Disclaimer of Opinion, it is noted from the independent auditor's report under the 2024 Annual Report that the consolidated financial statements have been prepared on a going concern basis as the Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and has developed debt solutions. The Group's ability to continue as a going concern largely hinges on whether (a) it can successfully complete the Restructuring, of which the Connected MCB Issue and the Shareholding Structure Stability Arrangement form part; and (b) it can successfully negotiate with the remaining lenders of the Group on the extension of deferral of the repayment of the Group's borrowings.

In view of the above factors, in particular (i) the consecutive losses of the Group attributable to the owners of the Company for FY2021, FY2022, FY2023 and FY2024; (ii) the net current liability position of the Group as at 31 December 2024 of approximately RMB53.52 billion; (iii) the current borrowings of the Group as at 31 December 2024 of approximately RMB186.09 billion are due within one year; (iii) the substantial amount of the Overdue and Early Repayment Borrowings, with the pressing need to move forward to achieve the Key Restructuring Objectives; (iv) according to the 2024 Annual Report that, the Board has prepared the consolidated financial statements of the Group as at 31 December 2024 on a going concern basis and BDO has given Disclaimer of Opinion on the consolidated financial statements of the Group for FY2024; (v) together with the Petition, the Company is facing pressure on its working capital and liquidity positions; and (vi) the Restructuring is crucial for the Group to achieve a sustainable capital structure with substantially reduced offshore debts and insolvency risks, stable shareholding structure, stable workforce, and stable operating environment to support its long-term business recovery, we are therefore of the view that the Connected MCB Issue and the transactions contemplated thereunder as part of the Restructuring, though not conducted in the ordinary and usual course of business of Group but has arisen out of the need to restore the normal course of business of the Group, are in the interests of the Company and the Shareholders as a whole.

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3. Principal terms of the MCBs

Subject to the terms of the Restructuring, two series of MCBs will be distributed to the Scheme Creditors, namely MCB 1 and MCB 2. Set out below are the principal terms of the MCBs as extracted from the Letter from the Board under the section headed “3. ISSUE OF MCBS UNDER SPECIFIC MANDATE”:

Issuer: The Company

Principal amount: Up to US\$9,710,670,612.75 (being the sum of 100% of the Maximum Scheme Creditors’ Claims and the Early Consent Fee and the Base Consent Fee) in principal amount of MCB 1; and up to US\$2,412,500,000 (being 25% of the Maximum Scheme Creditors’ Claims) in principal amount of MCB 2.

(a) As Restructuring Consideration to Scheme Creditors

In respect of MCB 1, no less than 75% of the Scheme Creditors’ Claims.

In respect of MCB 2, no more than 25% of the Scheme Creditors’ Claims.

Assuming that none of the Scheme Creditors will elect for MCB 2, all the Scheme Creditors will receive MCB 1 by default. In this case, the principal amount of the MCB 1 to be issued would be up to US\$9,650,000,000, representing 100% of the Maximum Scheme Creditors’ Claims, and no MCB 2 will be issued.

Assuming that Scheme Creditors’ elections for MCB 2 are not less than the Cap, MCB 2 will be issued on the Restructuring Effective Date in an aggregate principal amount equal to the Cap. In this case, the principal amount of the MCB 1 to be issued would be up to approximately US\$7,237,500,000.00, representing 75% of the Maximum Scheme Creditors’ Claims, and the principal amount of the MCB 2 to be issued would be up to approximately US\$2,412,500,000, representing 25% of the Maximum Scheme Creditors’ Claims.

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(b) As Consent Fee (MCB 1 only)

The Early Consent Fee and the Base Consent Fee shall be payable in the form of the MCB 1 at face value on or prior to the Restructuring Effective Date, provided that the relevant terms of the RSA are complied with.

Scheme Creditors holding Existing Debt in principal amount of US\$5,579,064,062.86 have acceded to the RSA on or before the Early Consent Fee Deadline.

Assuming that such Consenting Creditors will have complied with the relevant terms of the RSA and will receive the Early Consent Fee in an amount equal to 1.0% of the aggregate principal amount of the Eligible Restricted Debt held by such Consenting Creditor as of the Early Consent Fee Deadline, Early Consent Fee, being MCB 1 in principal amount of US\$55,790,640.63, will be issued.

Scheme Creditors holding Existing Debt in additional principal amount of US\$975,994,424.32 have acceded to the RSA after the Early Consent Fee Deadline but on or before the Base Consent Fee Deadline.

Assuming that such Scheme Creditors will have complied with the relevant terms of the RSA and will receive the Base Consent Fee in an amount equal to 0.5% of the aggregate principal amount of the Eligible Restricted Debt held by such Consenting Creditor as of the Base Consent Fee Deadline, Base Consent Fee, being MCB 1 in principal amount of US\$4,879,972.12 will be issued.

Issue date:

Restructuring Effective Date

Maturity:

In respect of MCB 1, the date falling six months from the issue date, with the outstanding principal amount of the MCB 1 mandatorily converted into the Shares at maturity, subject to the terms and conditions of the MCB 1.

In respect of MCB 2, the date falling thirty months from the earlier of 31 December 2025 and the issue date, with the outstanding principal amount of the MCB 2 mandatorily converted into the Shares at maturity, subject to the terms and conditions of the MCB 2.

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Interest: The MCBs are not interest bearing.

Conversion events/period: (a) **Ordinary Conversion:**

MCB 1:

At any time before the date falling twenty (20) business days prior to the maturity date, any holder of the MCB 1 may deliver a conversion notice to convert all or part of the MCB 1 it holds into Shares at the MCB 1 Conversion Price.

MCB 2:

During the period after (and including) the date falling 18 months after the earlier of 31 December 2025 and the Restructuring Effective Date and before the date falling 20 business days prior to the maturity date, any holder of the MCB 2 may deliver a notice in respect of all or part of the MCB 2 it holds into Shares at the MCB 2 Conversion Price.

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During the period after (and including) the Restructuring Effective Date to (and excluding) the date falling 18 months after the earlier of 31 December 2025 and the Restructuring Effective Date, the Company may, at its sole discretion and by giving prior notice to all holders of the MCB 2, on one or more occasions, declare that all or up to a specified amount of the MCB 2 may be converted into Shares at the option of any holder of the MCB 2, in which case any holder of the MCB 2 may deliver a conversion notice in respect of all or part of the MCB 2 it holds into Shares. In case only up to a specified amount of the MCB 2 (but not all of the MCB 2) are declared by the Company to be convertible, the MCB 2 shall be converted on a first-come-first served basis according to the conversion date (as defined in the terms and conditions of the MCB 2) of each conversion. Sunac International has notified the Company that, in the event that only up to a specified amount of the MCB 2 (but not all of the MCB 2) are declared by the Company to be convertible, Sunac International agrees to defer its conversion after all the other converting holders' conversion requests have been fulfilled, and in the event that the amount of MCB 2 of all the converting holders exceeds such specified amount, Sunac International's conversion request will not be processed at all.

(b) Maturity Mandatory Conversion:

All remaining MCBs outstanding as of the date falling 20 business days prior to the maturity date shall be mandatorily converted into Shares at the applicable maturity date, provided that if any of the below events has occurred and is continuing at any time during the period from and including the record date set out in the terms and conditions of the relevant MCB, and (in the case of event in paragraph (iv) only) (1) the trustee, if so requested in writing by the holders of not less than 10 per cent. in principal amount of the relevant MCB then outstanding with a total outstanding principal amount of no less than US\$200,000,000 or (2) holder(s) of not less than 10 per cent. in principal amount of the relevant MCB then outstanding with a total outstanding principal amount of no less than US\$200,000,000, have given notice in writing to the Company electing the suspension of the mandatory conversion of the relevant MCB, then the relevant MCB held by all holders shall not be so mandatorily converted into Shares:

- (i) winding up order granted against the Company;
- (ii) delisting of the Company's shares;
- (iii) suspension of trading of the Company's shares as set out in the terms of the relevant MCB; and
- (iv) failure to deliver MCB Conversion Shares subject to the terms and conditions of the relevant MCB,

provided that no notice in writing has been given to the Company that the relevant MCB have become due and payable pursuant to the terms and conditions of the relevant MCB and upon all event(s) above ceasing to be continuing, the mandatory conversion shall be resumed in accordance with the terms and conditions of the relevant MCB.

(c) Early Mandatory Conversion:

Notwithstanding anything to the contrary in the terms and conditions of the relevant MCB, at any time after the total principal amount of MCB 1 outstanding is less than US\$500,000,000 (in respect of MCB 1) or US\$250,000,000 (in respect of MCB 2), the Company may deliver a mandatory conversion notification and all remaining MCB 1 or MCB 2 (as applicable) outstanding shall be mandatorily converted into Shares on the date specified by the Company, subject to the terms and conditions of the relevant MCB.

(d) Accelerated Conversion (for MCB 2 only):

Under the MCB 2, the accelerated conversion events are:

- incurrence of any new debts by the Company after the Restructuring Effective Date, other than normal operating expenses incurred in the ordinary course of business;
- breach of other obligations under MCB 2;
- cross acceleration, judgement/involuntary proceeding/voluntary proceeding in respect of the Company and the Subsidiary Guarantors (with relevant carve outs as set out in the terms of the MCB 2);
- except as permitted under the trust deed relating to the MCB 2, any Guarantee becomes unenforceable or invalid or shall for any reason cease to be in full force and effect with respect to any Subsidiary Guarantor, or is claimed to be unenforceable, invalid or not in full force and effect by any Subsidiary Guarantor;
- except as permitted under the Trust Deed, any security document becomes unenforceable or invalid or shall for any reason cease to be in full force and effect or is claimed to be unenforceable, invalid or not in full force and effect by any Subsidiary Guarantor Pledgor or the Company;

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- winding up order granted against the Company;
- delisting of the Company's shares;
- suspension of trading of the Company's shares as set out in the section headed "Payment acceleration events" below terms of the MCB 2; and
- failure to deliver MCB Conversion Shares subject to the terms and conditions of the MCB 2.

Upon the occurrence of any of the accelerated conversion events, the MCB 2 will become convertible subject to the terms of the MCB 2.

Restriction on conversion:

A conversion right may not be exercised in respect of the MCBs where the Company has already exercised its right, by delivering or depositing the relevant redemption / repurchase notice, to redeem or repurchase such MCBs in accordance with the terms and conditions of the MCBs, provided that this restriction on exercise of conversion right shall cease to apply if the Company fails to redeem or repurchase such MCBs in accordance with the relevant redemption / repurchase notice.

Conversion price:

MCB 1

Subject to the terms and conditions of the MCB 1, the MCB 1 Conversion Price is initially HK\$6.80 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed "Adjustment events" below.

The initial MCB 1 Conversion Price of HK\$6.80 per Share represents:

- (a) a premium of approximately 330.38% over the closing price of HK\$1.58 per Share (the "**RSA Closing Price**") as quoted on the Stock Exchange on 17 April 2025, being the date of the signing of the RSA (the "**RSA Date**");

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- (b) a premium of approximately 341.56% over the closing price of HK\$1.54 per Share as quoted on the Stock Exchange on the Latest Practicable Date (the “**LPD Closing Price**”); and
- (c) a premium of approximately 352.13% over the average closing price of HK\$1.504 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date.

MCB 2

Subject to the terms and conditions of the MCB 2, the MCB 2 Conversion Price is initially HK\$3.85 per Share, which may be adjusted upon the occurrence of the adjustment events set out in the paragraph headed “Adjustment events” below.

The initial MCB 2 Conversion Price of HK\$3.85 per Share represents:

- (a) a premium of approximately 143.67% over the RSA Closing Price of HK\$1.58 per Share;
- (b) a premium of approximately 150.00% over the LPD Closing Price of HK\$1.54 per Share; and
- (c) a premium of approximately 155.98% over the average closing price of HK\$1.504 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the Latest Practicable Date.

Each of the MCB 1 Conversion Price and the MCB 2 Conversion Price was determined after arms’ length negotiations between the Company and the Initial Consenting Creditors 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. Each of the initial MCB 1 Conversion Price of HK\$6.80 per Share and the initial MCB 2 Conversion Price of HK\$3.85 per Share is at a premium to the RSA Closing Price of HK\$1.58 per Share.

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Adjustment events:

Subject to the terms of the MCBs, each of the MCB 1 Conversion Price and the MCB 2 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;

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- (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 1 or (ii) Shares issued on the exercise of conversion rights attaching to the MCB 2) 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 MCBs, no adjustment will be made to the MCB 1 Conversion Price or the MCB 2 Conversion Price:

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- (i) when Shares, options or other securities are issued, offered, exercised, allotted, appropriated, modified or granted to or for the benefit of Eligible Participants pursuant to the ESOP; or
- (ii) 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\$5 per Share (the “**Minimal Strategic Investor Share 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 at the issue price of below HK\$5 per Share, an adjustment may be made to the MCB 1 Conversion Price or the MCB 2 Conversion Price in the scenarios in (g) or (h) above if such issue price is also 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 Shares, options or other securities.

If an adjustment is required in the scenario in (g) above, the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{C}$$

Where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such current market price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

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If an adjustment is required in the scenario in (h) above, the MCB Conversion Price shall be adjusted by multiplying the MCB Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A+B}{A+C}$$

Where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Company for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such current market price per Share on the date of such announcement; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

The rationale to include such carve out to adjustment to the MCB Conversion Price is that the introduction of Strategic Investors would be beneficial to the Group as a whole. In such case, the Company is of the view that anti-dilution protection for holders of the MCBs should not apply.

