KINGWELL GROUP LIMITED
京維集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1195)

DISCLOSABLE TRANSACTION
ACQUISITION OF CARPARK SPACES IN XUZHOU

THE ACQUISITION

On 1 March 2019 (after trading hours), the Purchaser (a wholly-owned subsidiary of the Company) and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Target Spaces at an aggregate consideration of RMB28,000,000 (equivalent to approximately HK$33,600,000) in cash.

The Target Spaces consist of 700 carpark spaces in Xincheng District, Xuzhou City, Jiangsu Province, PRC.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE ACQUISITION

On 1 March 2019 (after trading hours), the Company and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Company conditionally agreed to purchase the Target Spaces at the Consideration of RMB28,000,000 (equivalent to approximately HK$33,600,000). Major terms of the Sale and Purchase Agreement are as follows.

THE SALE AND PURCHASE AGREEMENT

Date:	1 March 2019 (after trading hours)	
Parties:	(i)	Jiangsu Tianan Hongji Property Management Co.,Ltd*（江蘇天安鴻基物業管理有限公司）, an indirect wholly-owned subsidiary of the Company, as the Purchaser; and
	(ii)	Xuzhou Zhongwei Real Estate Co.,Ltd.*（徐州市中維地產有限公司）, as the Vendor

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

Assets to be acquired

The Target Spaces consist of 700 underground carpark spaces located in a property project in Xincheng District, Xuzhou City, Jiangsu Province, PRC (the "**Xuzhou Project**"). The Xuzhou Project consists of houses, residential buildings, commercial buildings and a hotel with combined gross floor area of approximately 347,000 square meters. The Target Spaces are located within the residential area of the Xuzhou Project.

Consideration

The Consideration for the Acquisition is RMB28,000,000 (equivalent to approximately HK$33,600,000). The Consideration is payable in cash, which shall be satisfied in the following manner:

(i) first instalment of RMB8,000,000 (equivalent to approximately HK$9,600,000), shall be paid within three days after Completion;

(ii) second instalment of RMB10,000,000 (equivalent to approximately HK$12,000,000) shall be paid within seven days of six months after Completion; and

(iii) remaining RMB10,000,000 (equivalent to approximately HK$12,000,000) shall be paid within seven days of one year after Completion.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms and taken into consideration of prevailing market value of nearby areas and reference value derived from the valuation report prepared by an independent professional valuer engaged by the Company.

Source of Funding

The Purchaser will fund the Acquisition by internal resources of the Group and/or debt financing.

Conditions Precedent

Completion is conditional upon the fulfillment of the following conditions:–

(i) the Target Spaces shall be free from liabilities and/or contingent liabilities;

(ii) the Purchaser satisfied with the results of its due diligence review on the Target Spaces;

(iii) at any time from entering into the Sale and Purchase Agreement and up to the Completion Date, there shall not be any third party claim against the Target Spaces, and there shall not be any event which may lead to bankruptcy of the Vendor and the Target Spaces;

(iv) at any time from entering into the Sale and Purchase Agreement and up to the Completion Date, warranties given by the Purchaser and the Vendor shall remain true and accurate in all material respects and not misleading or deceptive;

(v) under reasonable commercial judgment, there has been no significant adverse change to the Target Spaces before the Completion Date;

(vi) the Sale and Purchase Agreement and the transactions contemplated thereunder have been completed in accordance with the articles of association of the Purchaser and the Vendor, the Listing Rules and any relevant laws and regulations.

None of the Conditions Precedent may be waived by any party to the Sale and Purchase agreement.

In event that any of the Conditions Precedent has not been fulfilled on or before 30 June 2019, the Sale and Purchase Agreement shall lapse.

Undertaking, Warranties and Indemnity

Under the Sale and Purchase Agreement, the Vendor undertakes that it will repurchase the Target Spaces in the event the Purchaser suffers any loss due to failure to register property right of the Target Spaces at the same prize as the Consideration, and has given customary warranties to the Purchaser, including but not limited to, legal ownership of the Target Spaces.

The Purchaser has given customary warranties to the Vendor under the Sale and Purchase Agreement.

Completion

Completion shall take place on a date to be agreed by the Purchaser and the Vendor after all the Conditions Precedent have been satisfied.

INFORMATION ON THE COMPANY AND THE PURCHASER

The Company is principally engaged in property development, property management and gold mining business.

The Purchaser, an indirect wholly-owned subsidiary of the Company, was established in PRC on 6 August 2018 with limited liability, and is principally engaged in property management services.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the PRC with limited liability. The Vendor is principally engaged in the property development business and was the developer of the Target Spaces and the Xuzhou Project.

REASONS FOR THE ACQUISITION

As disclosed in the Company's circular dated 21 September 2018, the Company proposed to acquire a property management business in Xuzhou City, Jiangsu Province, PRC (the "**Xuzhou Subsidiary**"). Such acquisition was completed on 1 November 2018, and the Xuzhou Subsidiary is the property management service provider to the Xuzhou Project where the Target Spaces are located. During its tenure, management of the Xuzhou Subsidiary learnt that the Vendor is seeking potential purchaser for the Target Spaces. Having consider (i) the prevailing market price of carparks similar to the Target Spaces of nearby areas; (ii) reference value derived from the valuation report prepared by an independent professional valuer engaged by the Company; and (iii) the capital appreciation potential of the Target Spaces, the Company considers that the Acquisition is a good opportunity to expand the Group's participation in the PRC property market.

Having considered the abovementioned factors, the Directors are of the view that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and that the Acquisition 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 calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition is above 5% but less than 25%, the Acquisition constitutes a disclosable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

As the Acquisition is subject to a number of Conditions Precedent, and may or may not complete, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"Acquisition"	acquisition of the Target Spaces pursuant to the terms and conditions of the Sale and Purchase Agreement
"Board"	the board of directors of the Company
"Company"	Kingwell Group Limited, a company incorporated in Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange (stock code: 1195)
"Completion"	completion of the Sale and Purchase Agreement
"Conditions Precedent"	the conditions precedent set out in the Sale and Purchase Agreement, details of which are set out in the subsection headed "Conditions Precedent" in this announcement
"Consideration"	the consideration for the Acquisition of RMB28,000,000 (equivalent to approximately HK$33,600,000)
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"HK$"	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 are not connected persons (as defined under the Listing Rules) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China but excluding, for the purposes of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan

"Purchaser"	Jiangsu Tianan Hongji Property Management Co.,Ltd*（江蘇天安鴻基物業管理有限公司）, an indirect wholly-owned subsidiary of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 1 March 2019 (after trading hours) entered into between the Company and the Vendor in relation to the Acquisition
"Shareholder(s)"	holder(s) of Share(s)
"Shares"	ordinary shares of par value of HK$0.10 each in the capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Spaces"	700 carpark spaces located in Xuzhou
"Vendor"	Xuzhou Zhongwei Real Estate Co.,Ltd.*（徐州市中維地產有限公司）, a company incorporated in the PRC with limited liability
"%"	per cent.

The exchange rate used for the purpose of this announcement is at RMB1 = HK$1.2

* *English translation of the Chinese name is for identification purpose only, and should net be regarded as the official English translation of such name.*

By Order of the Board
KINGWELL GROUP LIMITED
Mu Dongsheng
Executive Director

Hong Kong, 1 March 2019

As at the date of this announcement, the Board comprises Mr. Mu Dongsheng and Mr. Sze Ming Yee as executive directors, and Mr. Cheung Chuen, Mr. Ling Aiwen and Mr. Han Hongwei as independent non-executive directors.