

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)

INSIDE INFORMATION

BACKGROUND

Since the second half of 2021, there have been dramatic changes to the macro environment in the property sector in China. The contracted sales of Sunac China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) and its subsidiaries have continued to decline significantly, while access to new financing has become increasingly difficult with more liquidity issues occurring among certain property developers. In light of this, the Group has enacted a wide range of measures including acceleration of sales and payment collection, disposal of assets, equity financing, and interest-free borrowings from its controlling shareholder in order to bolster liquidity. However, since the beginning of 2022, the Group’s access to new financing has not been notably improved. In addition, the rating downgrade of the Company’s investment rating by international credit rating agencies has impeded the measures that were being proactively taken by the Group to ease its liquidity issues in March and the second quarter, such as asset disposals and targeted financing plans. In the meantime, contracted sales in the key first-tier and second-tier cities which form part of the Group’s key layout have been significantly affected by the COVID-19 outbreak since March 2022. As a result, contracted sales plunged by approximately 65% in March and April year-on-year, which further exacerbated the current liquidity constraints of the Group.

THE SENIOR NOTES

(1) October 2023 Notes

The interest in the amount of US\$29,478,600 under the 7.95% senior notes due October 2023 (“**October 2023 Notes**”) issued by the Company and listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) (with ISIN XS1981089284 and Common Code 198108928) became due and payable on 11 April 2022. The Company has a grace period of 30 days to make the interest payment. As of the date of this announcement, the grace period has expired and the Company has not made the payment before the expiry.

(2) April 2023 Notes

The interest in the amount of US\$26,845,250 under the 8.35% senior notes due April 2023 issued by the Company and listed on the SGX-ST (with ISIN XS1810024338 and Common Code 181002433) became due and payable on 19 April 2022. The Company has a grace period of 30 days to make the interest payment. As of the date of this announcement, the payment has not been made by the Company.

(3) October 2024 Notes

The interest in the amount of US\$20,400,000 under the 6.8% senior notes due October 2024 issued by the Company and listed on the SGX-ST (with ISIN XS2366526619 and Common Code 236652661) became due and payable on 20 April 2022. The Company has a grace period of 30 days to make the interest payment. As of the date of this announcement, the payment has not been made by the Company.

(4) April 2024 Notes

The interest in the amount of US\$28,024,500 under the 5.95% senior notes due April 2024 issued by the Company and listed on the SGX-ST (with ISIN XS2287889708 and Common Code 228788970) became due and payable on 26 April 2022. The Company has a grace period of 30 days to make the interest payment. As of the date of this announcement, the payment has not been made by the Company.

Failure to pay the interest when due and payable under the October 2023 Notes within the grace period may result in demand by the holders of the October 2023 Notes for immediate repayment of the principal and accrued interest. As of the date of this announcement, the outstanding principal of the October 2023 Notes amounts to US\$741.6 million, while the Company has not received any acceleration notice from the holders of the October 2023 Notes. The Company does not expect that it will make payments under the abovementioned notes and other senior notes issued by it when they become due or within the relevant grace periods. The Company is actively seeking to resolve the corresponding issues with the holders of such notes in a manner agreeable to the parties within a reasonable period of time.

Given the Group's current liquidity constraints, there is no assurance that the Group will be able to meet its financial obligations when due or within the relevant grace periods. If the Company fails to meet its financial obligations when due and is unable to reach a timely resolution with its creditors, it may result in the acceleration of relevant financial obligations or taking of enforcement actions by the relevant creditors.

APPOINTMENT OF ADVISERS

The Company will seek a holistic solution for relevant debt in order to best protect the interest of all stakeholders. The Company has appointed Houlihan Lokey (China) Limited as its financial adviser and Sidley Austin as its legal advisor to assist in assessing the Group's capital structure and its liquidity position and exploring all feasible solutions to ease the current liquidity constraints, so as to formulate an optimal solution for all stakeholders. The Company and its financial adviser will strive to uphold the principles of fairness and equitability, and proactively communicate with all creditors on the proposed solution. As such, the Company seeks the support and cooperation from all creditors to reach a consensual solution as soon as practicable.

The Group would like to express sincere apologies for not being able to fulfill its debt obligations as scheduled. The Group asks that creditors allow the Group time to overcome challenges in the current phase. The Group will maintain active communications with creditors. Based on its sound asset base and competitive business advantages, the Group will maintain stability of project construction and operation, and continue to make its best efforts to address the current liquidity issues. Such efforts include but are not limited to accelerating sales and payment collection, disposing of assets, seeking debt extension, and introducing strategic investors to enhance the credit profile of the Group.

Offshore creditors of the Company may contact its financial adviser:

Houlihan Lokey (China) Limited

Address: Suites 506-508, One International Finance Centre,
1 Harbour View Street, Central,
Hong Kong

Tel: +852 3551 2300

Email: Sunac@HL.com

The board of directors and the management of the Company will closely monitor the development of the aforesaid issues, constantly assess the potential impact of these events on the business development and financial conditions of the Group, and make further announcement in due course in respect of any material update.

Holders of the securities of the Company and other potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 12 May 2022

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