The Minimal Strategic Investor Share Price of HK\$5 per Share has been determined after negotiations between the Company and the creditors and their advisor after taking into account, among other things:

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- (1) the effective MCB 2 Conversion Price of HK\$5, being HK\$3.85 / 77% after taking into account 23% of the MCBs attributable to the Scheme Creditors as Restructuring Consideration will be used for the Shareholding Structure Stability Arrangement. The effective MCB 2 Conversion Price only takes into account the portion of MCB 2 that the Scheme Creditors are actually issued, hence the MCB 2 Conversion Price is divided by 77% to arrive at the effective MCB 2 Conversion Price. Furthermore, only the MCB 2 Conversion Price (but not the MCB 1 Conversion Price) was taken into account given that any Strategic Investor would tend to be a long-term investor of the Company. Hence the MCB 2 Conversion Price would be a more relevant reference point given that the MCB 2's tenure is 30 months while the MCB 1's tenure is only 6 months;
- (2) the share price performance of the Company; and
- (3) the assessment of acceptability of creditors towards the terms of the Restructuring,

and in the opinion of the Company, such price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Based on the discussion with the Management and our review, we understand that (i) it is a normal commercial term that the Scheme Creditors would reasonably expect anti-dilution arrangement to be in place in the case of any issuance with issue prices below those of the MCB Conversion Prices (as defined below) or the relevant effective conversion prices of the MCBs; (ii) the Minimal Strategic Investor Share Price of HK\$5 was set at the effective MCB 2 Conversion Price, being (a) the MCB 2 Conversion Price (i.e. HK\$3.85); divided by (b) the net percentage of the MCBs attributable to the Scheme Creditors after the Shareholding Structure Stability Arrangement (i.e. 77%); (iii) the Minimal Strategic Investor Share Price of HK\$5 (or the effective MCB 2 Conversion Price) would be in fact below the effective conversion price of the MCBs attributable to the Scheme Creditors; (iv) by comparing with the share price performance of the Company during the Review Period (as defined below), the Minimal Strategic Investor Share Price of HK\$5 represents a premium of approximately 192.40% over the average Share price of HK\$1.71 during the Review Period (as defined below); and (v) when the Company introduces Strategic Investor with issuances at issue prices above the Minimal Strategic Investor Share Price, no adjustment will be made to the MCB Conversion Prices even when the abovementioned scenarios (g) or (h) above apply, which is beneficial to the Company for introducing Strategic Investors in the future. Given the current financial and operational conditions of the Group and the current industry conditions, the potential introduction of Strategic Investors could offer positive support to the long-term business recovery of the Group. In light of the above, we are of the view that the Minimal Strategic Investor Share Price is fair and reasonable.

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

MCB 1

- (i) Assuming issue of MCB 1 in the maximum aggregate principal amount of US\$9,710,670,612.75 (being the aggregate of 100% of the Maximum Scheme Creditors' Claims and the Consent Fees)

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Assuming that MCB 1 in the maximum aggregate principal amount of US\$9,710,670,612.75 (being the aggregate of 100% of the Maximum Scheme Creditors' Claims and the Consent Fees) will be issued by the Company and assuming full conversion of the MCB 1 at the MCB 1 Conversion Price of HK\$6.80 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 11,138,710,407 MCB 1 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 97.11% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 49.27% of the issued share capital of the Company as enlarged by the allotment and issue of such MCB 1 Conversion Shares;
- (c) approximately 46.89% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, and (ii) the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company); and
- (d) approximately 45.82% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, and (ii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,701,719,114 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

The MCB 1 Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$1,113,871,040.70.

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- (ii) Assuming issue of MCB 1 in the aggregate principal amount of US\$7,298,170,612.75 (being the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees)

Assuming that MCB 1 in the aggregate principal amount of US\$7,298,170,612.75 (being the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees) will be issued by the Company and assuming full conversion of the MCB 1 at the MCB 1 Conversion Price of HK\$6.80 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 8,371,430,996 MCB 1 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 72.99% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 42.19% of the issued share capital of the Company as enlarged by the allotment and issue of such MCB 1 Conversion Shares;
- (c) approximately 32.36% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, (ii) the allotment and issue of MCB 2 Conversion Shares upon full conversion of the MCB 2 in the maximum principal amount of US\$2,412,500,000.00 at the MCB 2 Conversion Price of HK\$3.85 per Share, and (iii) the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company); and

- (d) approximately 31.48% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 1 Conversion Shares, (ii) the allotment and issue of MCB 2 Conversion Shares upon full conversion of the MCB 2 in the maximum principal amount of US\$2,412,500,000.00 at the MCB 2 Conversion Price of HK\$3.85 per Share, and (iii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,861,317,829 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

The MCB 1 Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$837,143,099.60.

MCB 2

Assuming that MCB 2 in the maximum aggregate principal amount of US\$2,412,500,000.00 (being 25% of the Maximum Scheme Creditors' Claims) will be issued by the Company and assuming full conversion of the MCB 2 at the MCB 2 Conversion Price of HK\$3.85 per Share and based on the agreed exchange rate of US\$1 = HK\$7.8, up to 4,887,662,336 MCB 2 Conversion Shares will be allotted and issued, which represent:

- (a) approximately 42.61% of the existing issued share capital of the Company as at the Latest Practicable Date;
- (b) approximately 29.88% of the issued share capital of the Company as enlarged by the allotment and issue of such MCB 2 Conversion Shares;

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- (c) approximately 18.89% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 2 Conversion Shares, (ii) the allotment and issue of MCB 1 Conversion Shares upon full conversion of the MCB 1 in the principal amount of US\$7,298,170,612.75 at the MCB 1 Conversion Price of HK\$6.80 per Share, and (iii) allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,146,984,354 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company); and
- (d) approximately 18.38% of the issued share capital of the Company as enlarged by (i) the allotment and issue of such MCB 2 Conversion Shares, (ii) the allotment and issue of MCB 1 Conversion Shares upon full conversion of the MCB 1 in the principal amount of US\$7,298,170,612.75 at the MCB 1 Conversion Price of HK\$6.80 per Share, and (iii) subject to obtaining the requisite shareholders' approval under the Listing Rules, the allotment and issue of Shares pursuant to the ESOP assuming that the Plan Mandate Limit of 1,861,317,829 Shares is fully utilized (further assuming there is no other change in the issued share capital of the Company).

The MCB 2 Conversion Shares, upon full conversion, shall have an aggregate nominal value of up to HK\$488,766,233.60.

The maximum number of MCB Conversion Shares will be allotted and issued when the principal amount of the MCB 1 to be issued would represent the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees, and the principal amount of the MCB 2 to be issued would represent 25% of the Maximum Scheme Creditors' Claims.

Based on the above figures, the maximum number of MCB Conversion Shares (the sum of 8,371,430,996 MCB 1 Conversion Shares and 4,887,662,336 MCB 2 Conversion Shares) that may be allotted and issued by the Company is 13,259,093,332.

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Security and guarantee: The MCBs will be secured by the charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors to be shared among the MCB 1, the MCB 2 and any other permitted *pari passu* secured indebtedness.

The MCBs will be jointly and severally guaranteed by the Subsidiary Guarantors.

Subject to the terms of the MCBs, the security and guarantee may be enforced upon the occurrence of payment acceleration events under the MCBs where the MCBs would become due and payable. The Company will assess the Listing Rules implications arising from any such enforcement based on the then prevailing facts and circumstances and comply with the relevant requirements under the Listing Rules, if applicable.

Redemption events: **(a) Redemption at the option of the Company**

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

(b) Redemption for taxation reasons

Subject to the terms of the relevant MCB, at any time the Company may, having given not less than 15 business days' notice to the holders of the relevant MCB, the trustee and the principal agent (which notice shall be irrevocable) redeem all but not some only of such 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.

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Redemption restriction: The Company may redeem or repurchase the outstanding MCBs, through tender offers or other offers of purchases that are made to all holders of the MCBs (subject to customary exclusions for compliance with the securities laws of relevant jurisdictions), provided that: (a) no open market repurchase of the MCBs shall be made; and (b) to the extent any MCBs which were allocated to and received by Mr. Sun or any of his affiliates or other designated persons under the Shareholding Structure Stability Arrangement remain outstanding, the Company shall not redeem or repurchase such Bonds held by Mr. Sun or any of his affiliates or other designated persons.

Payment acceleration events: Payment acceleration events under the MCBs are as follows:

- winding up order granted against the Company;
- delisting of the Company's shares;
- suspension of trading of the Company's shares as set out in the terms of the MCBs; and
- failure to deliver Conversion Shares subject to the terms and conditions of the MCBs

If any of the payment acceleration events has occurred and is continuing, the MCB 1 or MCB 2 (as applicable) may be declared due and payable subject to the terms of the relevant MCB.

Ranking: The MCBs constitute direct, unsubordinated, unconditional and secured obligations of the Company, and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the MCBs shall, save for such exceptions as may be provided by applicable law, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

The MCB 1 and the MCB 2 benefit from the same Subsidiary Guarantees and charges over the shares held by the Company or a Subsidiary Guarantor Pledgor in the Subsidiary Guarantors.

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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 MCBs 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.

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 MCBs on the SGX.

4. Evaluation of the key terms of the Connected MCB Issue

4.1 Issue of MCBs to Sunac International as a Scheme Creditor

The Scheme Creditors comprise the persons who hold beneficial interests as principal in, or who are the lenders under, the instruments at the Record Time for the Scheme, as listed out under the section headed “9. INFORMATION ON THE EXISTING DEBT UNDER THE SCHEME” in the Letter from the Board.

As at the Latest Practicable Date, Sunac International, as the holder of the Sunac International MCB, is one of the Scheme Creditors. Similar to other holders of the Existing Debt and subject to the Election and Allocation Mechanism, the Sunac International MCB held by Sunac International will be exchanged into MCBs in the Restructuring. Therefore, the terms and conditions for the issuance of MCBs to Sunac International are the same as the other Scheme Creditors.

As at the Latest Practicable Date, the aggregate principal amount of the Sunac International MCB outstanding was US\$15,812,060.00. It is estimated that Sunac International, as a Scheme Creditor, may be issued MCBs in the principal amount of up to US\$15,812,060.00. Sunac International will not be receiving any Consent Fees under the Scheme.

4.2 Share price comparisons

MCB 1

Subject to the terms and conditions of the MCB 1, the MCB 1 Conversion Price is initially HK\$6.80 per Share, which may be adjusted upon the occurrence of the adjustment events. The initial MCB 1 Conversion Price of HK\$6.80 per Share represents:

- (i) a premium of approximately 330.38% over the RSA Closing Price of HK\$1.58 per Share;
- (ii) a premium of approximately 347.96% over the average closing price of HK\$1.52 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the RSA Date (the “**Average Closing Price**”); and
- (iii) a premium of approximately 341.56% over the LPD Closing Price of HK\$1.54 per Share.

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MCB 2

Subject to the terms and conditions of the MCB 2, the MCB 2 Conversion Price is initially HK\$3.85 per Share, which may be adjusted upon the occurrence of the adjustment events. The initial MCB 2 Conversion Price of HK\$3.85 per Share represents:

- (i) a premium of approximately 143.67 % over the RSA Closing Price of HK\$1.58 per Share;
- (ii) a premium of approximately 153.62% over the Average Closing Price of HK\$1.52 per Share; and
- (iii) a premium of approximately 150.00% over the LPD Closing Price of HK\$1.54 per Share.

4.3 Historical share price performance

In order to assess the fairness and reasonableness of the MCB 1 Conversion Price at HK\$6.80 per Share and MCB 2 Conversion Price at HK\$3.85 per Share (collectively the “**MCB Conversion Prices**”), we have reviewed the daily closing prices of the Shares during the period from 18 April 2024 to the RSA Date (i.e. 17 April 2025), being approximately one year prior to the RSA Date (the “**Review Period**”). We consider that the Review Period is adequate to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and having factored into the capital market assessment of the Company during the Review Period. Such comparison is relevant for the assessment of the fairness and reasonableness of MCB Conversion Prices. The following diagram sets out the daily closing prices of the Shares on the Stock Exchange during the Review Period:

Chart 1: Movement of the closing prices of the Shares during the Review Period



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As illustrated in Chart 1 above, the closing prices of the Shares traded in a range between the lowest of HK\$0.91 per Share on 16 September 2024 (the “**Lowest Closing Price**”) to the highest of HK\$4.60 per Share on 2 October 2024 (the “**Highest Closing Price**”) during the Review Period with an average of HK\$1.71 per Share. The MCB 1 Conversion Price represents premiums of approximately 647.25% and approximately 47.83% over the Lowest Closing Price and the Highest Closing Price, respectively. The MCB 2 Conversion Price represents a premium over the Lowest Closing Price of approximately 323.08% and a discount to the Highest Closing Price of approximately 16.30%. The MCB 2 Conversion Price is slightly below the upper bound of the Share closing prices during the Review Period. The MCB 1 Conversion Price and MCB 2 Conversion Price represent premiums over the average Share price HK\$1.71 by approximately 297.66% and 125.15% respectively.

Apart from the customary announcements made by the Company in terms of its interim and/or annual results announcements, and the issue of interim and/or annual reports and circular for its annual general meeting during the Review Period, other notable events included:

- (i) announcements in relation to the Restructuring and the Petition;
- (ii) announcements in relation to the Onshore Debt Restructuring;
- (iii) announcements in relation to the Existing Notes (as defined in the Letter from the Board);
- (iv) announcement dated 17 March 2025 in relation to profit warning of the Company for FY2024;
- (v) announcement dated 27 January 2025 in relation to the signing of a debt restructuring agreement between the Group and China Credit Trust Co., Ltd.* (中誠信託有限責任公司);
- (vi) announcement dated 23 January 2025 in relation to existing debt restructuring and new financing of the Chongqing Bay Project (as defined therein);
- (vii) announcement dated 29 November 2024 in relation to a discloseable transaction whereby the Group disposed of a major equity interests in Harbin Ice and Snow World Park Limited By Share Ltd* (哈爾濱冰雪大世界股份有限公司);
- (viii) announcement dated 1 November 2024 in relation to a discloseable transaction involving the update and adjustment on the cooperation arrangement with Guilin Zhangtai Enterprise Group Limited* (桂林彰泰實業集團有限公司);
- (ix) announcement dated 17 October 2024 in relation to the top-up placing of existing Shares and subscription of new Shares with gross proceeds of approximately HK\$1.205 billion;

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- (x) PRC government authorities published a series of policies to support and improve the real estate and stock market since September 2024, share prices of real estate companies listed on the Stock Exchange generally improved;
- (xi) announcement dated 20 August 2024 in relation to profit warning of the Company for the six months period ended 30 June 2024; and
- (xii) announcement dated 30 April 2024 in relation to the disciplinary actions imposed by the Shanghai Stock Exchange and Shenzhen Stock Exchange on Sunac Real Estate Group Co., Ltd.* (融創房地產集團有限公司), a wholly-owned subsidiary of the Company, and Mr. Wang Mengde, an executive Director.

