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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
COOPERATION FRAMEWORK AGREEMENT
IN RELATION TO THE FORMATION OF A PROJECT COMPANY**

COOPERATION FRAMEWORK AGREEMENT

On 9 December 2021 (after trading hours), Primo Holdings (a direct wholly-owned subsidiary of the Company) and the Partners entered into the Cooperation Framework Agreement, pursuant to which the parties agreed to, among other things, to establish the Project Company to acquire the entire equity interest of the Target Company from the Vendor.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the maximum capital commitment of Primo Holdings under the Cooperation Framework Agreement exceed(s) 5% but are all less than 25%, the formation of the Project Company and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that Primo Holdings and the Partners entered into the Cooperation Framework Agreement on 9 December 2021 in respect of the formation of the Project Company to acquire the entire equity interest of the Target Company from the Vendor.

THE COOPERATION FRAMEWORK AGREEMENT

The major terms of the Cooperation Framework Agreement are set out below:

Date: 9 December 2021

Parties: (1) Primo Holdings;
(2) Zun Wang;
(3) Ching Lee;
(4) RJHK; and
(5) Gainful Asset Management.

Business Scope of the Project Company: Pursuant to the Cooperation Framework Agreement, Primo Holdings and the Partners will form a Project Company. The Project Company will be principally engaged in investment holding in the Target Company, which legally and beneficially owns the Properties.

Registered share capital of the Project Company at the date of incorporation: US\$50,000

The total maximum capital commitment for the Project Company: HK\$150 million

Capital Structure of the Project Company: The total amount of the initial capital to be injected into the Project Company shall be HK\$120 million (including the contribution of the registered share capital of the Project Company), which shall be paid in cash by Primo Holdings and the Partners under the Cooperation Framework Agreement in the following proportion:

Name of the party	Amount of the initial capital contribution by each party (in HK\$)	Shareholding Percentage in the Project Company
Primo Holdings	36 million	30%
Zun Wang	30 million	25%
Ching Lee	24 million	20%
RJHK	24 million	20%
Gainful Asset Management	6 million	5%

The respective capital commitment of Primo Holdings and the Partners under the Cooperation Framework Agreement is proportional to their respective interest in the Project Company. Upon formation of the Project Company, 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.

Corporate Governance:

The board of directors of the Project Company shall consist of two directors. Primo Holdings and Zun Wang will be entitled to nominate one director, respectively. The director appointed by Zun Wang will be the chairman of the board.

Pursuant to the Cooperation Framework Agreement, each director shall have one vote and all matters considered at the board meeting of the Project Company shall require the approval with a majority of the votes cast. The chairman of the board of directors shall be entitled to a second or casting vote.

Cost and profit sharing:

Primo Holdings and the Partners will share all the costs and profits associated with the establishment and operations of the Project Company according to their respective interest in the Project Company.

Condition for taking effect:

As at the date of this announcement, the parties of the Project Company have not commenced any substantial due diligence review on the Target Company. The formation of the Project Company is subject to the due diligence investigation on the Target Company having been completed and the results of such due diligence investigation being satisfactory to the parties of the Project Company.

In the event that the parties of the Project Company decide to terminate the Cooperation Framework Agreement based on unsatisfactory due diligence, the Cooperation Framework Agreement shall cease to have any force or effect.

Definitive Agreements: Subject to the satisfactory due diligence review of the Target Company, the Corporative Framework Agreement contains a legally binding obligation on Primo Holdings and the Partners to negotiate the detailed terms of the definitive documentation in respect of the proposed formation of the Project Company. The detailed terms and conditions of the Project Company will be set out in the definitive agreements, the terms of which are still subject to finalization as at the date of this announcement.

In the event of any ambiguity or conflict between the Cooperation Framework Agreement and the definitive agreements, the terms and the conditions of the definitive agreements shall prevail.

Governing law: Laws of Hong Kong

BASIS FOR THE TOTAL CAPITAL CONTRIBUTION

The amount of the capital contribution under the Cooperation Framework Agreement was determined after arm's length negotiations among the parties of the Project Company, taking into account various factors, including 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. It is expected that the capital contribution of Primo Holdings will be funded by internal resources of the Group.

The maximum capital commitment of the Group on the formation of the Project Company pursuant to the Cooperation Framework Agreement will be HK\$45 million.

