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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ISSUANCE OF US\$378 MILLION 6% GREEN SENIOR NOTES DUE 2026

On 10 May 2021, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with the Initial Purchasers in connection with the Notes Issue.

The Company intends to use the net proceeds of the Notes Issue to refinance the Company's existing medium to long term offshore indebtedness that are due within one year and in accordance with its green finance framework.

The Company will seek a listing of the Notes on the Stock Exchange. A confirmation of the eligibility for the listing of the Notes has been received from the Stock Exchange. Admission of the Notes to the Stock Exchange is not to be taken as an indication of the merits of the Company or the Notes.

No PRIIPs key information document (KID) or UK PRIIPs key information document (KID) has been prepared as European Economic Area and United Kingdom retail investors are not targeted.

No PRIIPs key information document (KID) has been prepared as not available to retail in the United Kingdom.

The Board is pleased to announce that on 10 May 2021, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with the Initial Purchases in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date: 10 May 2021

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors; and
- (c) the Initial Purchasers.

Each of the Initial Purchasers are the joint global coordinators, joint lead managers and joint bookrunners in respect of the offer and sale of the Notes, as well as the initial purchasers of the Notes. J.P. Morgan Securities plc is also the sole green structuring agent in respect of the Notes Issue.

The Notes will only be offered outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. None of the Notes will be offered to the public in Hong Kong.

Principal terms of the Notes

The following is a summary of certain provisions of the Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the Notes, the guarantees provided by the Subsidiary Guarantors, and the JV Subsidiary Guarantors, if any, and the Intercreditor Agreement.

Notes Offered

Subject to certain conditions to completion, the Company will issue the Notes in the aggregate principal amount of US\$378 million. The Notes will mature on 14 August 2026, unless earlier redeemed in accordance with the terms thereof.

Offering Price

The offering price of the Notes will be 100% of the principal amount of the Notes.

Interest

The Notes will bear interest at a rate of 6% per annum, payable semi-annually in arrear on 14 February and 14 August of each year, commencing on 14 August 2021, except that the first payment of interest, to be made on August 14, 2021, will be in respect of the period from and including May 14, 2021 to but excluding August 14, 2021.

Ranking of the Notes

The Notes are (1) general obligations of the Company; (2) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes; (3) at least *pari passu* in right of payment against the Company with all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsecured, unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations of the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) to the extent of the value of the assets serving as security therefor (except for the capital stock of each initial Subsidiary Guarantor other than Market Network Limited); and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors (if any).

Events of default

The events of default under the Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any Notes when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants, the failure by the Company to make or consummate an offer to purchase in the manner described in the Indenture, or the failure by the Company to create, or cause certain of its subsidiaries to create, a lien on the collateral (subject to any permitted liens) under the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by China Construction Bank (Asia) Corporation Limited as trustee or the holders of 25% or more in aggregate principal amount of the Notes; (e) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$30.0 million or more in the aggregate for all such indebtedness of all such persons (i) an event of default that has

caused the holder of such indebtedness to declare such indebtedness to be due and payable prior to its stated maturity and/or (ii) the failure to make a principal payment when due; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged; (g) involuntary bankruptcy or insolvency proceedings against the Company or certain of its significant subsidiaries; (h) voluntary bankruptcy or insolvency proceedings commenced by the Company or certain of its significant subsidiaries or consent to or effect any general assignment for the benefit of creditors; (i) any Subsidiary Guarantor or JV Subsidiary Guarantor (if any) denying or disaffirming its obligations under its guarantees with respect to the obligations of the Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect; (j) default by the Company or any Subsidiary Guarantor Pledgor in the performance of any of its obligations under the security provided under the relevant security documents, which adversely affects the enforceability, validity, perfection or priority of the applicable lien on the collateral or which adversely affects the condition or value of the collateral, taken as a whole, in any material respect; or (k) the Company or any Subsidiary Guarantor Pledgor denying or disaffirming its obligations under the relevant security documents or, other than in accordance with the Indenture, the Intercreditor Agreement and the relevant security documents provided under the Notes, any such relevant security document ceasing to be or is not in full force and effect, or the trustee ceasing to have a security interest in the collateral (subject to any permitted liens).