As advised by the Management, other than the events mentioned above, the Management is not aware of any events that led to the fluctuation trend in the closing prices of the Shares during the Review Period.

Independent Shareholders should note the MCB Conversion Prices each set at a significant premium to the relevant closing Share prices essentially means that there is a similar significant haircut on the principal amounts of the Existing Debt. This feature is aimed in improving the overall capital structure of the Group, thereby enabling the Group to achieve meaningful deleverage of the Group's offshore debts and to establish a sustainable capital structure of the Company, which is the focus of the Key Restructuring Objectives.

In light of the above analysis, in particular (i) the MCB 1 Conversion Price (i.e. HK\$6.80) is significantly above the range of the Share closing prices throughout the Review Period and the MCB 2 Conversion Price (i.e. HK\$3.85) is only slightly below the upper bound of the Share closing prices during the Review Period; and (ii) the MCB 1 Conversion Price and the MCB 2 Conversion Price represent a premium of 330.38% and 143.67%, respectively, over the RSA Closing Price, we are of the view that the MCB Conversion Prices represent a favourable feature to the Independent Shareholders to consider as discussed above.

4.4 Comparable MCBs

To assess the fairness and reasonableness of the key terms of the MCBs, including the interest rate, conversion price and term to maturity, we have conducted independent research of the proposed issue of mandatory convertible bonds under specific mandate announced by companies listed on the Main Board of the Stock Exchange in which their circulars were issued during the period from 18 April 2022 to the RSA Date (i.e. 17 April 2025), being approximately three years prior to the RSA Date (the “**MCB Review Period**”). Based on the above selection criteria, we have identified a total of six mandatory convertible bond issuances (the “**Comparable MCBs**”) to provide an assessment of the recent market practice in relation to the key terms of mandatory convertible bonds under similar market conditions. We consider that the MCB Review Period is appropriate since it provided, in our opinion, a reasonable and meaningful number of samples for our analysis purpose and the Comparable MCBs as a whole provides a fair and representative sample.

Independent Shareholders should note that the principal businesses, market capitalisation, profitability and financial positions of the companies in relation to the Comparable MCBs may not be similar to those of the Company, and we have not conducted any in-depth investigation into respective businesses and operations of such companies. As the Comparable MCBs can provide a general reference of the key terms for similar transactions in Hong Kong under the current market conditions, we consider, to the best of our knowledge and ability, that the list of Comparable MCBs is exhaustive, fair and representative during the MCB Review Period in assessing the fairness and reasonableness of the key terms of the Connected MCB Issue.

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Table 3: Analysis of the Comparable MCBs

Date of circular	Stock code	Name of company	Principal amount	Term to maturity	Interest rate per annum	Premium/(discount) of conversion price ^(Note 1)		Relative dilution effect of existing public shareholders (excluding mandatory convertible bond holders) for conversion of mandatory convertible bond ^(Note 2)
						the closing price as at last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement	the average closing price of five (5) trading days up to and including the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement	
30 December 2024	813	Shimao Group Holdings Limited						
		■ Controlling shareholder mandatory convertible bond	US\$397,758,525	1.0	Nil	710.81	704.29	81.76
		■ Mandatory convertible bond	Up to US\$12,662,513,247	1.0	Nil	710.81	704.29	
29 November 2024	1638	Kaisa Group Holdings Ltd.						64.98
		■ Tranche A	US\$300,000,000	N/A ^(Note 3)	Nil	4,103.54	4,202.54	
		■ Tranche B	US\$400,000,000		Nil	4,103.54	4,202.54	
		■ Tranche C	US\$500,000,000		Nil	4,103.54	4,202.54	
		■ Tranche D	US\$800,000,000		Nil	3,484.07	3,568.48	
		■ Tranche E	US\$800,000,000		Nil	3,484.07	3,568.48	
		■ Tranche F	US\$1,000,000,000		Nil	3,484.07	3,568.48	
		■ Tranche G	US\$1,000,000,000		Nil	3,484.07	3,568.48	
			Up to US\$2,092,219,129		Nil	3,484.07	3,568.48	

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Date of circular	Stock code	Name of company	Principal amount	Term to maturity	Interest rate per annum	Premium/(discount) of conversion price ^(Note 1) the average closing price of five (5) trading days up to the closing price as at last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement	and including the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement	Relative dilution effect of existing public shareholders (excluding public mandatory convertible bond holders) for conversion of mandatory convertible bond ^(Note 2)
5 November 2024	1238	Powerlong Real Estate Holdings Limited	Up to US\$558,166,990	4.0	Nil	520.37	723.10	23.93
1 November 2024	3377	Sino-Ocean Group Holding Limited						49.27
		■ Class A	Approximately US\$833,000,000	2.0	Nil	289.33	292.47	
		■ Class B	Approximately US\$1,450,000,000	2.0	Nil	1,412.00	1,424.19	
		■ Class C	Approximately US\$1,175,000,000	2.0	Nil	4,438.67	4,475.27	
		■ Class D	Approximately US\$561,000,000	2.0	Nil	2,870.67	2,894.62	
15 December 2023	3883	China Aoyuan Group Limited	US\$143,000,000	5.0	Nil	-44.07	-42.61	36.32

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Date of circular	Stock code	Name of company	Principal amount	Term to maturity	Interest rate per annum	Premium/(discount) of conversion price ^(Note 1) the average closing price of five (5) trading days up to the closing price as at last trading day prior to/on date of announcement or date of the credit/ restructuring supporting agreement or date of the amended credit/ restructuring supporting agreement	the closing price as at last trading day prior to/on date of announcement or date of the credit/ restructuring supporting agreement or date of the amended credit/ restructuring supporting agreement	Relative dilution effect of existing public shareholders (excluding mandatory convertible bond holders) for conversion of mandatory convertible bond ^(Note 2)
13 June 2023	1918	The Company ■ Mandatory convertible bond	US\$2,200,000,000	5.0	Nil	-12.66 ^(Note 6) 31.00 ^(Note 7)	-14.89 ^(Note 6) 27.66 ^(Note 7)	48.67
		■ Controlling shareholder mandatory convertible bond	US\$450,000,000	5.0	Nil	-12.66 ^(Note 6) 31.00 ^(Note 7)	-14.89 ^(Note 6) 27.66 ^(Note 7)	
			Max	5.0	Nil	4,438.67	4,475.27	81.76
			Min	1.0	Nil	-44.07	-42.61	23.93
			Average	2.9	Nil	2,033.81	2,082.56	50.82
		The Company						53.62 ^(Note 8)
		MCB 1	Up to approximately US\$9.71 billion ^(Note 4)	0.5	Nil	330.38	347.96	
		MCB 2	Up to approximately US\$2.41 billion	2.5	Nil	143.67	153.62	

Sources: Website of the Stock Exchange and the circulars of the Company

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Notes:

1. Conversion prices of respective Comparable MCBs are extracted from the respective circulars in relation to the issue of the Comparable MCBs (the “**Comparable MCBs Circulars**”).
2. To provide meaningful references for relative dilution effect caused by conversion of the MCBs, relative dilution effect of conversion of the respective Comparable MCBs is calculated based on (i) the conversion of the respective Comparable MCBs only and without taking into account the effects on the shareholding structuring caused by other securities; and (ii) all other applicable assumptions for deriving the relative dilution effects on the shareholding structure of respective companies by the Comparable MCBs as stated in the Comparable MCBs Circulars. For illustrative purpose, the relative dilution effect percentage is calculated by subtracting (i) the shareholding percentage of the public shareholders upon full conversion of the Comparable MCBs (excluding the holders of the respective Comparable MCBs); from (ii) the shareholding percentage of the public shareholders as at the relevant latest practicable date; and then divided by (iii) the shareholding percentage of the public shareholders as at the relevant latest practicable date as disclosed in the Comparable MCBs Circulars.
3. Instead of terms to maturity, only maturity dates of the mandatory convertible bonds of Kaisa Group Holdings Ltd. were disclosed in the respective Comparable MCBs Circulars.
4. The principal amount of the MCB 1 includes the Consent Fees to be paid by the MCB 1.
5. The information and figures under this table were extracted from and/or calculated based on the information disclosed in the respective Comparable MCBs Circulars.
6. Calculated based on the initial minimum conversion price of the respective mandatory convertible bonds of the Previous Restructuring (as defined below).
7. Calculated based on the initial conversion price of the respective mandatory convertible bonds of the Previous Restructuring (as defined below).
8. The relative dilution effect of the MCBs is calculated based on the assumptions and shareholding structure before and upon full conversion of the MCBs as set out in the section headed “Relative Dilution effect” below.

Interest rate

As shown in Table 3 above, the interest rate for all the Comparable MCBs was nil, which is the same as the MCBs, we consider the fact that the MCBs will not bear any interest to be on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Term to maturity

The term to maturity of the Comparable MCBs ranged from 1.0 year to 5.0 years, with an average term of approximately 2.9 years.

On one hand, the term to maturity of the MCB 2 is 30 months (i.e. 2.5 years) from the earlier of 31 December 2025 and the Restructuring Effective Date and falls within such range of the Comparable MCBs but is below the average term to maturity of the Comparable MCBs.

On the other hand, the term to maturity of the MCB 1 is 6 months (i.e. 0.5 year) from the Restructuring Effective Date. Such term to maturity of the MCB 1 falls below the lower bound of the term to maturity of the Comparable MCBs. According to the principal terms of the MCBs, the MCB 1 will comprise no less than 75% of the Restructuring Consideration and, if none of the Scheme Creditors will elect for MCB 2, all the Scheme Creditors will receive MCB 1 by default.

The Group completed the offshore debt restructuring (the “**Previous Restructuring**”) in 2023, which involved Company’s senior notes and other offshore instruments or debts in the principal amount of US\$9,048 million. We note that the Previous Restructuring involved the issue of convertible bonds and mandatory convertible bonds (collectively the “**Previous Bonds**”) with term to maturity ranged from 5 years to 9 years. We further understand from the Management that (i) the Restructuring is the second round of offshore debt restructuring conducted by the Company during the MCB Review Period where the Previous Bonds already had their own term to maturity and these Previous Bonds which form part of the Existing Debt will be subject to the Restructuring; and (ii) the terms (including the term to maturity) of the MCBs were determined after arms’ length negotiations between the Company and the Initial Consenting Creditors after taking into account, among other things, the assessment of acceptability of Scheme Creditors towards the terms (including the term to maturity) of the Restructuring with a view to achieving a sustainable capital structure. Having considered the above, in particular, (i) under the Previous Restructuring, the then relevant debts had already been extended in 2023 through the issue of the Previous Bonds with their own term to maturity (the “**First Debt Extension**”); (ii) when assessing the term to maturity of the MCB 1 and MCB 2, the relevant period of the First Debt Extension and the assessment of acceptability of Scheme Creditors towards the terms (including the term to maturity) of the Restructuring should also be taken into consideration; and (iii) the sooner the MCB 1 are converted, the faster the Group is de-leveraged and capital structure of the Company is optimised, we are of the view that the terms to maturity of the MCBs are justifiable.

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MCB Conversion Prices

As shown in Table 3 above, we note that the conversion price to: (i) the closing price on the last trading day prior to/on date of announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement in relation to the respective Comparable MCBs ranged from a premium of approximately 4,438.67% to a discount of approximately 44.07%, with an average premium of approximately 2,033.81%; and (ii) the average closing price of the last five (5) trading days prior to/on date of the announcement or date of the credit/restructuring supporting agreement or date of the amended credit/restructuring supporting agreement in relation to the respective Comparable MCBs ranged from a premium of approximately 4,475.27% to a discount of approximately 42.61%, with an average premium of approximately 2,082.56%. The MCB 1 Conversion Price and MCB 2 Conversion Price are: (a) at a premium of approximately 330.38% and approximately 143.67% over the RSA Closing Price, respectively; and (b) at a premium of approximately 347.96% and approximately 153.62% over the Average Closing Price, respectively (collectively the “**MCBs Premiums**”). The premiums as represented by the MCB Conversion Prices are within the respective ranges and below the respective average premiums of the Comparable MCBs. Having taken into account that: (i) the Restructuring is the second round of offshore debt restructuring conducted by the Company during the MCB Review Period; (ii) under the Previous Restructuring, the then relevant debts had already been subject to the First Debt Extension; (iii) the conversion prices of mandate convertible bonds of the Previous Bonds over (a) the closing price of the Shares on the last trading day prior to; and (b) the average closing price of the Shares of five (5) trading days up to and including the signing of the corresponding restructuring support agreement represented discounts of approximately 14.89% to premiums of approximately 31.00%, which were significantly below the MCBs Premiums; and (iv) the terms (including the MCB Conversion Prices) of the MCBs were determined after arms’ length negotiations between the Company and the Initial Consenting Creditors after taking into account, among other things, the assessment of acceptability of Scheme Creditors towards the terms (including the MCB Conversion Prices) of the Restructuring with a view to achieving a sustainable capital structure, we consider the MCB Conversion Prices are justifiable.

Based on the above, we consider the terms of the MCBs to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Relative Dilution effect

The relative dilution effect to the existing public shareholders (excluding mandatory convertible bond holders who are considered as public) of the Comparable MCBs ranged from approximately 23.93% to approximately 81.76% with the average relative dilution effect of approximately 50.82%.

Based on the information disclosed in the Letter from the Board and as advised by the Management, the table below illustrates effects on the shareholding structure of the Company taking into account the impact of the MCB Issue.

