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Sunkwan Properties Group Limited

上坤地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6900)

**(1) EXCHANGE OFFER FOR THE EXISTING NOTES
(ISIN: XS2157244174; Common Code: 215724417; Stock Code: 40553)
AND
(2) PROPOSED ISSUE OF THE NEW NOTES**

On 14 December 2021, the Company commenced the Exchange Offer with respect to the Existing Notes held by non-U.S. persons outside the United States. The Exchange Offer is being made upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum.

The Company has mandated Haitong International Securities Company Limited as the Dealer Manager in relation to the Exchange Offer. The Company has also mandated D.F. King Ltd as Information and Exchange Agent for the Exchange Offer. For detailed descriptions of the terms and conditions of the Exchange Offer, Eligible Holders should refer to the Exchange Offer Memorandum.

The Company is conducting a separate concurrent offering to issue and sell Additional New Notes. The completion of the Concurrent New Money Issuance is subject to market conditions. If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance primarily to optimize its debt structure and refinance existing offshore indebtedness.

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarized in the announcement. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, in its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the securities of the Company or the Existing Notes.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED UNDER REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE EXISTING NOTES IN THE EXCHANGE OFFER.

THE EXCHANGE OFFER

Introduction

The Company is offering to exchange any and all of the Existing Notes held by Eligible Holders in accordance with the terms and conditions as set out in the Exchange Offer Memorandum and as summarized under the “Summary of Terms of the Exchange Offer” section below.

The Exchange Offer is subject to certain conditions as described in the Exchange Offer Memorandum, including an affirmative determination by the Company that consummating the Exchange Offer is in its best interests.

Notwithstanding anything to the contrary contained herein, but subject to applicable law, the Company may, in its sole and absolute discretion, extend, withdraw or terminate the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date and amend, modify or waive any of the terms and conditions of the Exchange Offer.

In addition to the Exchange Offer, the Company is conducting a separate concurrent offering to issue and sell Additional New Notes. If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance primarily to optimize its debt structure and refinance existing offshore indebtedness. Haitong International is acting as the sole global coordinator in connection with the Concurrent New Money Issuance.

The Exchange Offer is not being made within, and the Exchange Offer Memorandum is not for distribution in the United States or to, or for the account or benefit of, any U.S. person (as defined under Regulation S). The Exchange Offer Memorandum is not an offer of securities for sale in the United States or to, or for the account or benefit of, any U.S. person (as defined under Regulation S) or any other jurisdiction where it is unlawful to offer such securities, including the New Notes and any guarantees with respect thereto, for sale. Securities may not be offered, sold or delivered in the United States absent registration or an exemption from registration. The New Notes and the related guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. person (as defined under Regulation S).

Summary of Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum, the Company is offering to exchange any and all of the Existing Notes held by Eligible Holders for the Exchange Consideration (as defined below).

Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will, from and including the Settlement Date, waive any and all rights with respect to the Existing Notes (other than the right to receive the Exchange Consideration (as defined below)) and will release and discharge the Company from any and all claims such Eligible Holder may have, now or in the future, arising out of or related to such Existing Notes, including any and all accrued and unpaid interest thereon.

Exchange Consideration

For each US\$1,000 principal amount of outstanding Existing Notes that is validly tendered prior to the Exchange Expiration Deadline and accepted for exchange, an Eligible Holder of such Existing Notes will receive the exchange consideration consisting of:

- US\$1,000 in aggregate principal amount of the New Notes,
- Accrued Interest (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards), and
- subject to the requirement that any New Notes issued to any Eligible Holder be in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof, in the event that such Eligible Holder is entitled to receive any New Notes in a principal amount that is not an integral multiple of US\$1,000, cash (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards) in lieu of any fractional amount of the New Notes equal to the principal amount of the New Notes not issued (after rounding downward the amount of the New Notes to the nearest multiple of US\$1,000).

Tenor and Minimum Yield

The New Notes to be issued are expected to have a tenor of 364 days and are expected to bear a minimum yield of 13.5%, which tenor and minimum yield will be subject to the final determination at the Company's sole discretion and announced as soon as practicable after the Exchange Expiration Deadline. The actual interest rate of such New Notes will be set at the pricing of the Concurrent New Money Issuance.

Summary Timetable

The following summarizes the anticipated timetable for the Exchange Offer. Please note that the expiration of the Exchange Offer and the settlement of the New Notes, as well as the other events listed below, may be earlier or later than indicated below. This summary is qualified in its entirety at the Company's sole and absolute discretion to any extension, and the right to terminate the Exchange Offer at any time prior to its expiration. All references below are to London time, unless otherwise stated.

