

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.

SUNWAH KINGSWAY
新華滙富

SUNWAH KINGSWAY CAPITAL HOLDINGS LIMITED

新華滙富金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00188)

**DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE**

Reference is made to the announcements of Sunwah Kingsway Capital Holdings Limited (the “**Company**”) dated 9 December 2021 and 14 December 2021 respectively (the “**Announcements**”) regarding the entering into of the Cooperation Framework Agreement on 9 December 2021 by Primo Holdings (a direct wholly-owned subsidiary of the Company) with the Partners in respect of the proposed formation of a joint venture company, the Project Company, and the acquisition by the Project Company of a Hong Kong incorporated property holding company, the Target Company. Under the Cooperation Framework Agreement, Primo Holdings and the Partners agreed among other things to negotiate and enter into definitive agreements in respect of the formation of the Project Company.

On 7 April 2022 (after trading hour) Primo Holdings, the Partners and an additional investor, Berrystead Investment, entered into the definitive JV Agreements in respect of the Project Company.

On the same day, the Project Company entered into a sale and purchase agreement with an Independent Third Party for the purchase of the entire issued share capital of the Target Company for a total consideration of HK\$111.5 million, as was contemplated in the Cooperation Framework Agreement and disclosed in the Announcements.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the maximum capital commitment of Primo Holdings under the JV Agreements exceeds 5% but is less than 25%, the entering into of the JV Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

Reference is made to the Announcements regarding the entering into of the Cooperation Framework Agreement on 9 December 2021 by Primo Holdings and the Partners in respect of the proposed formation of the Project Company and the acquisition by the Project Company of the property-holding Target Company. Under the Cooperation Framework Agreement, Primo Holdings and the Partners agreed among other things to negotiate and enter into definitive agreements in respect of the formation of the Project Company.

The Project Company was incorporated in the BVI on 12 November 2021. Primo Holdings and the Partners respectively subscribed for, and were allotted and issued by the Project Company, on a nil-paid basis, the following ordinary shares of US\$1.00 each in the capital of the Project Company (the “**Project Company Shares**”):

Party name	No. of Project Company Shares	% of shareholding in the Project Company
Primo Holdings	15,000	30%
Zun Wang Holdings	12,500	25%
Ching Lee Holdings	10,000	20%
RJHK	10,000	20%
Gainful Asset Management	2,500	5%

Primo Holdings subsequently transferred 5,000 of the nil-paid Project Company Shares, representing 10% of the issued share capital of the Project Company, to Berrystead Investment on 9 March 2022.

On 7 April 2022 (after trading hour) Primo Holdings, the Partners and Berrystead Investment entered into the Subscription Agreement and the Shareholders’ Agreement (collectively the “**JV Agreements**”) in respect of the Project Company, the main terms of which are summarised below.

THE SUBSCRIPTION AGREEMENT

Date	7 April 2022
Parties	Primo Holdings Zun Wang Holdings Ching Lee Holdings RJHK Gainful Asset Management Berrystead Investment

Payment of subscription price

Pursuant to the Subscription Agreement, each of the parties agreed to pay the subscription price for its Project Company Shares in cash as and when and in the manner set out in the written call notices from time to time issued to it by the Project Company, up to the following total subscription price:

Name of Party	No. of Project Company Shares	Total subscription price payable (HK\$)
Primo Holdings	10,000	24 million
Zun Wang Holdings	12,500	30 million
Ching Lee Holdings	10,000	24 million
RJHK	10,000	24 million
Gainful Asset Management	2,500	6 million
Berrystead Investment	5,000	12 million
Total	50,000	120 million

As was disclosed in the Announcements, the total subscription price of HK\$120 million was determined after arm's length negotiations among the parties taking into account various factors such as the funding needs of the Project Company for the acquisition of the entire interest of the Target Company and the operation of the Project Company. The subscription price per Project Share payable by all of the parties was the same, being HK\$2,400 per Project Company Share.

It is expected that the 24 million total subscription price payable by Primo Holdings will be funded by the internal resources of the Group.