- (i) as at the Latest Practicable Date; and
- (ii) assuming full conversion of the MCBs at the initial MCB 1 Conversion Price of HK\$6.80 per Share or the initial MCB 2 Conversion Price of HK\$3.85 per Share (as applicable), and (i) the principal amount of the MCB 1 to be issued as Restructuring Consideration would be equal to US\$7,237,500,000.00, representing 75% of Maximum Scheme Creditors' Claims, and the principal amount of the MCB 2 to be issued would be equal to approximately US\$2,412,500,000.00, representing 25% of the Maximum Scheme Creditors' Claims, (ii) Sunac International and/or Mr. Sun and/or his designated person(s) will in aggregate be issued MCBs in maximum principal amount of US\$2,231,675,286.20 in the Restructuring, comprising (1) the MCBs in principal amount of up to US\$15,812,060.00 to be issued to Sunac International as a Scheme Creditor and (2) the MCBs in principal amount of up to US\$2,215,863,226.20 to be issued to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement, and (iii) for the purpose of the payment of Consent Fees, MCB 1 in principal amount of US\$60,670,612.75 will be issued to the Scheme Creditors;
- (iii) assuming there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the date of the full conversion of the MCBs and based on the agreed exchange rate of US\$1 = HK\$7.8 (collectively, the “**Relative Dilution Effect Assumptions**”):

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Table 4: Shareholding structure of the Company upon full conversion of the MCBs

	As at the Latest Practicable Date		Immediately upon full conversion of the MCBs based on the Relative Dilution Effect Assumptions	
	Number of Shares	%	Number of Shares	%
Mr. Sun (Note 1)	2,741,756,987	23.90%	5,791,983,148	23.42%
Mr. Wang Mengde	17,177,000	0.15%	17,177,000	0.07%
Ms. Ma Zhixia	3,829,000	0.03%	3,829,000	0.02%
Mr. Tian Qiang	6,982,000	0.06%	6,982,000	0.03%
Mr. Huang Shuping	5,400,000	0.05%	5,400,000	0.02%
Mr. Sun Kevin Zheyi	261,000	0.002%	261,000	0.001%
Holders of MCB 1 (other than Sunac International, Mr. Sun or his designated person(s))	–	–	6,451,533,875	26.09%
Holders of MCB 2 (other than Sunac International, Mr. Sun or his designated person(s))	–	–	3,757,333,296	15.19%
Other Shareholders (the “Other Shareholders”) (Note 2)	8,694,437,556	75.80%	8,694,437,556	35.16%
Total	11,469,843,543	100.00%	24,728,936,875	100.00%

Notes:

- Of these 2,741,756,987 Shares, (a) 19,930,000 Shares were held by Mr. Sun, (b) 2,673,120,987 Shares were held by Sunac International and (c) 48,706,000 Shares were held by Tianjin Biaodi. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the HBS Family Trust (the “**Family Trust**”). South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun and Mr. Sun and some of his family members are the beneficiaries. In accordance with the SFO, Mr. Sun was deemed to be interested in the aforesaid Shares.
- To the best of the Directors’ knowledge, information and belief, all of these Shareholders are members of the public as defined in Rule 8.24 of the Listing Rules as at the Latest Practicable Date.

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As illustrated in Table 4, based on the Relative Dilution Effect Assumptions and upon full conversion of the MCBs, the shareholding interests of the Other Shareholders would be approximately 35.16% and the corresponding relative dilution effect would be approximately 53.62% (the “**Relative MCBs Dilution**”), which is within the range and slightly above the average relative dilution effect of the Comparable MCBs of 50.82%. We understand from the Management that such substantial Relative MCBs Dilution was mainly attributable to the significant size of the issue of Shares pursuant to the full conversion of the MCBs pursuant to the Restructuring as compared to the size of the issued Shares as at the Latest Practicable Date. Having considered that, (i) the substantial amount of the current borrowings of the Group of approximately RMB105.80 billion as at 31 December 2024, which are due on or before 31 December 2025; (ii) the substantial amount of the Overdue and Early Repayment Borrowings, with the pressing need to move forward to achieve the Key Restructuring Objectives; (iii) the premiums as represented by the MCB Conversion Prices are within the respective ranges of the Comparable MCBs; and (iv) the Company is facing pressure on its working capital and liquidity positions, as discussed in the paragraph headed “1.1 The Group” under the section headed “1. Information of the Parties” above, we consider that the Relative MCBs Dilution is fair and reasonable.

4.5 The Shareholding Structure Stability Arrangement

As disclosed in the Letter from the Board, to 1) maintain a stable shareholding structure, 2) ensure the continued contribution of Mr. Sun to the Group’s ongoing home delivery program, debt risk resolution and long-term business recovery, and 3) strengthen stakeholder confidence and better facilitate resource integration (the “**Stability Arrangement Objectives**”), conditional Restricted Shares are proposed to be allocated to the Substantial Shareholder or his designated person(s) as part of the Restructuring. This would enable Mr. Sun and/or his designated persons to retain a certain shareholding level. Specifically, for every US\$100 in principal amount of MCBs attributable to the Scheme Creditors (other than those attributable to Sunac International), US\$23 out of those MCBs (i.e. the Relevant New MCBs) will instead be issued to Mr. Sun or the Designee(s).

On the basis of the Maximum Scheme Creditors’ Claims, it is estimated that Mr. Sun and/or his Designee(s) may be issued additional MCBs in principal amount of up to US\$2,215,863,226.20 as a result of the Shareholding Structure Stability Arrangement.

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In connection with the Shareholding Structure Stability Arrangement, Mr. Sun will execute the Chairman Undertaking pursuant to which he will irrevocably undertake to the Company that, among others:

- a. Mr. Sun will not, and will procure that his Designee(s) do not, sell, assign, transfer, pledge or otherwise dispose of or create any encumbrance over any of the conversion shares to be issued upon conversion of the Relevant New MCBs (the “**Relevant MCB Conversion Shares**”) (each a “**Transaction**”), unless:

- i. at any time during the period from (and including) the Restructuring Effective Date to and (excluding) the date that is the sixth anniversary of the Restructuring Effective Date (the “**Restricted Period**”), the average closing price per Share as quoted on the daily quotation sheets of the Stock Exchange for any period of 30 consecutive trading days reaches or exceeds HK\$7.4 per Share (the “**Minimum Price**”); or
- ii. the Transaction occurs on or after the date that is the sixth anniversary of the Restructuring Effective Date,

and, in either case, subject further to the conditions that:

- iii. the Transaction must comply with all applicable laws and regulations, including (without limitation) the Listing Rules;
- iv. as at the date that is: (x) the sixth anniversary of the Restructuring Effective Date; or (y) if sub-paragraph (a)(i) above applies, the date of the relevant Transaction, Mr. Sun shall remain, or (if Mr. Sun is restricted by law or by any order or directive of a government agency from holding a senior position at the Company) one of his affiliates shall remain, employed or engaged as the chairman or a member of the Board and/or in another senior managerial position at the Company (the “**Qualification Condition**”), save that:
 - A. where the Strategic Investor (if any) has required the resignation of Mr. Sun and his affiliates as a condition for its equity investment in, or general or partial takeover of, the Company, then (without prejudice to or derogation from the requirements set out in sub-paragraphs (a)(i) and (a)(ii) above) the Qualification Condition shall cease to apply; and

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- B. in the case of Mr. Sun's death or disability prior to the date that is the sixth anniversary of the Restructuring Effective Date, the Qualification Condition shall cease to apply, and the person who inherits or otherwise legally assumes ownership or control of his rights in or title to the Relevant MCB Conversion Shares shall be permitted to enter into one or more Transactions in respect of those Relevant MCB Conversion Shares on and from the date that is the sixth anniversary of the Restructuring Effective Date;

and if, at as the date that is the sixth anniversary of the Restructuring Effective Date, the Qualification Condition applies but is not satisfied, then, subject to compliance with all applicable laws and regulations, including (without limitation) the Listing Rules, the Relevant MCB Conversion Shares shall, from that date onwards, be held to the order of the Company and Mr. Sun and the Designee(s) and their respective permitted transferee(s) (as applicable) shall thereafter cease to have any beneficial interest in such Relevant MCB Conversion Shares; and

- b. before the conversion of the Relevant New MCBs in accordance with the provisions of the MCBs, Mr. Sun will not, and will procure that his Designee(s) do not, sell, assign, transfer, pledge or otherwise dispose of or create any encumbrance over any of the Relevant New MCBs.

For the avoidance of doubt, nothing in the Chairman Undertaking shall restrict Mr. Sun, his Designee(s) or their respective permitted transferee(s) (as applicable) from exercising the conversion right attaching to the Relevant New MCBs in accordance with the provisions of the MCBs. In addition, for the avoidance of doubt, notwithstanding anything to the contrary in the Chairman Undertaking, Mr. Sun, his Designee(s) and their respective permitted transferee(s) (as applicable) shall be entitled to exercise and enjoy all voting rights and dividend rights attached to the Relevant MCB Conversion Shares upon their issuance to Mr. Sun, his Designee(s) or their respective permitted transferee(s) (as applicable) following conversion of the Relevant New MCBs.

The above shall not restrict the ability of Mr. Sun or any of his Designee (s) to transfer some or all of the Relevant New MCBs and/or the conversion shares issuable thereunder to Mr. Sun's affiliate(s), provided that, among others, such affiliate(s) shall, as a condition precedent to receive such Relevant New MCBs and/or conversion shares, agree to the terms set out in the Chairman Undertaking as if it were a party to the Chairman Undertaking.

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The Minimum Price and the period of 30 consecutive trading days were determined after arms' length negotiations between the Company and the Initial Consenting Creditors after taking into account, among other things:

1. the effective MCB Conversion Price (calculated by $1/(0.75/6.8+0.25/3.85)/77\%$);

To arrive at such effective MCB Conversion Price, it has been assumed that the principal amount of the MCB 1 to be issued would represent the aggregate of 75% of the Scheme Creditors' Claims and the Consent Fees, and the principal amount of the MCB 2 to be issued would represent 25% of the Scheme Creditors' Claims. In addition, 23% of the MCBs (comprising MCB 1 and MCB 2) attributable to the Scheme Creditors as Restructuring Consideration will be used for the Shareholding Structure Stability Arrangement. The effective MCB Conversion Price only takes into account the portion of MCB that the Scheme Creditors are actually issued, hence the MCB Conversion Price is divided by 77% to arrive at the effective MCB Conversion Price.

2. the share price performance of the Company;
3. the assessment of acceptability of Scheme Creditors towards the terms of the Restructuring with a view to achieving a sustainable capital structure; and
4. the purpose of the Shareholding Structure Stability Arrangement to incentivize Mr. Sun to contribute towards the Group's long-term business recovery and unlock value for the Company and its stakeholders as a whole.

The key observations we note from salient terms of the Chairman Undertaking are: (i) the Restricted Period of six years is substantially longer than the term to maturity of MCB 1 and MCB 2 of 6 months and 30 months, respectively; (ii) the Minimum Price (a) is substantially higher than and represents premiums of approximately 368.35% and 92.20%, respectively, over the RSA Closing Price and the MCB 2 Conversion Price; and (b) represents a premium of approximately 8.8% over the MCB 1 Conversion Price; (iii) Mr. Sun and the Designee(s), when carrying out any Transaction(s), will be subject to the Qualification Condition that he or one of his affiliates shall remain, employed or engaged as the chairman or a member of the Board and/or in another senior managerial position at the Company as at the date that is: (x) the sixth anniversary of the Restructuring Effective Date; or (y) if the Transaction is carried out prior to that date where the relevant conditions are met (i.e. in the scenario set out in sub-paragraph (a)(i) above), the date of the relevant Transaction; (iv) if, at as the date that is the sixth anniversary of the Restructuring Effective Date, the Qualification Condition applies but is not satisfied, then, subject to compliance with all applicable laws and regulations, including (without limitation) the Listing Rules, the Relevant Conversion Shares shall, from that date onwards, be held to the order of the Company; (v) Mr. Sun and the Designee(s) will not be permitted to sell, assign, transfer, pledge or otherwise dispose of or create any encumbrance over any of the Relevant New MCBs, before the conversion of the Relevant New MCBs in accordance with the provisions of the MCBs; (vi) Mr. Sun and the Designee(s) can only sell, assign, transfer, pledge or otherwise dispose of or

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create any encumbrance over any of the Relevant MCB Conversion Shares on or after the date that is the sixth anniversary of the Restructuring Effective Date, or the average closing price per Share as quoted on the daily quotation sheets of the Stock Exchange for any period of 30 consecutive trading days (the “**30 Day Observation Period**”) reaches or exceeds the Minimum Price of HK\$7.4 per Share subject to the conditions in the Chairman Undertaking being satisfied (the “**Restrictive Mechanisms of the Shareholding Structure Stability Arrangement**”).

Our expanded commentary on two of the salient terms under the Restrictive Mechanisms of the Shareholding Structure Stability Arrangement, notably the Minimum Price of HK\$7.4 per Share and the 30 Day Observation Period of 30 consecutive trading days, are as follows. We note that the Minimum Price of HK\$7.4 per Share is a high ceiling compared to the prevailing market prices of the Shares, that it represents a premium of approximately 368.35% over the RSA Closing Price of HK\$1.58 per Share and none of the closing Share prices closed above the Minimum Price during the Review Period. The Minimum Price hovers above even the highest closing Share price during the Review Period of HK\$4.60 per Share on 2 October 2024. In light of the above, we consider it prudent to set the Minimum Price at HK\$7.4 per Share to limit Mr. Sun’s Share disposal activities during the relevant lock-up period. Regarding the 30 Day Observation Period, we note that 30 consecutive trading days is one of the medium term time periods commonly adopted by the market in assessing terms of transactions relating to share prices of listed companies. Such kind of moving average over 30 trading days is considered a good indicator that helps to smoothen out the impact of daily dynamic ups and downs in share prices, also referred to as the ‘noise’ of price action while it does not create lag effects commonly found in longer term moving averages. Based on the above, we are of the view that the 30 Day Observation Period is in line with market practice to smoothen out daily noise of the Share prices which would ensure Mr. Sun can only be released from the lock up after the Share price has been able to sustain above the Minimum Price throughout the 30 Day Observation Period, being a reasonably long period of time, so that he would not be released due to short term fluctuations of the Share prices.