If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing under the Indenture, the trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding, may, by written notice to the Company, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable.

Covenants

The Notes, the Indenture and the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) will limit the Company's ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- (b) declare dividends on its capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments;
- (d) issue or sell capital stock of certain of its subsidiaries;
- (e) guarantee indebtedness of certain of its subsidiaries;
- (f) sell assets;

- (g) create liens;
- (h) enter into sale and leaseback transactions;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with shareholders or affiliates; and
- (k) effect a consolidation or merger.

Optional Redemption

The Notes may be redeemed in the following circumstances:

- (1) At any time and from time to time on or after 14 August 2024, the Company may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period beginning on 13 February of each of the years indicated below:

Period	Redemption Price
2024	103%
2025	101.5%

- (2) At any time prior to 14 August 2024, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus an applicable premium (as set forth in the Indenture) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (3) At any time and from time to time prior to 14 August 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 106% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.
- (4) At any time on or after the date when no more than 10% of the aggregate principal amount of the Notes originally issued on the original issue date remains outstanding, the Company may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date.

“Company”	KWG Group Holdings 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
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indenture”	the written agreement entered into by and among the Company, the Subsidiary Guarantors as guarantors and China Construction Bank (Asia) Corporation Limited as trustee, that specifies the terms and conditions of the Notes including the covenants, events of default, interest rate of the Notes and the maturity date
“Initial Purchasers”	China CITIC Bank International Limited, CMBC Securities Company Limited, Goldman Sachs (Asia) L.L.C., Guotai Junan Securities (Hong Kong) Limited, Haitong International Securities Company Limited, The Hongkong and Shanghai Banking Corporation Limited, J.P. Morgan Securities plc, Standard Chartered Bank and The Bank of East Asia, Limited
“Intercreditor Agreement”	the agreement dated 18 August 2010 entered into by, among others, the Company, the subsidiary guarantor pledgors named therein and Citicorp International Limited, as so amended and supplemented from time to time
“JV Subsidiary Guarantee”	limited recourse guarantees given by the JV Subsidiary Guarantors on the Notes
“JV Subsidiary Guarantor”	each subsidiary of the Company which in the future provides a JV Subsidiary Guarantee
“Notes”	the 6% green senior notes due 2026 in the aggregate principal amount of US\$378 million to be issued by the Company
“Notes Issue”	the issue of the Notes by the Company
“PRC”	the People’s Republic of China, excluding Hong Kong, Macao Special Administrative Region of the PRC and Taiwan for the purpose of this announcement

“Purchase Agreement”	the agreement dated 10 May 2021 entered into by and among Initial Purchasers, the Company, and the Subsidiary Guarantors in relation to the Notes Issue
“Securities Act”	the United States Securities Act of 1933, as amended
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Guarantors”	certain subsidiaries of the Company that on the issue date of the Notes will provide guarantees to secure the Company’s obligations under the Notes
“Subsidiary Guarantor Pledgors”	certain subsidiaries of the Company that on the issue date of the Notes will provide pledges over their stock in certain subsidiaries of the Company held by them to secure the obligations of the Company under the Indenture and the Notes and of such Subsidiary Guarantor under its guarantee provided to secure the Company’s obligations under the Notes
“United States” or “U.S.”	the United States of America
“U.S. Dollars” or “US\$”	United States dollar(s), the lawful currency of the United States

By Order of the Board
KWG Group Holdings Limited
KONG Jianmin
Chairman

Hong Kong, 11 May 2021

As at the date of this announcement, the Board comprises seven Directors, of whom Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia are Executive Directors; and Mr. LEE Ka Sze, Carmelo JP, Mr. TAM Chun Fai and Mr. LI Binhai are Independent Non-executive Directors.