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SUNAC CHINA HOLDINGS LIMITED

融創中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01918)

**PLACING OF EXISTING SHARES AND
SUBSCRIPTION OF NEW SHARES**

Sole Global Coordinator, Sole Bookrunner and Placing Agent

Morgan Stanley

On 15 December 2017, the Company, the Vendor, and the Placing Agent entered into the Placing and Subscription Agreement pursuant to which the Placing Agent agreed to place, on a fully underwritten basis, 251.5 million Placing Shares at a price of HK\$31.1 per Share on behalf of the Vendor. The Vendor conditionally agreed to subscribe for 251.5 million Subscription Shares at the Placing Price of HK\$31.1 per Share. The Placing Shares and the Subscription Shares, respectively represent approximately 6.07% of the existing issued share capital of the Company and approximately 5.72% of the issued share capital of the Company as enlarged by the Subscription. The gross proceeds from the Subscription is approximately HK\$7.822 billion (equivalent to approximately US\$1.002 billion).

The Placing and Subscription will further enlarge shareholders' equity base, optimize the capital structure of the Company and support a healthier and sustainable development of the Company in the future.

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

PLACING AND SUBSCRIPTION AGREEMENT

Date: 15 December 2017

Parties:

- (1) The Company.
- (2) The Vendor, i.e. Sunac International Investment Holdings Ltd, a company incorporated in the British Virgin Islands, which is the controlling shareholder of the Company and is wholly owned by Mr. Sun Hongbin, the chairman of the Board and an executive director of the Company. As at the date of this announcement, the Vendor and parties acting in concert with it are interested in 2,101,419,884 Shares, representing approximately 50.70% of the existing issued share capital of the Company.
- (3) The Placing Agent, i.e. Morgan Stanley. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent is independent of the Company and the connected persons of the Company and is not acting in concert with the Vendor or parties acting in concert with the Vendor.

1. PLACING

Number of Placing Shares

251.5 million existing Shares, representing approximately 6.07% of the existing issued share capital of the Company and about 5.72% of the issued share capital as enlarged by the Subscription assuming that there is no other changes to the issued share capital of the Company.

Placing Price

The Placing Price is HK\$31.1 per Share and represents:

- (1) a discount of approximately 11.90% to the closing price of HK\$35.3 per Share as quoted on the Stock Exchange on 14 December 2017, the last full trading day prior to the release of this announcement; and
- (2) a discount of approximately 8.69% to the average closing price of HK\$34.06 per Share as quoted on the Stock Exchange for the last five trading days up to and including 14 December 2017.

The Placing Price was determined after arm's length negotiation between the Company, the Vendor and the Placing Agent and the Directors (including the independent non-executive Directors) consider the Placing Price to be fair and reasonable under the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

Rights

The Placing Shares will be sold free of all liens, charges and encumbrances, and together with all rights attaching thereto as at the date of the Placing and Subscription Agreement, including the right to receive all dividends or other distributions declared, made or paid on or after the date of completion of the Placing.

Independence of the Placing Agent and the Placees

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

The Placing Agent and the placees to be procured by the Placing Agent are or will be, as the case may be, independent of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Termination Events

The obligation of the Placing Agent to proceed to completion of the Placing is subject to, amongst other things, the requirement that none of the following shall have occurred prior to 4:00 p.m. (Hong Kong time) on the date of the completion of the Placing:

- (1) any breach of any of the representations and warranties set out in the Placing and Subscription Agreement or any breach of any other obligations of the Company or the Vendor which are required to be performed at or before the completion of the Placing;
- (2) the introduction of any new law or regulation or any change or involving a prospective change in existing laws or regulations which in the opinion of the Placing Agent, has or is likely to have a material adverse effect on the financial position of the Group;
- (3) any significant change (whether or not permanent) in local, national or international monetary, economic, financial, political or military conditions which in the opinion of the Placing Agent is or would be materially adverse to the success of the Placing;
- (4) the imposition of any moratorium, suspension or restriction on trading in securities generally on the Stock Exchange, the Singapore Stock Exchange, the Shenzhen Stock Exchange, the London Stock Exchange, the New York Stock Exchange or Nasdaq due to exceptional financial circumstances or otherwise at any time prior to the completion of the Placing;
- (5) there has been a change or development involving a prospective change in taxation which has or is likely to have a material adverse effect on the Group as a whole or the Placing Shares or the transfer thereof;
- (6) the occurrence of any outbreak or escalation of hostilities or act of terrorism involving Hong Kong, the PRC, the United Kingdom or the United States or the declaration by Hong Kong, the United Kingdom, the PRC or the United States of a national emergency or war;
- (7) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or foreign exchange controls which in the sole judgment of the Placing Agent is or would be materially adverse to the success of the Placing, or makes it impracticable or inadvisable or inexpedient to proceed therewith; or
- (8) any suspension of dealings in the Shares for any period whatsoever (other than as a result of the Placing).

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

Completion of the Placing

The parties expect that the Placing will be completed on 19 December 2017 (or such other date as the Vendor and the Placing Agent may agree in writing).

The Placing is unconditional and the completion of the Placing is not conditional upon completion of the Subscription.

Lock-Up Undertakings

The Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for a period of 90 days from the date of closing of the Placing, it will not and will procure that none of its nominees and companies controlled by it (except for the Company and its subsidiaries) and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests therein beneficially owned or held by the Vendor or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agent.

The Company has undertaken to the Placing Agent, and the Vendor has undertaken to the Placing Agent to procure, that for a period of 90 days from the date of closing of the Placing, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company or (2) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares of the Company in accordance with its articles of association, (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Share(s) or any interests in Shares or any securities convertible into or exercisable or exchangeable for or

substantially similar to Shares or interest in Shares; (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, without first having obtained the written consent of the Placing Agent.