To achieve the Stability Arrangement Objectives, conditional Restricted Shares are proposed to be allocated to the Substantial Shareholder as part of the Restructuring. Based on the Shareholding Structure Stability Arrangement and our discussion with the Management, we understand that (i) the Relevant New MCBs will be entirely at the costs of the Scheme Creditors; and (ii) the Shareholding Structure Stability Arrangement would not have any additional impact on the relative dilution effect of the MCB Issue given that upon the full conversion of the MCBs based on the Relative Dilution Effect Assumptions, the resulting shareholding interests of the Other Shareholders and the Relative MCBs Dilution would remain the same. According to the Management, as at 17 April 2025, the Initial Consenting Creditors holding approximately US\$1.3 billion in aggregate principal amount of debt have signed the RSA. As set out in the announcement of the Company dated 24 June 2025, as at the date of such announcement, Consenting Creditors holding approximately 75% of the aggregate outstanding principal amount of the Existing Debt have acceded to the RSA.

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According to the Management, under the leadership of Mr. Sun, the Group (i) has always made guaranteed home delivery as its primary operational objective, actively responding to the government's requirement for guaranteed home delivery; and (ii) proactively address debt risks of the Group with marked progress. As disclosed in the 2024 Annual Report, the Group completed the delivery of approximately 170,000 houses in 84 cities in 2024 by unremitting efforts, ranking among the industry leaders. During 2022 to 2024, the Group has cumulatively delivered approximately 668,000 houses. In 2025, the Group plans to spare no effort to deliver houses, substantially completing guaranteed home delivery tasks. On the other hand, the Group completed the Previous Restructuring in 2023 and its success relieved the Company's debt repayment pressure and greatly optimized the Company's capital structure as at 31 December 2023. In 2024, given the market recovery fell significantly short of expectations, the Group developed a comprehensive market-driven restructuring plan for onshore public market debts tailored to its specific circumstances and was supported by multiple parties. As at the date of the 2024 Annual Report, the onshore public market debts restructuring plans have all been considered and approved at the relevant meetings of bondholders. On 17 April 2025, the Group announced and proposed to implement Restructuring so as to provide a fair and equitable solution that maximizes recovery for creditors, while preserving the Group's ability to operate as a going concern and creating a win-win outcome for all stakeholders.

In addition, the Management is of the view that shareholding of Mr. Sun in the Company would be substantially diluted after the Restructuring assuming there is no Shareholding Structure Stability Arrangement, while it is critical to maintain a stable shareholding structure so as to strengthen stakeholder confidence and for the long-term recovery of the business of the Group. As disclosed in the circular of the Company dated 13 June 2023 in relation to the Previous Restructuring (the "**Previous Restructuring Circular**"), Mr. Sun directly and indirectly controlled, through certain corporations (including Sunac International) and in his individual capacity, in approximately 38.75% of the issued Shares as at 9 June 2023, being the latest practicable date of the Previous Restructuring Circular. As at the Latest Practicable Date, Mr. Sun directly and indirectly controlled, through certain corporations (including Sunac International) and in his individual capacity, an aggregate of approximately 23.90% of the issued Shares. With the Shareholding Structure Stability Arrangement and immediately upon full conversion of the MCBs based on the Relative Dilution Effect Assumptions, the shareholding to be held and deemed to be interested by Mr. Sun in the Company would be approximately 23.42%. Without the Shareholding Structure Stability Arrangement and immediately upon full conversion of the MCBs based on the Relative Dilution Effect Assumptions, the shareholding held and deemed to be interested by Mr. Sun in the Company would fall to approximately 11.17%. As explained by the Management, such substantial dilution to Mr. Sun's shareholding in the Company, in the absence of the Shareholding Structure Stability Arrangement, would be unfavorable to the stability of the shareholding structure of the Company. The Shareholding Structure Stability Arrangement seeks to maintain a stable shareholding structure and ensure the continued contribution of Mr. Sun to the Group's ongoing home delivery program, debt risk resolution and long-term business recovery and strengthen stakeholder confidence and better facilitate resource integration. The Shareholding Structure Stability Arrangement can enhance the alignment of the interests of the Company, the Scheme Creditors, the Shareholders and Mr. Sun.

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In light of the above and having considered that (i) the Relevant New MCBs will be entirely at the costs of the Scheme Creditors and the Shareholding Structure Stability Arrangement would not have any additional impact on the relative dilution effect of the MCB Issue given that upon the full conversion of the MCBs based on the Relative Dilution Effect Assumptions, the resulting shareholding interests of the Other Shareholders and the Relative MCBs Dilution would remain the same; (ii) Mr. Sun has held a paramount and leading role in the Group's home delivery, debt restructurings and long-term business recovery programs; and (iii) our observation and appraisal of the Restrictive Mechanisms of the Shareholding Structure Stability Arrangement, we are of the view that the Shareholding Structure Stability Arrangement is justifiable and is in the interests of the Company and the Shareholders as a whole.

OPINION AND RECOMMENDATION

Having considered the abovementioned principal factors and reasons, in particular:

- (i) the Group recorded consecutive losses attributable to the owners of the Company for FY2021, FY2022, FY2023 and FY2024, with net current liability position of approximately RMB53.52 billion as at 31 December 2024;
- (ii) the current borrowings of the Group as at 31 December 2024 of RMB186.09 billion are due within one year and the substantial amount of the Overdue and Early Repayment, with the pressing need to move forward to achieve the Key Restructuring Objectives;
- (iii) according to the 2024 Annual Report that, the Board has prepared the consolidated financial statements of the Group as at 31 December 2024 on a going concern basis and BDO has given Disclaimer of Opinion on the consolidated financial statements of the Group for FY2024;
- (iv) together with the Petition, the Company is facing pressure on its working capital and liquidity positions and the Restructuring is crucial for the Group to achieve a sustainable capital structure with substantially reduced offshore debts and insolvency risks and stable operating environment to support its long-term business recovery;
- (v) the premiums of the MCB 1 Conversion Price and MCB 2 Conversion Price of approximately 330.38% and approximately 143.67% over the RSA Closing Price;
- (vi) the MCB 1 Conversion Price is significantly above the range of the Share closing prices throughout the Review Period and the MCB 2 Conversion Price is only slightly below the upper bound of the Share closing prices during the Review Period;
- (vii) based on the analysis set out above, we consider the terms of the MCBs to be fair and reasonable and in the interests of the Company and the Shareholders as a whole;

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- (viii) the Relative MCBs Dilution is fair and reasonable based on the analysis set out above;
- (ix) the Shareholding Structure Stability Arrangement (i.e. the Relevant New MCBs) will be entirely at the costs of the Scheme Creditors and the Shareholding Structure Stability Arrangement would not have any additional impact on the relative dilution effect of the MCB Issue given that upon the full conversion of the MCBs based on the Relative Dilution Effect Assumptions, the resulting shareholding interests of the Other Shareholders and the Relative MCBs Dilution would remain the same; and
- (x) the Shareholding Structure Stability Arrangement is justifiable and in the interests of the Company and the Shareholders as a whole,

we are of the view that although the Connected MCB Issue and the transactions contemplated thereunder as part of the Restructuring are not conducted in the ordinary and usual course of business of Group but has arisen out of the need to restore the normal course of business of the Group, the terms of the Connected MCB Issue and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable based on current market conditions so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the relevant resolution approving the Connected MCB Issue and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of

Ignite Capital (Asia Pacific) Limited

Tam Yin Ming Cecilia
Managing Director

Tin Ming Kit
Director

Ms. Tam Yin Ming Cecilia is a Managing Director of Ignite Capital and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Ms. Tam has over 15 years of experience in the corporate finance industry and has participated in and completed various financial advisory and independent financial advisory transactions.

Mr. Tin Ming Kit is a Director of Ignite Capital and is licensed under the SFO as a licensed person to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Tin has over 18 years of investment banking and corporate finance experience in Hong Kong and has participated in and completed various initial public offerings, corporate financial advisory and independent financial advisory transactions.

* For identification purposes only

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL AND MCBS

(a) Share Capital

Assuming there is no other change in the authorised and issued share capital of the Company since the Latest Practicable Date, the authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon the Increase in Authorised Share Capital and assuming that the principal amount of the MCB 1 to be issued would be equal to US\$7,298,170,612.75 (representing the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees), and the principal amount of the MCB 2 to be issued would be equal to US\$2,412,500,000.00 (representing 25% of the Maximum Scheme Creditors' Claims), immediately upon full conversion of such MCBS at the initial MCB 1 Conversion Price of HK\$6.80 per Share or the initial MCB 2 Conversion Price of HK\$3.85 per Share (as applicable), in each case based on the agreed exchange rate of US\$1 = HK\$7.8, are as follows:

(i) As at the Latest Practicable Date

HK\$

Authorised capital:

<u>15,000,000,000</u>	Shares of HK\$0.1 each	<u>1,500,000,000.0</u>
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Issued and fully paid or credited as fully paid:

<u>11,469,843,543</u>	Shares of HK\$0.1 each	<u>1,146,984,354.3</u>
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- (ii) *Immediately upon the Increase in Authorised Share Capital and assuming that the principal amount of the MCB 1 to be issued would be equal to US\$7,298,170,612.75 (representing the aggregate of 75% of the Maximum Scheme Creditors' Claims and the Consent Fees), and the principal amount of the MCB 2 to be issued would be equal to US\$2,412,500,000.00 (representing 25% of the Maximum Scheme Creditors' Claims), immediately upon full conversion of such MCBs at the initial MCB 1 Conversion Price of HK\$6.80 per Share or the initial MCB 2 Conversion Price of HK\$3.85 per Share (as applicable), in each case based on the agreed exchange rate of US\$1 = HK\$7.8*

HK\$

Authorised capital:

<u>30,000,000,000</u>	Shares of HK\$0.1 each	<u>3,000,000,000</u>
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Issued and fully paid or credited as fully paid:

<u>11,469,843,543</u>	Shares of HK\$0.1 each	<u>1,146,984,354.3</u>
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8,371,430,996 (being the number of MCB 1 Conversion Shares to be allotted and issued upon full conversion of the MCB 1 based on the above assumptions)	Shares of HK\$0.1 each	837,143,099.6
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4,887,662,336 (being the number of MCB 2 Conversion Shares to be allotted and issued upon full conversion of the MCB 2 based on the above assumptions)	Shares of HK\$0.1 each	488,766,233.6
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<u>24,728,936,875</u>	Shares of HK\$0.1 each	<u>2,472,893,687.5</u>
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All issued Shares rank *pari passu* in all respects with each other, including in particular, as to dividends, voting rights and return of capital.

The MCB Conversion Shares to be allotted and issued upon conversion will rank *pari passu* in all respects among themselves respectively and with all Shares in issue as at the date of allotment and issue of the MCB Conversion Shares, including in particular, as to voting rights, return on capital and the right to any dividends or distributions made or declared on or after the date of allotment and issue of the MCB Conversion Shares, subject to the terms of the MCBs. The MCB Conversion Shares will be listed and traded on the Stock Exchange.

The Company had no outstanding convertible securities, options or warrants in issue or similar rights which confer any right to subscribe for, convert or exchange into Shares or any agreement or arrangement other than the Existing MCBs and the Sunac International MCBs, particulars of which are disclosed in the letter from the Board contained in this circular, as at the Latest Practicable Date.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) *Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company*

Name of Director	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Number of unvested Shares awarded under the existing share award scheme adopted in 2018	Total	Approximate percentage of the total number of issued Shares ²
Sun Hongbin	Interest in controlled corporations ¹	2,752,660,504	–	2,752,660,504	24.00%
	Beneficial owner	19,930,000	–	19,930,000	0.17%
Wang Mengde	Beneficial owner	17,177,000	1,860,000	19,037,000	0.17%
Ma Zhixia	Beneficial owner	3,829,000	1,075,000	4,904,000	0.04%
Tian Qiang	Beneficial owner	6,982,000	1,570,000	8,552,000	0.07%
Huang Shuping	Beneficial owner	5,400,000	950,000	6,350,000	0.06%
Sun Kevin Zheyi	Beneficial owner	261,000	609,000	870,000	0.01%

Notes:

- Of these 2,752,660,504 Shares, (a) 2,673,120,987 Shares were held by Sunac International, (b) 48,706,000 Shares were held by Tianjin Biaodi, and (c) Sunac International is the holder of the Sunac International MCB in outstanding principal amount of US\$15,812,060 under which a maximum of 30,833,517 Shares are issuable upon full conversion at the minimum conversion price of HK\$4 per Share and the agreed exchange rate of US\$1:00 = HK\$7.80. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun and Mr. Sun and some of his family members are the beneficiaries. In accordance with the SFO, Mr. Sun was deemed to be interested in the aforesaid Shares.
- Calculated on the basis of 11,469,843,543 Shares in issue as at the Latest Practicable Date.

(ii) *Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of Sunac Services, an associated corporation*

Name of Director	Capacity/ Nature of interest	Number of Sunac Services Shares held	Number of unvested Shares awarded under the Sunac Services share award scheme	Total	Approximate percentage of the total number of issued Sunac Services Shares ²
Sun Hongbin	Interest in controlled corporations ¹	67,288,606	–	67,288,606	2.20%
	Beneficial owner	1,466,472	–	1,466,472	0.05%
Wang Mengde	Beneficial owner	2,157,734	–	2,157,734	0.07%
Ma Zhixia	Beneficial owner	1,267,279	75,000	1,342,279	0.04%
Tian Qiang	Beneficial owner	1,750,321	100,000	1,850,321	0.06%
Huang Shuping	Beneficial owner	1,764,092	100,000	1,864,092	0.06%
Sun Kevin Zheyi	Beneficial owner	77,895	25,000	102,895	0.003%

Notes:

- These 67,288,606 shares of Sunac Services were held as to:
 - 65,721,489 shares of Sunac Services by Sunac International; and
 - 1,567,117 shares of Sunac Services by Tianjin Biaodi.
- Calculated on the basis of 3,056,844,000 shares in issue of Sunac Services as at the Latest Practicable Date.

