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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”)

CONSENT SOLICITATION RELATING TO THE FOLLOWING NOTES

Description of Debt Securities	ISIN	Common Code	Outstanding Principal Amount
12.25% Senior Notes due 2023	XS2502819274	250281927	US\$222,364,666

INTRODUCTION

On the date of this announcement, the Company is soliciting consents (the “**Consent Solicitation**”) from the Holders of the Notes to the Proposed Amendment to the indenture dated as of July 18, 2022 (as amended or supplemented to the date hereof, the “**Indenture**”), by and among the Company, the Subsidiary Guarantors (as defined therein) and China Construction Bank (Asia) Corporation Limited (中國建設銀行(亞洲)股份有限公司), as trustee, governing its 12.25% senior notes due 2023 (ISIN: XS2502819274; Common Code: 250281927) (the “**Notes**”) upon the terms and subject to the conditions set forth in the consent solicitation statement dated October 5, 2022 (the “**Consent Solicitation Statement**”).

Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Consent Solicitation Statement.

BACKGROUND AND PURPOSE

During the second half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced an inflection point. Reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Buyers’ concerns about the ability of property developers to deliver projects has adversely affected property sales. In addition, use of pre-sale proceeds becomes subject to more stringent restrictions under applicable PRC rules and regulations. Negative offshore capital markets reactions to all these negative onshore events and austerity measures limited our funding sources to address upcoming maturities.

The property sector in China has continued to experience volatility in 2022. Further tightened bank

lending, coupled with various negative credit events, has intensified market concerns over the operations of Chinese property developers. As a result, pre-sale of Chinese property developers has generally decreased.

In addition, during the first half of 2022, there was an upsurge of COVID-19 cases in China, especially in Shanghai. As of June 30, 2022, approximately 49.9% of the Company's land bank was located in the Yangtze River Delta region. As such, the Company's operational and financial performance has been adversely affected by the recent COVID-19 resurgence in Shanghai, and the Company experienced a noticeable decline in our aggregate contracted sales in recent months.

Against the backdrop of the adverse market conditions and the COVID-19 resurgences, the Company anticipates that the market condition in the real estate sector will remain under pressure in 2022. The Company's management has demonstrated its resolution and commitment to mitigate the effects of the recent adverse market conditions. In January 2022, the Company completed an exchange offer in respect of our 12.75% Senior Notes due January 2022, thereby extending its maturity date to January 2023. In July 2022, the Company completed a consent solicitation in respect of the 13.5% senior notes due 2023 (the "**January 2022 Notes**") to amend the events of default provision of the indenture governing the January 2022 Notes and a concurrent exchange offer in respect of the 12.25% senior notes due 2022 (the "**July 2022 Notes**") to extend its maturity to July 2023.

The Company strives to meet its financial commitments through, among others, extension or refinancing of its existing debt, opportunistic financing and expenditure conservation. As part of these efforts, the Company is now conducting the Consent Solicitation to amend the provision in the Indenture that requires the Company to redeem the Notes in the principal amount equal to US\$12,564,666 and the accrued and unpaid interest on October 18, 2022 (the "**Mandatory Redemption**") to postpone the date for such redemption, in accordance with the terms and subject to the conditions set forth in the Consent Solicitation Statement.

If the Consent Solicitation is not successfully consummated, the Company may not be able to satisfy the Mandatory Redemption obligations, and the Company's other efforts to meet its financial commitments may not achieve the desired effect. As such, the Company may have to consider alternative debt restructuring exercise.

CONSENT SOLICITATION

Summary of the Terms of the Consent Solicitation

The Consent Solicitation for the Notes commenced on October 5, 2022 and will expire at 4:00 p.m., London time, on October 11, 2022 (the "**Expiration Deadline**"), unless otherwise extended or earlier terminated by the Company. An appropriate announcement will be made if and when the applicable Expiration Deadline is extended or earlier terminated.

The Company is soliciting consents from the Holders of the Notes to the Proposed Amendment to the Indenture, and to be entered into by and among the Company, the Subsidiary Guarantors and the Trustee of a supplemental indenture in relation to the Notes giving effect to the Proposed Amendment (the "**Supplemental Indenture**"). As of the date of the Consent Solicitation Statement, US\$222,364,666 in aggregate principal amount of the Notes are outstanding.

