

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 65% EQUITY INTERESTS IN
THE TARGET COMPANY**

INTRODUCTION

The Board is pleased to announce that on 20 August 2021, the Sellers entered into the Agreement with the Purchaser (an indirect wholly-owned subsidiary of the Company), pursuant to which, and subject to the terms and conditions thereunder, the Sellers have agreed to sell, and the Purchaser has agreed to purchase the Sale Interests, which shall represent 65% of equity interests in the Target Company at a total consideration of RMB260 million. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 20 August 2021, the Sellers entered into the Agreement with the Purchaser (an indirect wholly-owned subsidiary of the Company), pursuant to which, and subject to the terms and conditions thereunder, the Sellers have agreed to sell, and the Purchaser has agreed to purchase the Sale Interests, which shall represent 65% equity interests in the Target Company at a total consideration of RMB260 million. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company.

THE AGREEMENT

The principal terms of which are set out below:

Date 20 August 2021

Parties (i) the Seller A;
 (ii) the Seller B; and
 (iii) the Purchaser

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, the Sellers and their ultimate beneficial owners are Independent Third Parties.

Subject matter

Pursuant to the Agreement, the Sellers have agreed to sell, and the Purchaser has agreed to purchase, the Sale Interests, which shall represent 65% of equity interests in the Target Company subject to the terms and conditions therein.

Consideration

The total consideration is RMB260 million, among which, approximately RMB87 million shall be payable in cash by the Purchaser and the remaining balance of approximately RMB173 million shall be settled by the Purchaser assuming the existing debts owed by the respective Sellers to the Target Group on a dollar-to-dollar basis. The Purchaser will pay Seller A an amount of approximately RMB27 million in cash and assume a debt of approximately RMB117 million owed by Seller A to the Target Group in exchange for 36% of equity interests in the Target Company held by Seller A while the Purchaser will pay Seller B an amount of approximately RMB60 million in cash and assume a debt of approximately RMB56 million owed by Seller B to the Target Group in exchange for 29% of equity interests in Target Company held by Seller B.

The total consideration of RMB260 million was determined after arm's length negotiations between the Sellers and the Purchaser on normal commercial terms with reference to (i) the Sale Interests; (ii) paid-up capital of the Target Company in the amount of RMB400 million; and (iii) the reasons for the Acquisition as mentioned in the section headed "Reasons for and Benefits of the Acquisition" below. The total consideration will be funded by internal resources of the Group.

Payment and completion

Upon fulfillment of the following conditions, the Purchaser shall pay approximately RMB87 million in cash into an escrow account jointly established by the Purchaser and the Sellers:- (i) documents for relevant local authority registration application for the transfer of the Sale Interests has been fully and duly prepared; (ii) relevant corporate documents (including but not limited to license, seal, contract and documents list of the Target Group has been prepared, confirmed and stored in a specified place co-managed by the Sellers and the Purchaser; (iii) an escrow account for receiving the consideration of the Acquisition has been jointly established; (iv) the status of the residential property project owned by the Target Group has been reviewed and confirmed by the Purchaser; (v) the Sellers have obtained consent from relevant government authority for the Acquisition (if applicable); and (vi) the Sellers have made a confirmation letter to confirm the relevant disclosure of the Target Company and its representation and warranties in the Agreement are true.

Upon completion of the above, the Sellers, the Purchaser and the Target Company shall proceed with all necessary registration procedures for the transfer of the Sale Interests within 2 business days from the date of signing of the Agreement. Completion takes place upon issuance of the new business licence of the Target Company.

Upon completion of the Acquisition, the Purchaser shall assume the existing debts owned by the respective Sellers to the Target Group on a dollar-to-dollar basis and all payment obligations by the Purchaser under the Agreement will deemed to have been satisfied.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As at the date of this announcement, the Purchaser held 35% equity interest in the Target Company and the Target Group held a residential property project under construction in the PRC. Upon completion of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company and the Company will be able to acquire full control over the management and operation of the Target Group and to exclusively enjoy the economic benefits to be derived from the residential property project owned by the Target Group. In view of the location and the designated use of such residential property project, the Board considers that the Acquisition offers a good opportunity for the Group to enhance its portfolio in the property market in Shanghai City, the PRC with a view to bringing more investment return for the Shareholders.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Group

The Company is an investment holding company. The Group is a growing real estate developer in the PRC and is principally engaged in property development, property leasing and providing project management services in the PRC.

The Seller A

Seller A is a company established in the PRC with limited liability and is principally engaged in property development. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Seller A is wholly-owned by Hangzhou Chengjian Development Group Co., Ltd.* (杭州市城建開發集團有限公司), which is held 55% by Hangzhou Creative Investment Co., Ltd.* (杭州城建眾創投資股份有限公司) (the “**Creative Investment**”) and 45% by Hangzhou Urban Construction & Investment Group Co., Ltd.* (杭州市城市建設投資集團有限公司) (the “**Urban Construction**”). Creative Investment is held as to approximately 20.65% by Zhao Yanlin (趙炎林), 2.9% by Xu Chongfeng (徐崇峰) and approximately 76.45% by other 48 individuals and none of whom may control more than 2% shareholding in Creative Investment. Urban Construction is a state-owned company wholly and ultimately owned by the PRC government.

The Seller B

Seller B is a company established in the PRC with limited liability and is principally engaged in property development. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Seller B is held as to 51% by Shaowu (邵武) and 49% by Chen Manqiu (陳曼秋).

The Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, the Purchaser is an indirect wholly-owned subsidiary of the Company.

The Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, the Target Company is held as to 36% by Seller A, 29% by Seller B and 35% by the Purchaser.

Shanghai Jingda

Shanghai Jingda is a company established in the PRC with limited liability and is principally engaged in property development. As at the date of this announcement, Shanghai Jingda is a wholly-owned subsidiary of the Target Company.

Shanghai Jingda held a residential property project under construction in Jiading New Town, Shanghai City, the PRC with a total site area of approximately 24,287 sq.m.. The Group intends to develop the residential property project into a residential building with a total planned gross floor area of approximately 47,449 sq.m..

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is the unaudited financial information of the Target Group for the financial years ended 31 December 2019 and 2020 respectively:

	For the year ended 31 December 2019	For the year ended 31 December 2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue	—	—
Net loss before taxation	2,484.0	11,633.4
Net loss after taxation	2,484.0	11,633.4

Based on the financial information of the Target Group, the unaudited net assets of the Target Group was approximately RMB400.0 million as at 31 December 2020.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Acquisition are more than 5% but all of which are less than 25%, the transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements but is exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“Acquisition”	the acquisition of the Sale Interests from the Sellers pursuant to the terms and conditions of the Agreement
“Agreement”	the equity transfer agreement dated 20 August 2021 entered into between the Sellers and the Purchaser relating to the transfer of the Sale Interests
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sunkwan Properties Group Limited (上坤地產集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 6900)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person, or in the case of a company, the company of its ultimate beneficial owner(s), who is independent of and not connected with the Company and its subsidiaries and its connected persons and its ultimate beneficial owner(s) or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Purchaser”	Shanghai Dongjiang Real Estates Co., Ltd.* (上海東匠置業有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interests”	65% of equity interests of the Target Company held by the Sellers
“Seller A”	Shanghai Dajia Xiangding Enterprise Development Group Co., Ltd.* (上海大家祥鼎企業發展集團有限公司), a company established in the PRC with limited liability
“Seller B”	Zhejiang Jingdu Real Estate Group Co., Ltd.* (浙江京都地產集團有限公司), a company established in the PRC with limited liability
“Sellers”	Seller A and Seller B
“Shanghai Jingda”	Shanghai Jingda Real Estate Company Limited* (上海京大置業有限公司), a company established in the PRC with limited liability
“Share(s)”	ordinary shares of nominal value of US\$0.000001 each in the capital of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Hangzhou Xiangjing Asset Management Co., Ltd.* (杭州祥璟資產管理有限公司), a company established in the PRC with limited liability
“Target Group”	the Target Company and its wholly-owned subsidiary
“%”	per cent

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

Hong Kong, 20 August 2021

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

* *For identification purpose only*