Save as disclosed above, to the best knowledge of the Directors as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in Shares and underlying Shares

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company had not been notified of any other relevant interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein:

Name of persons/ corporations	Capacity/ Nature of interest	Number of Shares held	Number of Underlying Shares held	Total number of Shares and Underlying Shares held	Approximate percentage of the total number of issued Shares ²
Sunac International	Beneficial owner ¹	2,673,120,987	30,833,517	2,703,954,504	23.57%
South Dakota Trust Company LLC	Trustee ¹	2,721,826,987	30,833,517	2,752,660,504	24.00%

Notes:

- Of these 2,721,826,987 Shares, (a) 2,673,120,987 Shares were held by Sunac International and (b) 48,706,000 Shares were held by Tianjin Biaodi. Sunac International is the holder of the Sunac International MCB in outstanding principal amount of US\$15,812,060 under which a maximum of 30,833,517 Shares are issuable upon full conversion at the minimum conversion price of HK\$4 per Share and the agreed exchange rate of US\$1:00 = HK\$7.80. 70% of the issued shares of Sunac International and all the shares of Tianjin Biaodi were held by Sunac Holdings LLC. All issued shares of Sunac Holdings LLC were held by the Family Trust. South Dakota Trust Company LLC was the trustee of the Family Trust. The Family Trust was established by Mr. Sun and Mr. Sun and some of his family members are the beneficiaries.
- Calculated on the basis of 11,469,843,543 Shares in issue as at the Latest Practicable Date.

4. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDER

As at the Latest Practicable Date, Mr. Sun is a director of Sunac International. Save for the foregoing, none of the Directors is a director or employee of a company which has interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

6. OTHER INTERESTS OF THE DIRECTORS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2024 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement which is significant in relation to the business of the Group subsisting as at the Latest Practicable Date.

7. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses where the Directors of the Group were appointed as Directors to represent the interests of the Company and/or the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has given advice or opinion contained in this circular:

Name	Qualifications
Ignite Capital (Asia Pacific) Limited	a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

Ignite Capital (Asia Pacific) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Ignite Capital (Asia Pacific) Limited did not have any shareholding in any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. As at the Latest Practicable Date, Ignite Capital (Asia Pacific) Limited did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024 (being the date to which the latest published audited financial statements of the Group were made up).

10. DOCUMENT ON DISPLAY

Copies of the following documents will be available for inspection on the websites of the Company (<https://www.sunac.com.cn/en/investor.aspx>) and the Stock Exchange (www.hkexnews.hk) from the date of this circular until 14 days hereafter:

- (a) the letter from the Independent Board Committee, the text of which is set out under the section headed “Letter from the Independent Board Committee” of this circular;
- (b) the letter from Ignite Capital (Asia Pacific) Limited, the Independent Financial Adviser, the text of which is set out under the section headed “Letter from the Independent Financial Adviser” of this circular;
- (c) the letter of consent from the expert identified in the section headed “Expert and Consent” above in this appendix;
- (d) a copy of the rules of the ESOP; and
- (e) this circular.

The following is a summary of the principal terms of the ESOP to be approved and adopted by an ordinary resolution at the EGM, but such summary does not form part of, nor was it intended to be, part of the ESOP, nor should it be taken as affecting the interpretation of the rules of the ESOP:

1. PURPOSE

The purpose of the ESOP is to incentivize Eligible Participants to continue to contribute to the Group in the future by providing them with long-term supplementary form of remuneration, in order to promote the continuous operations of the Group and the long-term business recovery and growth of the Group. The ESOP will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and stabilize the workforce and attract and retain the Eligible Participants whose contributions are important to the long-term business recovery and growth of the Group.

2. ADMINISTRATION OF THE ESOP

The ESOP shall be subject to the administration of the Board whose decision on all matters arising in relation to the ESOP or its interpretation or application or effect shall (save as otherwise provided in the ESOP and in the absence of manifest error) be final and binding. The Board shall exercise its administrative power in accordance with the Listing Rules requirement. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the provisions of the ESOP, the Board shall have the right to (i) interpret and construe the provisions of the ESOP; (ii) determine the persons who will be offered Share Awards under the ESOP and the number of Shares in relation to such Share Awards; (iii) make such appropriate and equitable adjustments to the terms of Share Awards granted under the ESOP as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the ESOP.

Subject to compliance with the Listing Rules, the authority to administer the ESOP may be delegated by the Board to a committee of the Board or to any other person(s) deemed appropriate at the sole discretion of the Board.

The Company may establish one or more trusts (“**Trust(s)**”) and appoint one or more trustee(s) for the purposes of: (i) holding Award Shares upon Trust(s) which are reserved for specified Eligible Participants; (ii) subscribing for new Shares to be allotted and issued by the Company, holding treasury shares that are transferred out of treasury by the Company, and/or holding Returned Shares, in each case to serve as a pool of Shares upon Trust(s) which may be used to grant and/or satisfy Share Awards; (iii) settling Share Awards; and (iv) taking other actions for the purposes of administering and implementing the ESOP. The trustee(s) of the Trust(s) shall be instructed by the Company. No Director will act as trustee(s) or have any direct or indirect interest in any trustee(s) of the Trust(s).

The Company shall not give instruction to any trustee of the Trust(s) to subscribe for any Shares for the purpose of the ESOP under any of the following circumstances: (i) if the subscription will result in the Company failing to comply with the public float requirement with respect to the Shares as applicable under the Listing Rules from time to time; or (ii) after inside information (having the meaning as defined in the SFO) has come to its knowledge, until (and including) the Business Day after such inside information has been announced by the Company pursuant to the requirements of the Listing Rules; or (iii) at a time when any Director would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers, set out in Appendix C3 to the Listing Rules).

The trustee of the Trust holding unvested Award Shares, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such direction is given.

3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY

The Eligible Participants are the Employee Participants and the Related Entity Participants.

In determining the basis of eligibility for Employee Participants, the factors in assessing whether any person is eligible to participate in the ESOP include but not limited to: (1) the performance of the Employee Participant; (2) the skill, knowledge, experience, expertise and other personal qualities of the Employee Participant; (3) time commitment, responsibilities or employment conditions of the Employee Participant according to the prevailing market practice and industry standard; (4) the contribution or potential contribution of the Employee Participant to the development and growth of the Group; and (5) the length of employment with the Group.

In determining the basis of eligibility for Related Entity Participants, the Board would take into account, among others:

- (a) the Related Entity Participant's contribution or potential contribution to the Group's development and growth;
- (b) the nature and importance of the business relationship between the associated company and the Group, and the Related Entity Participant's contribution to the associated company, and the potential synergies that may be generated on the Group's core business;
- (c) the Related Entity Participant's positive impact or expected positive impact on the Group's business development;
- (d) the Related Entity Participant's actual level of involvement in the Group or in its cooperation with the Group, and the duration of the Related Entity Participant's cooperative relationship with the Group.

4. OFFER AND ACCEPTANCE

Subject to and in accordance with the provisions of the ESOP and the Listing Rules, the Board shall be entitled (but shall not be bound), at any time and from time to time and within a period commencing on the Adoption Date and ending on the Termination Date (both dates inclusive), to make an Offer to such Eligible Participant as it may, in its absolute discretion, select, and subject to such conditions as the Board may think fit, provided that no such Offer shall be made if a prospectus is required to be issued under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) or any applicable laws or if such grant will result in the breach by the Company or any of the Directors of any applicable securities laws and regulations in any jurisdiction.

An Offer shall be made to an Eligible Participant in writing (and unless so made shall be invalid) in such form as the Board may from time to time determine specifying the terms of the Share Award which may include number of Award Shares, the Purchase Price (which shall be nil), the vesting criteria and conditions, the Exercise Period, and if any, minimum performance targets that must be achieved and, if applicable, the clawback mechanism for the Company to recover or withhold any Share Awards granted to any Eligible Participants, and any such other details as the Board may consider necessary, and requiring the Grantee to undertake to hold the Share Award on the terms of the offer letter and be bound by the provisions of the ESOP. An Offer shall remain open for acceptance by the Eligible Participant concerned (and by no other person, including the Eligible Participant's personal representative) for a period of twenty-one (21) days from the date of the offer. For the avoidance of doubt, the Board may at its discretion specify any terms or conditions in the offer letter at the grant of the relevant Share Award, including conditions and/or performance target(s) that must be achieved before any of the Share Awards can be exercised or deemed exercised, as well as the clawback mechanism for the Company to recover or withhold any Share Awards granted to any Eligible Participants. Subject to paragraph 8(6), such terms or conditions of the offer letter specified and approved by the Board at the grant may be subsequently amended and/or supplemented by the Board in its absolute discretion.

An Offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all the Award Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the Offer duly signed by the Eligible Participant, together with a payment in favour of the Company of RMB1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company.

Any Offer may be accepted by an Eligible Participant in respect of less than the number of Award Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. The relevant Award Shares offered but not accepted shall lapse.

5. VESTING PERIOD

Save for the circumstances prescribed below and in paragraph 19, a Share Award must be held by the Grantee for a period that is not shorter than the Minimum Period before the Share Award can be exercised or deemed exercised.

The Board may at its absolute discretion grant Share Awards to Employee Participants only with a vesting period shorter than the Minimum Period in the following specific circumstances:

- (1) grants of “make-whole” Share Awards to new joiners to replace the award shares they forfeited when leaving the previous employers;
- (2) grants to an Eligible Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
- (3) grants that are made in batches during a year for administrative and compliance reasons (such as to save administrative time and compliance costs, to coincide with the regular or scheduled meetings of the Board and/or the Remuneration Committee, etc.), which include Share Awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch;
- (4) grants of Share Awards with a mixed or accelerated vesting schedule such as where the Share Awards may vest evenly over a period of twelve (12) months; or
- (5) grants with performance-based vesting conditions in lieu of time-based vesting criteria,

each of which are considered appropriate to provide flexibility to grant Share Awards (a) as part of competitive terms and conditions to induce valuable talent to join the Group (sub-paragraphs (1) and (4)); (b) reward past contribution which may otherwise be neglected due to administrative or technical reasons (sub-paragraphs (2) and (3)); (c) reward exceptional performers with accelerated vesting (sub-paragraph (4)); (d) to motivate exceptional performers based on performance metrics rather than time (sub-paragraph (5)); and (e) in exceptional circumstances where justified (sub-paragraphs (1) to (5)), which is consistent with the purpose of the ESOP.

Notwithstanding anything to the contrary in the ESOP, no Grantee shall be permitted to sell or transfer any of the Award Shares or the Share Awards (whether before or after vesting) during the period from the Restructuring Effective Date to the date falling 18 months after the Restructuring Effective Date (the “**Selling Restriction**”), and such restriction shall be set out in the offer letter of the relevant Grantees.

The Share Awards shall be vested subject to the vesting conditions and in accordance with the vesting schedule set out in the offer letter of the relevant Grantees. The last batch of the Share Awards granted under the ESOP shall not become fully vested before the eighth anniversary of the Restructuring Effective Date. In other words, the last batch of Share Awards granted under the ESOP shall only become fully vested on a date not earlier than the eighth anniversary of the Restructuring Effective Date.

6. PURCHASE PRICE AND EXERCISE OF SHARE AWARDS

- (a) The Purchase Price shall be nil. The Company will disclose the Purchase Price for Share Awards in the announcement on grant of the relevant Share Awards and in its annual and interim reports to the extent required under Chapter 17 of the Listing Rules.
- (b) Subject to the terms of the ESOP and the fulfillment of all terms and conditions as set out in the Offer, including the attainment of any performance targets stated therein (if any), a Share Award shall be exercisable and shall be deemed exercised to the maximum extent permitted under the terms and conditions as set out in the Offer by the Grantee (or, in the case of death of the Grantee, by the Grantee's personal representative) unless the Grantee gives notice in writing to the Company stating otherwise, in which case, the Grantee shall state in the notice the number of Award Shares in respect of which it is exercised.
- (i) The Company shall, at its discretion, arrange for the Exercised Award Shares to be satisfied in the following methods:
 - (aa) allot and issue (or transfer from the treasury shares) the relevant number of Shares to or to the order of the Grantee (or, the Grantee's estate in the event of an exercise by the Grantee's personal representative or such other person as the Grantee may designate and notify to the Company or the Trustee (as applicable) in writing not less than 7 Business Days in advance) credited as fully paid and instruct the share registrar to issue to or to the order of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such designee, as applicable) a share certificate for the Shares so allotted and issued, and if applicable, subject to the Grantee having provided or procured to be provided to the Company and/or the Share Registrar the relevant documents as may be required by the Company and/or the Share Registrar, use its best commercial efforts to arrange for the Shares to be deposited into the Central Clearing and Settlement System of Hong Kong;

- (bb) arrange for the Exercised Award Shares to be transferred from the Trustee (or its designated person) to or to the order of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such other person as the Grantee may designate and notify to the Company or the Trustee (as applicable) in writing not less than 7 Business Days in advance) credited as fully paid and issue to or to the order of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such designee, as applicable) a share certificate in respect of the Shares so transferred;
- (cc) pay to or to the order of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such other person as the Grantee may designate and notify to the Company or the Trustee (as applicable) in writing not less than 7 Business Days in advance) by remittance to the bank account designated and provided by or on behalf of the Grantee (or the Grantee's personal representative), the Actual Sale Proceeds from on-market sale of the Exercised Award Shares through the facilities of the Stock Exchange at prevailing market prices; and
- (dd) arrange for Exercised Award Shares to be issued or designated as vested shares held for the economic benefit of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such other person as the Grantee may designate and notify to the Company or the Trustee (as applicable) in writing not less than 7 Business Days in advance), following which, the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such designee, as applicable) shall be entitled to future dividends paid or payable on the Exercised Award Shares and the Grantee (or the Grantee's personal representative or such designee, as applicable) will have a one-time option to request the Company to cause payment to or to the order of the Grantee (or the Grantee's estate in the event of an exercise by the Grantee's personal representative or such designee, as applicable) by remittance to the bank account designated and provided by or on behalf of the Grantee, the Actual Sale Proceeds from on-market sale of the Exercised Award Shares through the facilities of the Stock Exchange at prevailing market prices.