Date	Event
December 14, 2021	Commencement of the Exchange Offer and announcement via the websites of the Stock Exchange, and through Euroclear or Clearstream, as applicable. Exchange Offer Memorandum delivered to Eligible Holders of the Existing Notes who are non-U.S. persons outside the United States.
December 21, 2021 (4:00 p.m., London time)	Exchange Expiration Deadline. This being the last date and time on which Eligible Holders of the Existing Notes who validly tender the Existing Notes are eligible to receive the relevant Exchange Consideration, as this is the last date and time for Eligible Holders of the Existing Notes to participate in the Exchange Offer.
On or about December 22, 2021	Announcement of (i) the amount of tenders for exchange received prior to the Exchange Expiration Deadline, and the final total aggregate principal amount of New Notes to be issued to Eligible Holders in exchange for the Existing Notes validly tendered, accepted and exchanged, (ii) determination of actual interest rate of the New Notes and (iii) pricing of the Concurrent New Money Issuance (if any).
On or about December 28, 2021	Settlement and issuance of the New Notes and any Additional New Notes issued pursuant to the Concurrent New Money Issuance, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange.
On or about December 29, 2021	Listing of the New Notes on the Stock Exchange.

Procedures for Tendering Existing Notes

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To participate in the Exchange Offer, an Eligible Holder must validly tender its Existing Notes pursuant to the Exchange Offer for exchange prior to the Exchange Expiration Deadline pursuant to the procedures described in the Exchange Offer Memorandum.

Each of the Existing Notes being tendered for exchange may only be submitted in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The aggregate principal amount of each of the New Notes to be issued to any Eligible Holder will be in a minimum principal amount of US\$200,000 and integral multiples of US\$1,000 in excess thereof; provided that, if an Eligible Holder shall elect to partially exchange its Existing Notes into New Notes, the principal amount of each retained Existing Note must be in a minimum principal amount of US\$200,000.

Eligible Holders are responsible for ensuring that their instructions will result in the New Notes they are entitled to receive being at least equal to the minimum principal amount of US\$200,000. Instructions that would result in a principal amount of New Notes below US\$200,000 will be rejected.

Instructions in connection with the Exchange Offer are irrevocable, unless withdrawal thereof is required by applicable law.

Conditions to the Exchange Offer

The obligation of the Company to consummate the Exchange Offer is conditional upon the following:

- there being no material adverse change in the market from the date of the Exchange Offer Memorandum to the Settlement Date;
- an affirmative determination by the Company that accepting the exchanges, paying the Exchange Consideration and effecting the transactions contemplated hereby are in its best interests; and
- the satisfaction of the other conditions described in the Exchange Offer Memorandum.

Subject to applicable law, the Company may terminate or withdraw the Exchange Offer if any of the conditions are not satisfied or waived by the Settlement Date. The Company may also extend the Exchange Offer from time to time until the conditions are satisfied or waived.

Purpose of the Exchange Offer and Use of Proceeds

The Company intends to optimize its debt structure to extend its debt maturity profile, develop more steadily, strengthen its balance sheet and improve cash flow management. The Company will not receive any cash proceeds from the Exchange Offer.

CONCURRENT NEW MONEY ISSUANCE

Introduction

The Company is conducting a separate concurrent offering to issue and sell Additional New Notes. The completion of the Concurrent New Money Issuance is subject to market conditions. Haitong International is acting as the sole global coordinator in connection with the Concurrent New Money Issuance.

If the Concurrent New Money Issuance is consummated, the Company will use the net cash proceeds from the Concurrent New Money Issuance primarily to optimize its debt structure and refinance existing offshore indebtedness.

It is expected that the pricing terms of the Concurrent New Money Issuance will be announced as soon as practicable following any such pricing or, if the Company decides not to proceed with the Concurrent New Money Issuance (or any portion thereof), it will announce such decision as soon as practicable following such decision being made. Pricing of the Concurrent New Money Issuance is expected to occur as soon as practicable after the Exchange Expiration Deadline. However, there can be no assurance that the Concurrent New Money Issuance will price at all, and, if it does price, whether it will price with respect to any of the Additional New Notes.

If the Concurrent New Money Issuance is not consummated with respect to any or all of the Additional New Notes, the actual interest rate of such New Notes will be announced as soon as practicable following the confirmation that the Concurrent New Money Issuance with respect to such Additional New Notes will not be consummated. Other relevant details of the New Notes will also be confirmed together with the actual interest rate.

Reason for the Concurrent New Money Issuance

The Concurrent New Money Issuance is being conducted primarily to optimize the Company's debt structure and refinance the existing offshore indebtedness.

Listing of New Notes

The Company will seek a listing of the New Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the New Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Exchange Offer, Eligible Holders should refer to the Exchange Offer Memorandum.

The Company has retained D.F. King Ltd as the Information and Exchange Agent for the Exchange Offer. To contact D.F. King Ltd in London, +44 20 7920 9700 and in Hong Kong, +852 3953 7231 or via email at sunkwan@dfkingltd.com.

The Exchange Offer Memorandum will be distributed in electronic format to Eligible Holders via the Exchange Website: <https://sites.dfkingltd.com/sunkwan>. Any requests for additional copies of the Exchange Offer Memorandum should be directed to D.F. King Ltd at the above contact points.

INFORMATION ABOUT THE COMPANY

The Company is a growing property developer with comprehensive experience focusing on the Yangtze River Delta Economic Region in the PRC. The Company derived revenue from (i) sales of properties, (ii) property lease income, and (iii) provision of project management services.