By validly delivering consents pursuant to the instructions set out in the Consent Solicitation Statement, the Holders will be deemed to have given Consent in the Consent Solicitation. A consenting Notes Holder must consent to the Proposed Amendment as an entirety and may not

consent selectively with respect to certain aspect of the Proposed Amendment. All Consents delivered and accepted will be deemed to be Consents to the Proposed Amendment as a whole. The Consents may not be revoked once submitted.

The Proposed Amendment will become effective upon execution of and delivery to the Trustee the Supplemental Indenture. If Requisite Consents (as defined below) are received with respect to the Notes and the Proposed Amendment becomes effective for the Notes, the Proposed Amendment will be binding on all Holders of the Notes, including non-consenting Holders.

Summary Timetable of the Consent Solicitation

The following summarizes the anticipated timetable for the Consent Solicitation.

Event	Time and Date	Description
Record Date	October 4, 2022	Only the Holders of record as of the Record Date are eligible to consent to the Proposed Amendment. See “Important Information” in the Consent Solicitation Statement.
Launch Date	October 5, 2022	The Consent Solicitation is announced. The Consent Solicitation Statement is delivered to the Clearing Systems for communication to direct participants and published on the Consent Website.
Expiration Deadline	4:00 p.m., London Time, October 11, 2022, unless extended by the Company and notified to the Trustee or terminated.	Consents must be validly delivered on or prior to the Expiration Deadline. The Consents may not be revoked once delivered.
Announcement of Results	As soon as reasonably practicable after the Expiration Deadline.	Announcement of whether the Company has received the Requisite Consents necessary for the Proposed Amendment.

Conditions to the Consent Solicitation

The Company’s obligation to accept the Consent Solicitation is conditional upon, among other things:

- (a) receipt of the Requisite Consents in respect of the Notes being validly delivered pursuant to the terms of this Consent Solicitation on or prior to the Expiration Deadline;
- (b) execution of the Supplemental Indenture by each of the parties contemplated therein;
- (c) the absence of any law or regulation which would, and the absence of any pending or threatened injunction or other proceeding which (if adversely determined) would, make unlawful or invalid or enjoin the implementation of the Proposed Amendment, or that would question the legality or validity thereof; and
- (d) (A) no change (or development involving a prospective change) shall have occurred or shall be threatened in the Group’s business, properties, assets, liabilities, financial condition,

operations, or results of operations, and (B) no change (or development involving a prospective change) shall have occurred in financial markets generally or affecting the Company's equity, or the Notes, or the Company's other indebtedness, that, in the Company's reasonable judgment in the case of either (A) or (B) above, is or may be adverse to the Company or has or may have a material adverse effect upon the contemplated benefits to the Company and/or any of the Company's affiliates of this Consent Solicitation.

The foregoing conditions are for the Company's sole benefit and the Company may, in its sole discretion, waive any of the Conditions with respect to the Notes, in whole or in part, at any time and from time to time or otherwise amend this Consent Solicitation at any time prior to the acceptance of Consents with respect to the Notes.

FURTHER DETAILS

With respect to the Consent Solicitation, the Company has appointed Haitong International Securities Company Limited as the solicitation agent, and Kroll Issuer Services Limited as Information and Tabulation Agent. The Consent Solicitation Statement, this announcement and all documents related to the Consent Solicitation can be found on the Consent Website: <https://deals.is.kroll.com/sunkwan>. Requests for copies of the Consent Solicitation Statement and their related documents may also be directed to the Information and Tabulation Agent at the address and telephone number as set forth below. The contact information of Haitong International Securities Company Limited and Kroll Issuer Services Limited is set out as follows:

Haitong International Securities Company Limited

28/F One International Finance Centre
No. 1 Harbour View Street
Central, Hong Kong
Fax: (852) 2840 1680
Attention: Debt Capital Markets

Kroll Issuer Services Limited

In London:

The Shard
32 London Bridge Street
London SE1 9SG
United Kingdom

Email: sunkwan@is.kroll.com

Attention: Mu-yen Lo / Arlind Bytyqi

Telephone: +852 2281 0114 / +44 20 7704 0880

Consent Website: <https://deals.is.kroll.com/sunkwan>

In Hong Kong:

3rd Floor, Three Pacific Place
1 Queen's Road East
Admiralty
Hong Kong

THIS ANNOUNCEMENT IS NOT AN OFFER TO PURCHASE, A SOLICITATION OF AN OFFER TO PURCHASE, OR A SOLICITATION OF AN OFFER TO SELL THE NOTES.