7. PLAN LIMITS AND ADDITIONAL APPROVALS**The Plan Mandate Limit**

- (1) Subject to paragraph 24(5), the total number of Shares which may be issued (including any transfer of treasury shares of the Company) in respect of all Share Awards which may be granted at any time under the ESOP (the “**Plan Mandate Limit**”) together with options and awards which may be granted under any other schemes of the Company shall not exceed 1,146,984,354 Shares. Share Awards lapsed in accordance with the terms of the ESOP (and other schemes of the Company) will not be regarded as utilised for the purpose of calculating the Plan Mandate Limit.
- (2) The Board may grant new Share Awards to Eligible Participants over a period of five years or more from the Restructuring Effective Date, of which:
 - (i) Share Awards in respect of up to 20% of the Total Plan Cap may be granted on or before the first anniversary of the Restructuring Effective Date; and
 - (ii) additional Share Awards in respect of up to 20% of the Total Plan Cap may be granted on or before each anniversary of the Restructuring Effective Date thereafter, ending on the fifth anniversary of the Restructuring Effective Date,provided that any unused quota in the prior year may be carried forward to and utilised in the subsequent years.
- (3) If the Company conducts a share consolidation or sub-division after the Plan Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all of the schemes of the Company under the Plan Mandate Limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same, rounded to the nearest whole share.

Refreshment

- (4) (a) Subject to paragraph 24(5), the Company may seek approval of the Shareholders in a general meeting of the Company to refresh the Plan Mandate Limit under the ESOP on or after the third (3rd) anniversary of the date of the Shareholders’ approval for the last refreshment or the Adoption Date. The Plan Mandate Limit (as refreshed) shall not exceed 7% of the total shareholding interest in the Company on a fully diluted basis, assuming conversion of all MCBs and after the issuance (including any transfer of treasury shares of the Company), vesting and exercise of all Share Awards which may be granted at any time under the ESOP, which amounts to 1,861,317,829 Shares (assuming no adjustment to the conversion price of the MCBs and no further issuance of MCBs, each in accordance with the terms

and conditions of the MCBs) (the “**Total Plan Cap**”), and the total number of Shares which may be issued upon exercise of all (i) the Share Awards under the ESOP and (ii) the options and awards to be granted under any other schemes of the Company as “refreshed” must not exceed 10% of the Shares in issue (excluding treasury shares) as at the date of approval of the refreshment. For the purpose of seeking approval of the Shareholders under this paragraph 7(4), the Company must send a circular to the Shareholders containing the information required under the Listing Rules.

- (b) Any refreshment within any three (3)-year period shall be subject to independent Shareholders’ approval pursuant to Rule 17.03C(1)(b) and (c) of the Listing Rules.

Grant in excess of the Plan Mandate Limit

- (5) The Company may seek separate approval of the Shareholders in a general meeting of the Company for granting Share Awards exceeding the Plan Mandate Limit provided that the Share Awards in excess of the Plan Mandate Limit are granted only to Eligible Participants specifically identified by the Company before such approval is sought, and provided further that the total number of Shares which may be issued (including any transfer of treasury shares of the Company) in respect of all Share Awards (excluding Share Awards lapsed in accordance with the terms of the ESOP) which may be granted at any time under the ESOP shall not exceed the Total Plan Cap (the “**Total Issuance Restriction**”). For the purpose of seeking approval of the Shareholders under this paragraph 7(5), the Company must send a circular to the Shareholders containing a generic description of the specified Eligible Participants who may be granted such Share Awards, the number and terms of the Share Awards to be granted, the purpose of granting Share Awards to the specified Eligible Participants with an explanation as to how the terms of the Share Awards serve such purpose, and such other information as required under the Listing Rules. The number and terms (including the Purchase Price) of the Share Awards to be granted to such Eligible Participant must be fixed before the Shareholders’ approval.

8. GRANT OF SHARE AWARDS TO A DIRECTOR, CHIEF EXECUTIVE OR SUBSTANTIAL SHAREHOLDER OF THE COMPANY OR ANY OF THEIR RESPECTIVE ASSOCIATES

- (1) Any grant of a Share Award to a Director, a chief executive of the Company or substantial shareholder (as defined under the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed Grantee of the Share Award).

- (2) (a) Where any grant of a Share Award to an independent non-executive Director or a substantial shareholder of the Company, or any of their respective associates, would result in the Shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 0.1% of the Shares in issue (excluding treasury shares), or
- (b) where any grant of Share Awards to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant schemes) to such person in the 12- month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue (excluding treasury shares) at the date of such grant,

such grant of Share Award must be approved by the Shareholders in a general meeting of the Company.

- (3) The Company must send a circular to the Shareholders. The circular must contain such information required by the Listing Rules.
- (4) The Grantee, his associates and all core connected persons of the Company must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour of the proposed grant at the general meeting of the Company pursuant to the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the Shareholders.
- (5) Any vote taken at the general meeting of the Company to approve the grant of such Share Award must be taken on a poll and comply with the requirements under the Listing Rules.
- (6) Any change in the terms of Share Awards granted to an Eligible Participant who is a director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the Shareholders in the manner as set out in Rule 17.04(4) of the Listing Rules if the initial grant of the Share Awards requires such approval (except where the changes take effect automatically under the existing terms of the ESOP).
- (7) Applications shall be made by the Company to the Listing Committee of the Stock Exchange for the listing of and the permission to deal in any Shares that may fall to be allotted and issued under the ESOP.

9. MAXIMUM ENTITLEMENT OF EACH ELIGIBLE PARTICIPANT

Where any grant of a Share Award to an Eligible Participant would result in the Shares issued and to be issued (including any transfer of treasury shares of the Company) in respect of all awards granted to such Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 1% of the Shares in issue (excluding treasury shares), such grant must be separately approved by the Shareholders in a general meeting of the Company with such Eligible Participant and the person's close associates (or associates if the Eligible Participant is a connected person) abstaining from voting.

The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the Share Awards to be granted (and Share Awards previously granted to such Eligible Participant during the twelve (12)-month period), the purpose of granting the Share Awards to the Eligible Participant, an explanation as to how the terms of the Share Awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms of the Share Award to be granted to such Eligible Participant must be fixed before the Shareholders' approval.

10. TIME OF EXERCISE OF SHARE AWARDS

Subject to the terms of the ESOP, a Share Award may be exercisable in whole or in part at any time during the period stipulated in the Offer, provided that such period shall not go beyond the day immediately prior to the tenth (10th) anniversary of the offer date with respect of the relevant Share Award.

11. PERFORMANCE TARGET(S) AND CLAWBACK MECHANISM

The Board may at its discretion determine and provide in the offer letter at the grant of the relevant Share Award any performance target(s) as the Board may then specify which must be achieved by the Grantee before any of the Share Awards can be exercised or deemed exercised, as well as the clawback mechanism for the Company to recover or withhold any Share Awards granted to any Eligible Participants.

Specifically, if performance targets are imposed on a Grantee at the grant of the relevant Share Award, the Board will have regard to the purpose of the ESOP in assessing the reasonableness and suitability of such performance targets, with reference to factors including but not limited to, as and when appropriate, the contribution of the relevant Grantee to the core business activities of the Group, and the factors considered in paragraph 3, the satisfaction of which shall be assessed and determined by the Board at its discretion.

On the other hand, if the clawback mechanism is prescribed, at the Board's discretion, on a Grantee at the grant of the relevant Share Award, if a Grantee's employment has been terminated summarily, or has been convicted of any criminal offence involving his or her

integrity or honesty, or has been involved in any wrongdoing that brings the Group into disrepute or causes damages to the Group, or there occurs other circumstances described in paragraph 14, 17 or 19, any outstanding Share Awards not yet vested shall be immediately forfeited, unless the Board determines otherwise at its discretion.

12. RESTRICTIONS ON THE TIME OF OFFER

No Offer may be made:

- (1) after inside information (having the meaning defined in the SFO) has come to the knowledge of the Company until (and including) the Business Day after it has been announced pursuant to the requirements of the Listing Rules; and
- (2) during the period commencing from thirty (30) days immediately preceding the earlier of:
 - (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcements (or during any period of delay in publishing results announcements); and

- (3) at a time when the relevant Eligible Participant would be prohibited from dealing in the Shares by the Listing Rules (including the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules).

13. RIGHTS ARE PERSONAL TO GRANTEES

Subject to the rules in the ESOP, a Share Award shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Share Award or enter into any agreement so to do. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any Share Award or any part thereof granted to such Grantee to the extent not already vested.

Subject to obtaining an appropriate waiver from the Stock Exchange, a Share Award may be transferred to a vehicle (such as trust or private company) for the benefit of the Grantee and/or any family members of such Grantee that would continue to meet the purpose of the ESOP and comply with the requirements of the Listing Rules.

14. TERMINATION OF EMPLOYMENT FOR MISCONDUCT, BANKRUPTCY, ETC

In the event that the Grantee who is an Employee Participant ceases to be an Eligible Participant by reason of termination of his employment with any member of the Group on any one or more of the following grounds:

- (1) that the Grantee has committed any serious misconduct;
- (2) that the Grantee has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group (if so determined by the Board);
- (3) that the Grantee has become insolvent, bankrupt or has made arrangements or compositions with the Grantee's creditors generally;
- (4) that there has been a breach of contract entered into between the Grantee and any member of the Group; or
- (5) on any other ground as determined by the Board that would warrant the termination of the Grantee's employment at common law or pursuant to any applicable laws or under the Grantee's service contract with any member of the Group,

the Grantee's Share Award (to the extent not yet vested) shall immediately lapse, unless the Board determines otherwise at its discretion.

15. RIGHTS ON DEATH

In the event that the Grantee ceases to be an Eligible Participant by reason of the person's death before the Share Award is vested in full (and if the Grantee is an Employee Participant, provided that none of the events which would be a ground for termination of the person's employment or directorship under paragraph 14 above arises, or if the Grantee is a Related Entity Participant, provided that none of the events which would be a ground for termination of the person's employment or directorship under paragraph 17 below arises), any outstanding Share Awards not yet vested shall immediately lapse, and the Company shall negotiate with the administrator of the Grantee's estate within two years after the Grantee's death on the alternative compensation for the Grantee's estate for the relevant Share Awards that have lapsed in accordance with this paragraph. Any such alternative compensation shall be determined by the Company at its sole and absolute discretion, which shall be final and binding.

Notwithstanding the foregoing paragraph, if the Company determines at its sole and absolute discretion that the Share Awards will continue to be vested in the Grantee's estate, the Company shall deliver (i) such number of Award Shares or (ii) such amount which is equal to the Actual Sale Proceeds (hereinafter referred to as "Benefits") of such Share Awards at its discretion to the Grantee's estate within two (2) years following the date of death, or such other period as the Board may determine, or if the Benefits would otherwise become bona vacantia, the Benefits shall be forfeited and cease to be transferable and such Benefits shall lapse.

16. RIGHTS ON INJURY, DISABILITY, ILL-HEALTH, RETIREMENT OR TERMINATION OF THE GRANTEE'S EMPLOYMENT

In the event that the Grantee ceases to be an Eligible Participant by reason of (i) injury, disability or ill-health inflicted upon the Grantee in the course of his performance of duty as employee or director of any member of the Group or any Related Entity (evidenced to the satisfaction of the Board), or (ii) the Grantee's retirement as an employee of the Group or any Related Entity in accordance with the Grantee's contract of employment (evidenced to the satisfaction of the Board), in each case provided that if the Grantee is an Employee Participant, none of the events which would be a ground for termination of the Grantee's employment or directorship under paragraph 14 arises, or if the Grantee is a Related Entity Participant, provided that none of the events which would be a ground for termination of the person's employment or directorship under paragraph 17 arises, the Share Award shall vest and become exercisable in whole or in part in accordance with the provisions of the ESOP within twelve (12) months following the date of such injury, disability, ill-health or retirement or such longer period as the Board may determine, after which any such Share Awards (to the extent not vested during such period) shall lapse.

In the event that the Grantee ceases to be an Eligible Participant by reason of the termination of the Grantee's employment or directorship with the Group or any Related Entity, on grounds other than those set out in paragraph 15 above, or the immediately preceding paragraph in this paragraph 16, any Share Award not yet vested shall immediately lapse, unless the Board determines otherwise at its discretion.

17. RELATED ENTITY PARTICIPANTS

In the event that the Grantee who is a Related Entity Participants ceases to be an Eligible Participant by reason of any one or more of the following grounds:

- (1) that the Grantee has committed any serious misconduct,
- (2) that the Grantee has been convicted of any criminal offence involving the person's integrity or honesty or in relation to any member of the Group (if so determined by the Board);
- (3) that the Grantee has become insolvent, bankrupt or has made arrangements or compositions with the Grantee's creditors generally;
- (4) that there has been a breach of contract entered into between the Grantee and any member of the Group;

- (5) on any other ground as determined by the Board that would warrant the termination of the Grantee's engagement or appointment in the sole and absolute opinion of the Board;
- (6) the entity of which the relevant Grantee is a director or employee (whether full-time, part-time or other employment arrangement) ceases to be a Related Entity; or
- (7) that the Board, in its sole and absolute opinion, believes that the Grantee is no longer contributing to the development or success of the Group, or has become a competitor of any member of the Group;

the Share Award (to the extent not yet vested) shall immediately lapse unless the Board determines otherwise at its discretion.

18. RIGHTS ON CESSATION FOR OTHER REASONS

In the event that the Grantee ceases to be an Eligible Participant for any reason other than the reasons specified in paragraph 14 to paragraph 17 above, the Grantee's Share Award (to the extent not yet vested) shall immediately lapse provided that in each case, the Board may, in its absolute discretion, decide that such Share Award or any part thereof shall not so lapse or determine such conditions or limitations to which the exercise of such Share Award will be subject to.