THE SHAREHOLDERS' AGREEMENT

Date	7 April 2022
Parties	Primo Holdings Zun Wang Holdings Ching Lee Holdings RJHK Gainful Asset Management Berrystead Investment
Purpose of Project Company	To acquire the entire issued share capital of the Target Company and thereby indirectly invest in the Properties

Respective shareholding of the shareholders	Name of shareholder	No. of Project Company Shares
	Primo Holdings	10,000
	Zun Wang Holdings	12,500
	Ching Lee Holdings	10,000
	RJHK	10,000
	Gainful Asset Management	2,500
	Berrystead Investment	5,000

Funding needs of Project Company

The shareholders shall contribute, on a pro-rata basis, a total of HK\$120 million of share capital to the Project Company in cash as and when and in the manner set out in the written call notices from time to time issued to them by the Project Company.

In addition to the above shareholder capital contributions to the Project Company, the funding needs of the Project Company may also be satisfied by: (i) borrowings from banks or financial institutions if so resolved by the board of directors of the Project Company and/or (ii) further capital contributions by the shareholders, if so resolved by way of a poll at a shareholders' meeting

Management of Project Company

The board of directors of the Project Company shall consist of two directors, one of whom shall be nominated by Primo Holdings, and the other, who shall also be the chairman of the board of directors of the Project Company, shall be nominated by Zun Wang Holdings.

Restrictions on transfer

Save for a transfer to its wholly-owned subsidiary, a shareholder's transfer of any Project Company Shares shall be subject to the right of first refusal in favour of the other shareholders

No shareholder may create any encumbrance or third party rights over any of its Project Company Shares.

Primo Holdings has nominated Mr. Chan Kwok Keung, and Zun Wang Holdings nominated Mr. Chan JiaHui, as the first directors of the Project Company, and they both took office as from that day.

Under the JV agreements, the maximum capital to be contributed by all shareholders of the Project Company is HK\$150,000,000 and the maximum capital commitment of each shareholder of the Project Company is as follows:

Name of shareholder	Maximum capital commitment (HK\$)
Primo Holdings	30 million
Zun Wang Holdings	37.5 million
Ching Lee Holdings	30 million
RJHK	30 million
Gainful Asset Management	7.5 million
Berrystead Investment	15 million
Total	150 million

INFORMATION ON THE PARTNERS AND BERRYSTEAD INVESTMENT

Zun Wang Holdings is a limited liability company incorporated under the laws of the BVI. It is principally engaged in investment holding. Zun Wang Holdings is ultimately wholly owned by Mr. Chen JiaHui.

Ching Lee Holdings is a limited liability company incorporated under the laws of the Cayman Islands. Its shares are listed on the Main Board of the Stock Exchange under Stock Code: 03728. The principal activities of Ching Lee Holdings and its subsidiaries are the provision of construction and consultancy works and project management services in Hong Kong.

RJHK is a limited liability company incorporated under the laws of the BVI. It is principally engaged in investment holding. RJHK is ultimately wholly owned by Mr. Jian Weiwen.

Gainful Asset Management is a limited liability company incorporated under the laws of the BVI. It is principally engaged in investment holding. Gainful Asset Management is ultimately wholly owned by Mr. Chen Weisong.

Berrystead Investment is a limited liability company incorporated under the laws of Hong Kong. It is principally engaged in investment holding. Berrystead Investment is ultimately wholly owned by Mr. Lee Wai Sang and Ms. Leung Mo Shan Jackie.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Partners, Berrystead Investments and their ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE PROJECT COMPANY

The Project Company, Empire Elite Group Limited, is a limited liability company incorporated under the laws of the BVI. It is principally engaged in investment holding. As disclosed in the Announcements, the financial results of the Project Company will not be consolidated into the financial statements of the Group and will be accounted for as a jointly controlled entity in the financial statements of the Group.

On 7 April 2022, the Project Company (as purchaser) entered into a sale and purchase agreement with China Expert Development Limited (as vendor) for the purchase of the entire issued share capital of the Target Company, together with the shareholders' loan advanced by China Expert Development Limited to the Target Company, for a total consideration of HK\$111.5 million. Completion of this sale and purchase agreement is expected to take place on or before a date which is 30 days from the date of the Sale and Purchase Agreement.

The Target Company is a limited liability company incorporated in Hong Kong. The principal activity of the Target Company is the letting of properties for rental income in Hong Kong. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as of the date of the sale and purchase agreement, (i) the Target Company is the sole legal and beneficial owner of the Properties (ii) the Properties are the only assets of the Target Company and (iii) China Expert Development Limited and its ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE GROUP

The Group's principal businesses are the provision of financial services, including securities and commodities and futures broking, corporate finance, asset management, money lending, property investment and proprietary investments.