SHAREHOLDERS, NOTES HOLDERS, AND POTENTIAL INVESTORS SHOULD NOTE THAT COMPLETION OF THE CONSENT SOLICITATION IS SUBJECT TO THE FULFILLMENT OR WAIVER OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION AS SET FORTH IN THE CONSENT SOLICITATION STATEMENT, AND SUMMARIZED IN THE ANNOUNCEMENT. NO ASSURANCE CAN BE GIVEN THAT THE CONSENT SOLICITATION WILL BE COMPLETED AND THE COMPANY RESERVES THE RIGHT TO AMEND, WITHDRAW OR TERMINATE THE CONSENT SOLICITATION WITH OR WITHOUT CONDITIONS.

THE COMPANY MAY, IN ITS SOLE DISCRETION, AMEND OR WAIVE CERTAIN OF THE CONDITIONS PRECEDENT TO THE CONSENT SOLICITATION. AS THE CONSENT SOLICITATION MAY OR MAY NOT PROCEED, SHAREHOLDERS, NOTES HOLDERS, AND POTENTIAL INVESTORS SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY OR THE NOTES.

The Consent Solicitation is not being made to (nor will the delivery of Consents be accepted from or on behalf of) the Holders in any jurisdiction where the making or acceptance of the Consent Solicitation would not comply with the laws of such jurisdiction. If the Company becomes aware of any jurisdiction in which the making of the Consent Solicitation or the delivery of Consents would not be in compliance with applicable laws, the Company may or may not, in its sole discretion, make an effort to comply with any such law. If, after such effort, if any, the Company cannot comply with any such law, the Consent Solicitation will not be made to (nor will tenders or Consents be accepted from or on behalf of) any Holders residing in such jurisdiction.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this announcement are based on current expectations, assumptions, estimates and projections about the Company and its industry. These statements are not guarantees of future performance and that the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those made in, or suggested by, the forward-looking statements in this announcement. Future events and results involve some risks, uncertainties and assumptions that are difficult to predict. Important factors that could cause those differences include, but are not limited to, changes in the competitive environment and regulatory environment of the industry in the PRC relevant to the business of the Company, changes in the business and financial condition of the Company and its subsidiaries and changes in the general economic trend in the PRC.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“Board”	the board of Directors of the Company;
“Clearstream”	Clearstream Banking S.A.;
“Company”	Sunkwan Properties Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited;
“Consents”	the consent of a Holder of the Notes to the applicable Proposed Amendment;
“Consent Solicitation”	solicitation from the Company seeking Consents to the Proposed Amendment to the Indenture as a single proposal;
“Consent Solicitation Statement”	the consent solicitation statement dated October 5, 2022 in relation to the Consent Solicitation;
“Director(s)”	the director(s) of the Company;
“Euroclear”	Euroclear Bank SA/NV;
“Group”	the Company and its subsidiaries;
“Holder”	the registered holder of the Notes, as the case may be and, all Holders collectively, “Holders”;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Indenture”	the indenture dated as of July 18, 2022 in relation to the Notes, as supplemented or amended to the date hereof;
“Notes”	12.25% senior notes due 2023;
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Proposed Amendment”	the proposed amendment as mentioned and defined in the Consent Solicitation Statement;
“Regulation S”	Regulation S under the U.S. Securities Act;

“Requisite Consents”	the consents being validly delivered from the Holders of not less than 75% in aggregate principal amount of the outstanding Notes;
“Subsidiary Guarantors”	certain of the Company’s offshore subsidiaries that provide guarantees to the Notes;
“Supplemental Indenture”	the supplemental indenture to be entered into by and among the Company, the Subsidiary Guarantors and the Trustee in relation to the Notes giving effect to the Proposed Amendment;
“Trustee”	China Corporation Bank (Asia) Corporation 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;
“%”	per cent.

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

October 5, 2022

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.