GENERAL

This announcement is not an offer to purchase, a solicitation of an offer to purchase, an offer to sell or a solicitation of an offer to sell, securities in the United States or elsewhere. No securities of the Company or any of its subsidiaries are being, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and no such securities may be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws. No public offering of securities is being or will be made in the United States or any other jurisdiction. This announcement is provided to you because you are a non-U.S. person outside the United States in accordance with Regulation S. Nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions. Forward-looking statements in this announcement, including, among others, those statements relating to the Exchange Offer are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Existing Notes and/or the New Notes, changes in the business and financial condition of the Company and its subsidiaries, changes in the oil and gas services industry and changes in the capital markets in general.

The Company plans to issue the New Notes in exchange for the Existing Notes validly submitted for exchange and accepted pursuant to the Exchange Offer on or about the Settlement Date. The distribution of the Exchange Offer Memorandum is restricted by law in certain jurisdictions. Persons who come into possession of the Exchange Offer Memorandum are required to inform themselves of and to observe any of these restrictions. The Exchange Offer Memorandum does not constitute, and may not be used in connection with, an offer to buy Existing Notes or New Notes or a solicitation to sell the Existing Notes by anyone in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or a solicitation. The Company will not accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

No assurance can be given that the Exchange Offer will be completed and the Company reserves the right, at its sole and absolute discretion, to extend, withdraw or terminate the Exchange Offer if any of the conditions are not satisfied or waived by the Company by the Settlement Date and amend, modify or waive any of the terms and conditions of the Exchange Offer.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarized in the announcement. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions. The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

DEFINITIONS

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

“Accrued Interest”	accrued and unpaid interest on any Existing Notes validly tendered and accepted for exchange up to but not including the Settlement Date which will be payable in cash (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards);
“Additional New Notes”	the US\$ denominated senior notes with a tenor of 364 days to be issued by the Company pursuant to the Concurrent New Money Issuance;
“Board”	the board of Directors of the Company;
“Clearing Systems”	Euroclear and/or Clearstream, and “Clearing System” means any one of them;

“Clearstream”	Clearstream Banking S.A.;
“Company”	Sunkwan Properties Group Limited, an exempted company incorporated with limited liability in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange;
“Concurrent New Money Issuance”	a concurrent offering by the Company to issue and sell additional New Notes that will form a single series with the corresponding New Notes issued under the Exchange Offer;
“Dealer Manager”	Haitong International Securities Company Limited;
“Director(s)”	the director(s) of the Company;
“Eligible Holders”	holders who are non-U.S. persons (as those terms are defined under Regulation S) located outside the United States and hold the Existing Notes through Euroclear or Clearstream, or certain fiduciaries holding accounts for the benefit of non-U.S. persons (as those terms are defined under Regulation S) outside the United States and holding the Existing Notes through Euroclear or Clearstream;
“Euroclear”	Euroclear Bank SA/NV;
“Exchange Expiration Deadline”	4:00 p.m., London time, on December 21, 2021, unless extended, amended or earlier terminated in the sole discretion of the Company;
“Exchange Offer”	the offer made by the Company upon the terms and subject to the conditions set forth in the Exchange Offer Memorandum;
“Exchange Offer Memorandum”	the exchange offer memorandum dated December 14, 2021 in relation to the Exchange Offer;
“Exchange Website”	https://sites.dfkingltd.com/sunkwan , the website set up by the Information and Exchange Agent for the purposes of hosting the documents relating to the Exchange Offer;
“Existing Notes”	the Company’s outstanding US\$185,000,000 12.75% senior notes due 2022 (ISIN: XS2157244174; Common Code: 215724417);
“Group”	the Company and its subsidiaries;
“Haitong International”	Haitong International Securities Company Limited;
“Holders”	holder(s) of the Existing Notes;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Information and Exchange Agent”	D.F. King Ltd, the information and exchange agent for the Exchange Offer;
“New Notes”	the US\$ denominated senior notes with a tenor of 364 days to be issued by the Company, to be exchanged in accordance with the Exchange Offer for those Existing Notes that are accepted for exchange by the Company;
“PRC”	The People’s Republic of China, excluding for the purpose of this announcement, Hong Kong;
“Regulation S”	Regulation S under the U.S. Securities Act;
“Settlement Date”	the date of settlement which is expected to occur on or about December 28, 2021 unless the Exchange Offer is extended or earlier terminated;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“U.S.” or “United States”	The United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

By Order of the Board
Sunkwan Properties Group Limited
Zhu Jing
Chairwoman

Hong Kong, 14 December 2021

As at the date of this announcement, the Board comprises Ms. Zhu Jing, Ms. Sheng Jianjing and Mr. Yang Zhandong as executive directors, Mr. Lin Jinfeng and Ms. Lin Zhaohong as non-executive directors and Mr. Guo Shaomu, Mr. Au Yeung Po Fung and Mr. Zhou Zheren as independent non-executive directors.