INFORMATION OF THE PARTNERS, THE VENDOR AND THE TARGET COMPANY

The Partners

Zun Wang is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding.

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

RJHK is a company incorporated under in the British Virgin Islands with limited liability. It is principally engaged in investment holding.

Gainful Asset Management is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding.

The Vendor

China Expert Development Limited is a company incorporated in Hong Kong with limited liability. It is principally engaged in the property redevelopment in Hong Kong.

The Target Company

The Target Company is a limited company incorporated in Hong Kong. The principal activities of the Target Company are letting of properties for rental income in Hong Kong. To the best of the Directors' knowledge, the Properties are legally and beneficially owned by the Target Company in Hong Kong.

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

REASONS FOR AND BENEFITS OF THE FORMATION OF THE PROJECT COMPANY

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.

It is the Group's long term business direction to source for investment opportunities in the real estate market and related projects in Hong Kong. The purpose of the Cooperation Framework Agreement is to enable joint investment by the Group and the Partners in the Target Company through the Project Company. By establishment of the Project Company, the Group could benefit from the cooperation with the Partners which allow the pooling of funds for such large-scale development projects with a relatively lower capital commitment. The Group could also leverage on the expertise of the Partners in investing in the property development and investment business to create a greater return for the Shareholders.

As at the date of this announcement, there is no other project identified for the Project Company other than the acquisition of the entire interest of the Target Company. In view of the growth potential in the property development and investment business in Hong Kong, the location and the designated use of the Properties, the Company considers that the property projects of the Target Company, which mainly comprise residential and commercial properties, are of high quality. Such opportunities are in line with the Group's strategy of seeking to diversify its sources of income and enhance the Group's investment portfolio in the real estate market in Hong Kong.

Given that the terms of the Cooperation Framework Agreement are based on normal commercial terms which are made on an arm's length basis, the Directors are of the view that the formation of the Project Company and the terms of the Cooperation Framework Agreement are fair and reasonable and the entering into of the Cooperation Framework Agreement is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under the Listing Rules in respect of the maximum capital commitment of Primo Holdings under the Cooperation Framework Agreement exceed(s) 5% but are all less than 25%, the formation of the Project Company and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

GENERAL

The Board wishes to emphasize that the Cooperation Framework Agreement merely provides a framework of cooperation between Primo Holdings and the Partners. Shareholders and potential investors are reminded that the proposed formation of the Project Company is subject to the due diligence investigation on the Target Company having been completed and the results of such due diligence investigation being satisfactory to the parties of the Project Company. In the event that the parties of the Project Company decide to terminate the Cooperation Framework Agreement based on unsatisfactory due diligence, the Cooperation Framework Agreement shall be terminated and cease to have any force or effect and the proposed formation of the Project Company shall not proceed. Further announcement(s) in relation to the Cooperation Framework Agreement and the formation of the Project Company will be made as and when required by the Listing Rules.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Ching Lee”	Ching Lee Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03728), being 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 binding agreement dated 9 December 2021 entered into by and between Primo Holdings and the Partners which sets out the major terms of the formation of the Project Company
“Director(s)”	Directors of the Company
“Gainful Asset Management”	Gainful Asset Management Limited, a company incorporated in the British Virgin Islands with limited liability, being 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 PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Project Company”	a project company proposed to be incorporated under the laws of the British Virgin Islands with limited liability by Primo Holdings, Zun Wang, Ching Lee, RJHK and Gainful Asset Management pursuant to the Cooperation Framework Agreement
“Partners”	Zun Wang, Ching Lee, RJHK, Gain Asset Management
“Properties”	two parcels of land located in Kowloon
“Primo Holdings”	Primo Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability, and it is a direct wholly-owned subsidiary of the Company
“RJHK”	RJHK Company Limited, a company incorporated in the British Virgin Islands with limited liability, being one of the Partners
“PRC”	People’s Republic of China (excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Front Builder Investment Limited, a company incorporated under the laws of Hong Kong with limited liability
“US”	the United States of America
“US\$”	the lawful currency of the US
“Vendor”	China Expert Development Limited, a company incorporated under the laws of Hong Kong with limited liability
“Zun Wang”	Zun Wang Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, being one of the Partners
“%”	per cent

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

Hong Kong, 9 December 2021

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.