19. RIGHTS ON A CORPORATE TRANSACTION

If there is an event of change in control (as such term is defined in the Takeovers Code) of the Company as the result of a merger, scheme of arrangement or general offer, or Mr. Sun Hongbin ceases to be the single largest shareholder of the Company, or in the event of a dissolution or liquidation of the Company, the Board shall at its sole discretion determine whether the vesting dates of any Share Awards to Eligible Participants will be accelerated and/or determine such conditions or limitations to which the vesting of such Share Award will be subject.

20. CANCELLATION OF SHARE AWARDS

Subject to the terms of the ESOP, the Board may, with the consent of the relevant Grantee, cancel any Share Award granted but not yet vested on such terms and conditions, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation. Where the Company cancels any outstanding Share Awards and makes a new grant to the same Grantee, such new grant may only be made under the ESOP with the available limit approved by the Shareholders as set out in paragraph 7 above. The Share Awards cancelled will be regarded as utilised for the purpose of calculating the Plan Mandate Limit.

21. EFFECT OF ALTERATIONS TO SHARE CAPITAL

In the event of any alteration in the capital structure of the Company whilst any Share Award remains exercisable or whilst the ESOP remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction), then, in respect of any such adjustments (other than any made on a capitalisation issue) the Company shall instruct the auditors or independent financial adviser to certify in writing to the Board the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee, to:

- (1) the number or nominal amount of Shares to which the ESOP or any Share Awards relates (insofar as it is/they are unexercised);

and an adjustment as so certified by the auditors or the independent financial adviser shall be made, provided that:

- (a) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;
- (b) any such adjustment shall be made on the basis that a Grantee shall be given the same proportion of the issued share capital of the Company for which such Grantee would have been entitled to subscribe or purchase had the person exercised all the Share Awards held by him immediately prior to such event (as interpreted in accordance with FAQ13 – No. 16 (the “**FAQ**”) and the related Appendix 1 entitled “Supplementary Guidance on MB Rule 17.03(13)/GEM Rule 23.03(13) and the Note to the Rule” published by the Stock Exchange (the “**Supplemental Guidance**”) or any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time);
- (c) the issue of securities of the Company for cash or as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and
- (d) in respect of any such adjustments, the auditors or the independent financial adviser must confirm to the Board in writing that the adjustments satisfy the requirements set out in the above, the requirements of Rule 17.03(13) of the Listing Rules, the FAQ, any relevant provisions of the Listing Rules and any guidance/interpretation of the Listing Rules issued by the Stock Exchange and the note thereto from time to time.

APPENDIX II SUMMARY OF PRINCIPAL TERMS OF THE ESOP

Subject to the above principles and certification procedures, and any further or updated guidance or interpretation of the Listing Rules issued by the Stock Exchange from time to time, the default method of adjustment is set out below:

- (1) In the case of a capitalisation issue or rights issue, the Company would calculate the adjusted number of Share Awards by applying the formula prescribed (and as updated from time to time) by the Stock Exchange in section I entitled “Capitalisation or Bonus Issue and Rights Issue or Open Offer of Shares” of the Supplemental Guidance published by the Stock Exchange, set out below:

$$\text{New number of Share Awards} = \text{Existing Share Awards} \times F$$

Where

$$F = \text{CUM/TEEP}$$

CUM = Closing price as shown in the daily quotation sheet of the Stock Exchange on the last day of trading before going ex-entitlement

$$\text{TEEP (Theoretical ex entitlement price)} = \frac{\text{CUM} + [M \times R]}{1 + M}$$

M = Entitlement per existing Share

R = Subscription price

- (2) In the case of a consolidation or subdivision of share capital, the Company would calculate the adjusted number of Share Awards by applying the formula prescribed (and as updated from time to time) by the Stock Exchange in section II entitled “Subdivision or Consolidation of Shares” of the Supplemental Guidance, set out below:

$$\text{New number of Share Awards} = \text{Existing Share Awards} \times F$$

Where F = Subdivision or consolidation factor

Any dispute arising in connection with the number of Shares of a Share Award and any of the matters referred to this section shall be referred to the decision of the Company’s auditors or the independent financial advisers of the Company who shall act as experts and not as arbitrators and whose decision, in the absence of manifest error, shall be final, conclusive and binding on all persons who may be affected thereby.

22. RANKING OF SHARES

Share Awards do not carry any right to vote at any general meeting of the Company, nor any right to dividends, transfer or other rights, including those arising on the liquidation of the Company. No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of a Share Award unless and until the Shares underlying a Share Award are issued and delivered to the Grantee pursuant to the vesting and exercise of such Share Award.

Shares allotted and issued upon the exercise of a Share Award will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the relevant Shares (the “**Allotment Date**”) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Allotment Date. The Shares allotted and issued upon the exercise of a Share Award shall not carry any right of a Shareholder (including voting rights) until registration of the Grantee as the holder thereof on the register of members of the Company.

23. DURATION OF THE ESOP

The ESOP shall be valid and effective until the Termination Date, after which period no further Share Awards will be granted but the provisions of the ESOP shall remain in force to the extent necessary to give effect to the exercise of any Share Awards granted on or prior to the Termination Date or otherwise as may be required in accordance with the provisions of the ESOP.

24. ALTERATIONS TO THE TERMS OF THE ESOP

The ESOP may be altered in any respect by a resolution of the Board provided that:

- (1) any alteration to the terms and conditions of the ESOP which is of a material nature or any alteration in relation to any matter contained in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants must be approved by the Shareholders in a general meeting of the Company;
- (2) any change to the terms of Share Awards granted to a Grantee must be approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) if the initial grant of the Share Awards was approved by the Board, the Remuneration Committee, the independent non-executive Directors and/or the Shareholders (as the case may be) (except any changes which take effect automatically under the terms of the ESOP);
- (3) any change to the authority of the Directors or the administrator of the ESOP to alter the terms of the ESOP must be approved by the Shareholders of the Company in a general meeting of the Company;

- (4) the amended terms of the ESOP or the Share Awards shall remain in compliance with Chapter 17 of the Listing Rules;
- (5) the Plan Mandate Limit (as amended or refreshed) shall not exceed the Total Plan Cap; and
- (6) the following provisions shall not be altered, modified, removed or waived:-
 - (a) the definition of “Eligible Participant(s)”;
 - (b) the Selling Restriction in paragraph 5;
 - (c) paragraph 7(2);
 - (d) the Total Issuance Restriction in paragraph 7(5); and
 - (e) sub-paragraphs (5) and (6) of this paragraph 24.

25. CONDITIONS OF THE ESOP

The ESOP is conditional upon (1) the passing of the necessary ordinary resolution at a general meeting of the Company approving the adoption of the ESOP and (2) the occurrence of the Restructuring Effective Date.

26. LAPSE OF SHARE AWARDS

A Share Award shall lapse automatically (to the extent not yet vested) on the earliest of:

- (a) subject to paragraph 14 to paragraph 19, expiry of the Exercise Period;
- (b) the date on which the Grantee commits a breach of paragraph 13;
- (c) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraph 14 to paragraph 19; and
- (d) the date of the grant of a winding-up order against the Company.

27. TERMINATION

The Company by the approval of the Board may at any time terminate the operation of the ESOP. In such event, no further Share Awards will be offered but in all other respects, the provisions of the ESOP shall remain in force to the extent necessary to give effect to the exercise of any Share Awards granted prior thereto or otherwise as may be required in accordance with the provisions of the ESOP and the Share Awards granted prior to such termination shall continue to be valid and exercisable in accordance with the ESOP.

Upon termination of the ESOP:

- (a) no further grant of Award Shares may be made under the ESOP;
- (b) all the granted but unvested Award Shares under the ESOP shall continue to be held by the Trustee and become vested in the Grantees according to the conditions of the Share Awards, subject to the procedures in the terms of the ESOP being satisfied;
- (c) Returned Shares and all other Shares remaining in the Trust shall, at the discretion of the Board, be sold or transferred to any other trust(s) established for the purpose of any share scheme(s) of the Company in which Eligible Participants may participate (regardless of whether persons other than Eligible Participants may also participate) or (if there is no such other trust(s) at the time of termination of the ESOP) to any other person, within 30 days (on which the trading of the Shares has not been suspended) of the date of the termination of the ESOP (or such longer period as the Board may otherwise determine); and
- (d) the net proceeds of sale referred to in paragraph (c) and all other funds and properties remaining in the Trust (after making appropriate deductions in respect of all disposal costs, liabilities and expenses) shall be remitted to the Company forthwith. For the avoidance of doubt, the Trustee may not transfer any Shares to the Company nor may the Company otherwise hold any Shares whatsoever (other than its interest in the proceeds of sale of such Shares pursuant to paragraph (c)).

28. MISCELLANEOUS

The Company will bear the costs of establishing and administering the ESOP.

The terms of the ESOP (and any other schemes adopted by the Company from time to time) shall be in accordance with the requirements set out in Chapter 17 of the Listing Rules.

NOTICE OF THE EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting of Sunac China Holdings Limited (the **“Company”**) will be held at the Meeting Room, 2nd Floor, No. 522, Wangjing Dongyuan, Chaoyang District, Beijing, PRC on Tuesday, 9 September 2025 at 10:30 a.m., for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions as ordinary resolutions of the Company.

Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the circular of the Company dated 22 August 2025 (the **“Circular”**).

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) subject to the passing of the resolution in 3. below, (i) the MCB Issue and the transactions contemplated thereunder including but not limited to the issue of zero coupon mandatory convertible bonds of the Company for a term of six months from the date of issue which are convertible into ordinary shares of the Company pursuant to the terms of the MCB 1, and the issue of zero coupon mandatory convertible bonds of the Company for a term of 30 months from the earlier of 31 December 2025 and the date of issue which are convertible into ordinary shares of the Company pursuant to the terms of the MCB 2, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified; and (ii) the Connected MCB Issue and the transactions contemplated thereunder including but not limited to (1) the issue of MCBs to Sunac International as a Scheme Creditor and (2) the issue of MCBs to Mr. Sun or his designated person(s) under the Shareholding Structure Stability Arrangement, details of which are set out in the Circular, be and are hereby approved, confirmed and ratified;

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

- (b) any one director of the Company be and is hereby authorised to do all such acts and things and sign, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable and expedient to implement, give effect to or in connection with the MCB Issue (including the Connected MCB Issue) and any of the transactions contemplated thereunder including but not limited to the issue of the MCB 1 and the issue of the MCB 2;
- (c) the directors of the Company be and are hereby granted a specific mandate to exercise the powers of the Company to allot, issue and deal with the MCB Conversion Shares (including the shares to be allotted and issued upon conversion of the MCBs to be issued to Sunac International and/or Mr. Sun and/or his designated person(s)).”

2. “**THAT**

- (a) the rules of the employee stock ownership plan of the Company (the “**ESOP**”) (a copy of which is tabled at the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) be and are hereby approved and adopted, and the Directors be and are hereby authorised, (i) to grant share awards in accordance with the rules of the ESOP; (ii) to allot, issue, and deal with from time to time such number of award shares as may be required to be issued pursuant to the exercise of the share awards under the ESOP; (iii) to administer the ESOP; (iv) to appoint and give instructions to one or more trustee(s) for the purpose of the ESOP; (v) to modify and/or amend the ESOP from time to time provided that such modification or amendment is effected in accordance with the terms of the ESOP and subject to the Listing Rules; and (vi) to do such acts and things and enter into such transactions, arrangements and agreements as the Directors may in their sole discretion consider necessary, desirable or expedient in order to give full effect to and implement the ESOP; and
- (b) the total number of Shares which may be issued in respect of all share awards to be granted under the ESOP shall not exceed 10% of the total number of shares in issue (excluding any treasury shares) as at the date of the approval of this resolution.”

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

3. “THAT

- (a) the authorised share capital of the Company be increased from HK\$1,500,000,000 divided into 15,000,000,000 shares of HK\$0.1 each (the “Shares”) to HK\$3,000,000,000 divided into 30,000,000,000 Shares by the creation of an additional 15,000,000,000 Shares (the “**Increase in Authorised Share Capital**”), such Shares shall rank *pari passu* in all respects; and
- (b) any one or more of the directors or the company secretary of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

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

Hong Kong, China 22 August 2025

Registered Office:

One Nexus Way
Camana Bay
Grand Cayman KY1-9005
Cayman Islands

Principal Place of Business in Hong Kong:

31/F, Tower Two
Times Square, 1 Matheson Street
Causeway Bay, Hong Kong

*Headquarters and Principal Places of
Business in the PRC:*

Beijing Office

26/F, Block B
Rongke Wangjing Center,
Chaoyang District
Beijing, PRC

Tianjin Office

Building 1, East Side in Sunac Center,
No. 278, Hongqi Road,
Nankai District
Tianjin, PRC

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

Notes:

- (i) A shareholder entitled to attend and vote at the above meeting is entitled to appoint another person as his/her/its proxy to attend and vote instead of him/her/its. A proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
- (iii) In order to be valid, a form of proxy must be deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof. The completion and return of the form of proxy shall not preclude shareholders of the Company from attending and voting in person at the above meeting (or any adjourned meeting thereof) if they so wish and in such event, the form of proxy shall be deemed to be revoked.
- (iv) The record date for determining the eligibility of the Shareholders to attend and vote at the above meeting will be as of close of business on Tuesday, 9 September 2025 (Hong Kong time). For the purpose of determining the shareholders' eligibility to attend and vote at the above meeting, the register of members of the Company will be closed from Friday, 5 September 2025 to Tuesday, 9 September 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the above meeting, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 4 September 2025.

As at the date of this notice, the executive directors of the Company are Mr. Sun Hongbin, Mr. Wang Mengde, Ms. Ma Zhixia, Mr. Tian Qiang, Mr. Huang Shuping and Mr. Sun Kevin Zheyi; the non-executive director of the Company is Mr. Lam Wai Hon and the independent non-executive directors of the Company are Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang.