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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)

(the “Company”, Stock Code: 6900)

(1) RESULTS OF EXCHANGE OFFER FOR THE EXISTING NOTES

(ISIN: XS2157244174; Common Code: 215724417; STOCK CODE: 40553)

(2) EXTENSION OF THE SETTLEMENT DATE

AND

(3) PROPOSED ISSUE OF US\$139,200,000 13.5% SENIOR NOTES DUE 2023

Reference is made to the announcements of the Company dated December 14, 2021 and December 22, 2021 (the “**Announcements**”) in relation to the Exchange Offer. Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Announcements.

MiFID II professionals/ECPs-only/No PRIIPs KID – Manufacturer target market (MiFID II product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in EEA.

UK MiFIR professionals/ECPs-only/No UK PRIIPs KID – Manufacturer target market (MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels). No PRIIPs key information document (KID) has been prepared as not available to retail in UK.

The Company will seek a listing of the Exchange Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Exchange Notes has been received from the Stock Exchange for the listing of the Exchange Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the Exchange Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Exchange Notes.

Reference is made to the announcements of the Company dated December 14, 2021 and December 22, 2021, which set out key terms of the Exchange Offer (collectively, the “**Announcements**”). Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Announcements.

1. RESULTS OF THE EXCHANGE OFFER FOR THE EXISTING NOTES

The Exchange Offer expired at 4:00 p.m., London time, on December 28, 2021. The Company hereby informs Eligible Holders that, as of the Extended Expiration Deadline, US\$139,200,000 of the Existing Notes, representing approximately 75.24% of the total aggregate principal amount of the outstanding Existing Notes, has been validly tendered for exchange and accepted pursuant to the Exchange Offer.

With respect to the Existing Notes submitted for exchange, subject to the fulfilment or waiver of the conditions precedent to the Exchange Offer, Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will receive the Exchange Consideration on the date of settlement, which is expected to be on or about January 3, 2022.

No Additional New Notes will be issued or sold, and the Concurrent New Money Issuance will not be conducted, by the Company.

2. EXTENSION OF THE SETTLEMENT DATE

The Company hereby announces that with immediate effect, the Settlement Date is further extended from December 31, 2021, Hong Kong Time, to January 3, 2022, Hong Kong Time (the “**New Settlement Date**”). Correspondingly, subject to satisfaction or waiver of the conditions as set forth in the exchange offer memorandum dated December 14, 2021 (as supplemented by a supplement dated December 21, 2021 and a second supplement dated December 29, 2021 to the original exchange offer memorandum, the “**exchange offer memorandum**”), settlement of the New Notes, delivery of the Exchange Consideration to Eligible Holders whose Existing Notes have been validly tendered and accepted for exchange, and execution of the Indenture are expected to occur on or about January 3, 2022, and listing of the New Notes on the SEHK is expected to occur on or about January 4, 2022.

3. PROPOSED ISSUE OF US\$139,200,000 13.5% SENIOR NOTES DUE 2023

Upon completion of the Exchange Offer, the Company will issue US\$139,200,000 in aggregate principal amount of 13.5% senior notes due 2023 (the “**Exchange Notes**”).

Principal terms of the Exchange Notes

The following is a summary of certain provisions of the Exchange Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Exchange Notes, the guarantees provided by the Company, Subsidiary Guarantors, and the JV Subsidiary Guarantors, if any.

Amount and Tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, the Company will issue US\$139,200,000 of the Exchange Notes pursuant to the Exchange Offer, which will mature on January 2, 2023, unless earlier redeemed pursuant to the terms thereof.

Interest

The Exchange Notes will bear interest from and including January 3, 2022 at the rate of 13.5% per annum, payable in arrears on July 3, 2022 and January 2, 2023.

Ranking of the Exchange Notes

The Exchange Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Exchange Notes; (3) at least pari passu in right of payment with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors (if any).

Events of Default

The Exchange Notes contain certain customary events of default, including default in the payment of principal, or of any premium, on the Exchange Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants, insolvency and other events of default specified in the Indenture. If an event of default occurs and is continuing, the trustee under the Indenture, as the case may be, or the holders of at least 25% of the Exchange Notes may declare the principal of the Exchange Notes plus any accrued and unpaid interest and premium (if any) to be immediately due and payable.

Covenants

Subject to certain qualifications and exceptions, the Exchange Notes and the Indenture will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of certain of its subsidiaries;
- (d) guarantee indebtedness of certain of its subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;

- (h) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (i) enter into transactions with shareholders or affiliates; and
- (j) effect a consolidation or merger.

Optional Redemption for the Exchange Notes

The Exchange Notes may be redeemed in the following circumstances:

- (1) At any time prior to January 2, 2023, the Company may at its option redeem the Exchange Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Exchange Notes plus the applicable premium as of, and accrued and unpaid interest (if any) to (but not including), the redemption date.
- (2) At any time and from time to time prior to January 2, 2023, the Company may redeem up to 35% of the aggregate principal amount of the Exchange Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.5% of the principal amount of the Exchange Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

The Company will give not less than 30 days' nor more than 60 days' notice of any redemption.

The Company will seek a listing of the Exchange Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Exchange Notes has been received from the Stock Exchange for the listing of the Exchange Notes by way of debt issues to professional investors only as described in the offering memorandum. Admission of the Exchange Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Exchange 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. D.F. King Ltd has been appointed 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 and all announcements in connection with the Exchange Offer will be available 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.

GENERAL

The Exchange Notes have not been registered under the U.S. Securities Act, or the securities laws of any state and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This announcement is not an offer to purchase or a solicitation of an offer to sell securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. This announcement does not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. This announcement is not for release, publication or distribution in or into, or to any person resident and/or located in, any jurisdiction where such release, publication or distribution is unlawful.

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, changes in the business and financial condition of the Company and its subsidiaries, changes in the property development industry, and changes in the capital markets in general.

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

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

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. This announcement is provided to you because you are a non-U.S. person outside the United States in accordance with Regulation S.

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.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“connected person”	has the meaning ascribed to it under the Listing Rules
“Exchange Notes”	the new 13.5% senior notes due 2023 proposed to be issued by the Company under the Exchange Offer
“Indenture”	the written agreement entered into between the Company, the Subsidiary Guarantors as guarantors and the Trustee, that specifies the terms and conditions of the Exchange Notes including the covenants, events of default, interest rate of the Exchange Notes and the maturity date
“Initial Purchaser”	Haitong International
“JV Subsidiary Guarantees”	limited recourse guarantees to be given by the JV Subsidiary Guarantors on the Exchange Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Company’s obligations under the Exchange Notes
“Subsidiary Guarantees”	guarantees for the Exchange Notes to be provided by the Subsidiary Guarantors
“Subsidiary Guarantors”	certain existing subsidiaries of the Company that on the issue date of the Exchange Notes will provide guarantees for the Exchange Notes
“Trustee”	China Construction Bank (Asia) Corporation Limited

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

Hong Kong, December 29, 2021

As of 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.