2. SUBSCRIPTION

Subscription Shares

251.5 million new Shares, being the same number as the Placing Shares, will be subscribed by the Vendor, representing approximately 6.07% of the existing issued share capital of the Company and approximately 5.72% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The subscription price per new Share is equivalent to the Placing Price of HK\$31.1 per Share, the net price of the Subscription is HK\$30.904 per Share and the Subscription Shares have a nominal value of HK\$0.1.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

General mandate to issue the Subscription Shares

The issue of the Subscription Shares will not be subject to Shareholders' approval and the Subscription Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution of the Shareholders passed in the general meeting held on 22 May 2017. Pursuant to such mandate, the Directors were granted authority to issue up to 777,952,580 Shares, representing 20% of the issued share capital of the Company as at 22 May 2017. The Company issued 220,000,000 Shares on 3 August 2017 pursuant to such general mandate and 557,952,580 Shares remain available for issuance under such general mandate as at the date of this announcement.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the completion date of the Subscription, including the right to any dividends or distributions after the date of completion of the Subscription.

Conditions of the Subscription

The Subscription is conditional upon:

- (1) completion of the Placing; and
- (2) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

None of the conditions stated above can be waived. In the event that the conditions are not fulfilled on or before 29 December 2017 (or such later date as may be agreed between the parties) the Subscription will no longer take place and none of the parties shall have any claim against the others for costs, damages, compensation or otherwise in respect of the Subscription.

As the Subscription is subject to the fulfillment of the above conditions and may or may not proceed to completion, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company.

Completion of the Subscription

After the fulfillment of the above conditions, the parties expect that the completion date of the Subscription will be on or before 29 December 2017.

EFFECT OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

The shareholding structure of the Company before and after the Placing and the Subscription will be as follows (assuming that there is no other change to the shareholding in the Company):

Shareholders	Current		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
The Vendor and parties acting in concert with it	2,101,419,884	50.70	1,849,919,884	44.63	2,101,419,884	47.80
Directors (other than Mr. Sun Hongbin)	22,099,000	0.53	22,099,000	0.53	22,099,000	0.50
The placees	—	—	251,500,000	6.07	251,500,000	5.72
Other public Shareholders	<u>2,021,299,125</u>	<u>48.77</u>	<u>2,021,299,125</u>	<u>48.77</u>	<u>2,021,299,125</u>	<u>45.98</u>
Total	<u>4,144,818,009</u>	<u>100</u>	<u>4,144,818,009</u>	<u>100</u>	<u>4,396,318,009</u>	<u>100</u>

After completion of the Placing, the shareholding percentage of the Vendor and parties acting in concert with it will decrease from approximately 50.70% to approximately 44.63%. Immediately upon completion of the Subscription, the shareholding of the Vendor and the parties acting in concert with it in the Company will increase from approximately 44.63% to approximately 47.80%.

Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with it, has continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and top-up transaction. As the Vendor had completed a placing and top-up transaction within the 12 months immediately before the Placing and the Subscription, pursuant to Note 14 of Rule 26.1 of the Takeovers Code, the lowest percentage holding of the Vendor and parties acting in concert with it in the issued share capital of the Company for that 12 month period is deemed to be equal to the percentage holding of such person, or group of persons, immediately after such placing and top-up transaction.

Given the Vendor completed a placing and top-up transaction on 3 August 2017 and the Vendor and persons acting in concert with it held more than 50% of the voting rights of the Company immediately after such placing and top-up transaction, a waiver under Rule 26 of the Takeovers Code is not required for the Subscription.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE PLACING AND THE SUBSCRIPTION AND THE USE OF PROCEEDS

The purposes of the Placing and the Subscription are to further enlarge the Company's shareholders' equity base, optimize the capital structure of the Company and support a healthier and sustainable development of the Company. The Company intends to apply the proceeds from the Subscription for the general working capital of the Company.

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

The gross proceeds from the Subscription is expected to be approximately HK\$7.822 billion and the net proceeds after deducting related fees will be approximately HK\$7.772 billion.

EQUITY FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

During the past twelve months immediately before the date of this announcement, the Company conducted the following equity fund raising activity:

Date of announcement	Fund raising activity	Net proceeds	Intended use of proceeds	Actual use of proceeds
25 July 2017	Top-up placing of new Shares	Approximately HK\$4,002 million	General working capital of the Company	Utilised as intended

Save as disclosed above, the Company had not conducted any equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

GENERAL

The Company is a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. As specialized in integrated development of residential and commercial properties, the Group is one of the leading real estate developers in the PRC. In line with its regional focus and high-end positioning strategy, the Group has developed or is developing many high-quality property projects ranging from high-rise residences, detached villas, retail properties and offices in first-tier cities, surrounding cities of tier 1 cities and core second-tier cities across the PRC.

DEFINITIONS

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

“acting in concert”	has the meaning defined in the Takeovers Code
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Sunac China Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1918)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc
“Placing”	the placement of 251.5 million existing Shares owned by the Vendor to independent investors at the Placing Price by the Placing Agent
“Placing Agent”	Morgan Stanley
“Placing and Subscription Agreement”	the placing and subscription agreement dated 15 December 2017 between the Company, the Vendor and the Placing Agent in respect of the Placing and the Subscription
“Placing Price”	the placing price of HK\$31.1 per Share
“Placing Shares”	251.5 million existing Shares
“PRC”	the People’s Republic of China excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor
“Subscription Price”	the subscription price of HK\$31.1 per Share
“Subscription Shares”	251.5 million new Shares
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

“Vendor

Sunac International Investment Holdings Ltd, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Sun Hongbin, the chairman of the Board and an executive director of the Company

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

Hong Kong, 15 December 2017

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

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.