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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)**

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN  
THE TARGET COMPANY**

**INTRODUCTION**

The Board is pleased to announce that on 30 December 2022 (after trading hours of the Stock Exchange), the Seller (a wholly-owned subsidiary of the Company) entered into the Agreement with the Purchaser, pursuant to which the Seller agreed to sell, and the Purchaser agreed to purchase the Sale Interest, which shall represent the entire equity interest in the Target Company at a Consideration of RMB33,452,376.20.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal 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**

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## **THE AGREEMENT**

The principal terms of which are set out below:

Date	30 December 2022
Parties	(i) the Seller; and (ii) 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 Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **Subject matter**

Pursuant to the Agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, the Sale Interest, which shall represent the entire equity interest in the Target Company subject to the terms and conditions therein.

### **Consideration**

The Consideration was determined after arm's length negotiations between the Seller and the Purchaser on normal commercial terms with reference to (i) the net liability position of the Target Company as at 31 October 2022, being RMB1,395,270.56; and (ii) the reasons for the Disposal as mentioned in the section headed "Reasons for and Benefits of the Disposal" below.

As at the date of this announcement, there is an outstanding debt (the "**Debt**") being RMB33,452,376.20 owed by the Seller to the Target Company, which is equivalent to the amount of Consideration. As the Target Company will become a wholly-owned subsidiary of the Purchaser after the Disposal, the Seller and the Purchaser have agreed to set off the Consideration with the Debt on a dollar-to-dollar basis upon the entering into the Agreement.

### **Completion**

The Seller and the Purchaser shall arrange the relevant registration with the local authority in relation to the Disposal within 20 business days of the date of the Agreement.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Company.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The Group is principally engaged in property development, property leasing and providing project management services in the PRC. However, since late 2020, the real estate industry in the PRC has experienced violent impact due to factors such as the tightening of credit and financing channels, the depressed sales market, and the intensification of debt repayment pressure.

As at the date of this announcement, while most of the property projects developed by the Target Company have been completed and are ready to be sold, there are still certain properties that are under development. The Company believes that the Disposal offer an opportunity to monetize the value in its investment and is conducive to relieve the pressure of cash flow and maintain the smooth operation and development of the Company.

Having considered the factors above, the Directors believe that the terms of the Disposal 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**

The Seller is a company established in the PRC with limited liability and is wholly-owned by the Company as at the date of this announcement. The Seller is principally engaged in property development and real estate investment.

### **The Purchaser**

The Purchaser is a company established in the PRC with limited liability and is principally engaged in enterprise management and consultancy. As at the date of this announcement, the Purchaser is wholly-owned by Shi Mengke (施夢可) who is an Independent Third Party.

### **The Target Company**

The Target Company is a company established in the PRC with limited liability and is wholly-owned by the Seller and is principally engaged in property development. The principal asset of the Target Company is the residential and ancillary properties developed by it under the construction located in Hangzhou, Zhejiang Province, PRC with a gross floor area of approximately 164,611 square metres.

## FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the unaudited financial information of the Target Company for the financial years ended 31 December 2020 and 2021 respectively:

	<b>For the year ended 31 December 2020</b> <i>RMB'000</i> <i>(Unaudited)</i>	For the year ended 31 December 2021 <i>RMB'000</i> <i>(Unaudited)</i>
Revenue	–	–
Net (loss)/profit before taxation	(1,993)	(8,630)
Net (loss)/profit after taxation	(1,993)	(6,577)

Based on the financial information of the Target Company, the unaudited net liability of the Target Company was approximately RMB1,395,270.56 as at 31 October 2022.

## FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that the Group will record a gain on the Disposal in the amount of approximately RMB34,847,646.76, being the aggregation of the Debt and the net liability of the Target Company as at 31 October 2022. The actual gain or loss arising from the Disposal will be subject to audit by the auditor of the Company and may be different from the amount stated.

Upon the Completion, the Company will cease to have any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. Accordingly, the financial results of the Target Company will no longer be consolidated into the consolidated financial statements of the Group.

The net proceeds from the Disposal will be used to set off the Debt on a dollar-to-dollar basis.

## LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.06 of the Listing Rules in respect of the Disposal 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:

“Agreement”	the equity transfer agreement dated 30 December 2022 entered into between the Seller and the Purchaser relating to the sale and purchase of the Sale Interest
“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)
“Completion”	completion of the Disposal pursuant to the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Sale Interest
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Interest by the Seller to the Purchaser pursuant to the terms and conditions of the Agreement
“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”	Hangzhou Mengshi Enterprise Management Co., Ltd.* (杭州夢實企業管理有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	entire equity interest of the Target Company held by the Seller

“Seller”	Hangzhou Shangkun Real Estate Co., Ltd.* (杭州上坤置業有限公司), a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hangzhou Hengkun Real Estate Co., Ltd.* (杭州恒坤置業有限公司), a company established in the PRC with limited liability
“%”	per cent

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

Hong Kong, 30 December 2022

*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*