Primo Holdings is a limited liability company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE PROJECT COMPANY

The Directors consider that it is beneficial for the Group to seek property investment opportunities. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Target Company plans to develop the Properties into a nineteen-floor mixed residential and commercial building with the ground and the first floors being commercial areas and the remaining floors being residential areas. By investing in the Project Company, the Group will be investing indirectly in the Target Company and the Properties, which can increase the Group's investment portfolio in the real estate market of Hong Kong.

The terms of the JV Agreements were determined after arm's length negotiations among the parties thereto taking into account various factors such as the funding needs of the Project Company for the acquisition of the entire interest of the Target Company and the operation of the Project Company and the proposed development plan of the Target Company's Properties.

Accordingly, the Directors believe that the terms of the JV Agreements are fair and reasonable and that the entering into of the JV Agreements is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio under the Listing Rules in respect of the maximum capital commitment of Primo Holdings under the JV Agreements exceeds 5% but is less than 25%, the entering into of the JV Agreements constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein.

“Berrystead Investment”	Berrystead Investment Holdings Limited, a limited liability company incorporated under the laws of Hong Kong, and one of the shareholders of the Project Company
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Ching Lee Holdings”	Ching Lee Holdings Limited (Stock Code: 03728), an exempted company incorporated in the Cayman Islands with limited liability on 16 November 2015, the issued shares of which are listed on the Main Board of the Stock Exchange, and one of the Partners
“Company”	Sunwah Kingsway Capital Holdings Limited, a limited liability company incorporated in Bermuda and whose shares are listed on the Main Board of the Stock Exchange (Stock Code:00188)
“Cooperation Framework Agreement”	the cooperative framework agreement dated 9 December 2021 entered into amongst Primo Holdings and the Partners in respect of the proposed formation of the Project Company
“Director(s)”	Directors of the Company
“Gainful Asset Management”	Gainful Asset Management Limited, a limited liability company incorporated under the laws of the BVI and one of the Partners
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company
“JV Agreements”	the Subscription Agreement and the Shareholders’ Agreement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Partners”	Zun Wang Holdings, Ching Lee Holdings, RJHK and Gainful Asset Management
“Primo Holdings”	Primo Holdings Limited, a limited liability company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company
“Project Company”	Empire Elite Group Limited, a limited liability company incorporated under the laws of the BVI of which Primo Holdings, Zun Wang Holdings, Ching Lee Holdings, RJHK, Gainful Asset Management and Berrystead Investment are shareholders
“Project Company Shares”	ordinary shares of US\$1.00 each in the capital of the Project Company and each a “Project Company Share”
“Properties”	the vacant lands situated at Nos. 105 and 105A of Pak Tai Street, To Kwa Wan, Kowloon, Hong Kong
“Subscription Agreement”	the subscription agreement dated 7 April 2022 entered into amongst the six shareholders of the Project Company, namely Primo Holdings, Zun Wang Holdings, Ching Lee Holdings, RJHK, Gainful Asset Management and Berrystead Investment
“RJHK”	RJHK Company Limited, a limited liability company incorporated under the laws of the BVI and one of the Partners
“Shareholder(s)”	holder(s) of share(s) of the Company
“Shareholders’ Agreement”	the shareholders agreement dated 7 April 2022 entered into amongst the six shareholders of the Project Company, namely Primo Holdings, Zun Wang Holdings, Ching Lee Holdings, RJHK, Gainful Asset Management and Berrystead Investment

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Front Builder Investment Limited, a limited liability company incorporated under the laws of Hong Kong
“Zun Wang Holdings”	Zun Wang Holdings Limited, a limited liability company incorporated under the laws of the BVI and one of the Partners
“%”	per cent

By Order of the Board
Sunwah Kingsway Capital Holdings Limited
Vincent Wai Shun Lai
Company Secretary

Hong Kong, 7 April 2022

As at the date of this announcement, the directors of the Company are Jonathan Koon Shum Choi as Chairman, Michael Koon Ming Choi as Chief Executive Officer & Executive Director, Janice Wing Kum Kwan and Lee G. Lam as Non-Executive Directors, Robert Tsai To Sze, Elizabeth Law and Huanfei Guan as Independent Non-Executive Directors.