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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)**

### **PLACING OF EXISTING SHARES AND SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

**Overall Coordinator  
J.P. Morgan Securities  
(Asia Pacific) Limited**

**Sole Placing Agent  
J.P. Morgan Securities plc**

**J.P.Morgan**

On 17 December 2022, the Company entered into the Agreement with the Placing Agent and the Vendor in respect of the Placing and the Subscription.

Pursuant to the Agreement, the Vendor has agreed to sell, and the Placing Agent has agreed to place, on a best effort basis, 235,000,000 existing Shares at the Placing Price of HK\$2.01 per Share.

Pursuant to the Agreement, the Vendor has conditionally agreed to subscribe at the Subscription Price (which is equivalent to the Placing Price of HK\$2.01 per Share) for the same number of new Shares as the Placing Shares that have been placed by the Placing Agent.

The net proceeds to be received by the Company from the Subscription, after deducting relating fees and expenses, are estimated to be approximately HK\$466,975,000.

On 17 December 2022, the Company entered into the Agreement with the Placing Agent and the Vendor. The principal terms of the Agreement are set out below.

## **AGREEMENT**

### **Date**

17 December 2022

### **Parties**

- (1) the Company;
- (2) the Vendor; and
- (3) the Placing Agent.

### **Vendor**

As at the date of this announcement, the Vendor holds 295,703,152 Shares, representing approximately 9.29% of the existing issued share capital of the Company. The Vendor is wholly-owned by Mr. KONG Jianmin, an executive Director and one of the controlling shareholders of the Company.

### **Placing Agent**

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent is independent of and not connected with the Company and its connected persons.

## **PLACING**

### **Number of Placing Shares**

The Placing Agent conditionally agreed to place, on a best effort basis, 235,000,000 existing Shares. The Placing Shares represent approximately 7.38% of the issued share capital of the Company as at the date of this announcement and approximately 6.87% of the issued share capital as enlarged by the Subscription.

### **Placing Price**

The Placing Price is HK\$2.01 per Share and represents:

- i. a discount of approximately 14.8% to the closing price of HK\$2.36 per Share as quoted on the Stock Exchange on 16 December 2022, the Last Trading Day;
- ii. a discount of approximately 15.1% to the average closing price of approximately HK\$2.37 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- iii. a premium of approximately 12.0% to the average closing price of approximately HK\$1.79 per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company, the Vendor and the Placing Agent with reference to the prevailing market conditions and the market price of the Shares.

The Directors consider that the Placing Price and the terms of the Placing are fair and reasonable under the current market conditions and is in the best interests of the Company and the Shareholders as a whole.

### **Rights**

The Placing Shares will be sold free from all liens, charges and encumbrances, and together with all rights attaching to them as at the date of the Agreement, including the right to receive all dividends declared, made or paid on or after the date of the Agreement.

### **Commission**

The Placing Agent is entitled to a commission equivalent to 1% of the aggregate gross proceeds from the actual number of Placing Shares placed by the Placing Agent at the Placing Price.

## **Placees**

The Placing Shares will be placed by the Placing Agent to not less than six independent placees who/which will be professional, institutional and/or other investors procured by the Placing Agent. It is not expected that any placee will become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the Placing.

The placees to be procured by the Placing Agent and their ultimate beneficial owners are or will be (as the case may be) independent of and not connected with the Company and its connected persons.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (a) Before completion of the Placing, there shall not have occurred:
- (i) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or
  - (ii) any suspension or limitation of trading (a) in any of the Company's securities by the Stock Exchange, or (b) generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange or the Nasdaq National Market; or
  - (iii) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the European Economic Area ("EEA") of a national emergency or war or other calamity or crisis; or
  - (iv) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA; or
  - (v) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the Cayman Islands, the British Virgin Islands, the PRC, Japan, Singapore, the United

States, the United Kingdom or any member of the EEA or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (b) the representations and warranties made by any of the Company and the Vendor pursuant to the Agreement being true and accurate and not misleading as of the date of the Agreement and the Closing Date;
- (c) each of the Company and the Vendor having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Agreement on or before the Closing Date;
- (d) the Placing Agent having received on the Closing Date an opinion from the counsel of the Vendor as to the laws of the British Virgin Islands, to the satisfaction of the Placing Agent on, among others, the Vendor's due incorporation and valid existence, corporate power and authority to enter into and perform the Agreement, the legal and binding effect and the enforceability of the Agreement against the Vendor;
- (e) the Placing Agent having received on the Closing Date an opinion from the counsel for the Company as to the laws of the Cayman Islands, to the satisfaction of the Placing Agent on, among others, the Company's due incorporation and valid existence, corporate power and authority to enter into and perform the Agreement, the legal and binding effect and the enforceability of the Agreement against the Company; and
- (f) the Placing Agent having received on the Closing Date an opinion of the counsel to the Placing Agent, to the effect that the offer and sale of the Placing Shares by the Placing Agent as set forth in the Agreement are not required to be registered under the Securities Act, as amended.

The Placing Agent in its sole discretion may waive any of the foregoing conditions, in whole or in part and with or without conditions, by notice to the Company and the Vendor.

In the event the Placing Agent terminates the Agreement in accordance with its terms, the obligations of the parties under the Agreement will cease and determine and no party will have any claim against any other party save for any antecedent breach.

### **Completion of the Placing**

The parties expect that the Placing will be completed on the Closing Date.

## **SUBSCRIPTION**

### **Number of new Shares to be subscribed**

235,000,000 new Shares to be subscribed by the Vendor, representing approximately 7.38% of the issued share capital of the Company as at the date of this announcement and approximately 6.87% of the issued share capital of the Company as enlarged by the Subscription.

### **Subscription Price**

The Subscription Price per new Share is equivalent to the Placing Price of HK\$2.01 per Share.

The Subscription Shares have a nominal value of HK\$0.10 each and an aggregated nominal value of HK\$23,500,000 on the basis of full subscription of all the Subscription Shares. The aggregate market value of the Subscription Shares is approximately HK\$554.6 million, based on the closing price of HK\$2.36 per Share on the Last Trading Day. The net price of the Subscription is approximately HK\$1.99 per Share.

The Subscription Price per new Share, being equal to the Placing Price, was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

The Directors consider that the terms of the Subscription are fair and reasonable under the current market conditions and are in the interest of the Company and the Shareholders as a whole.

### **General mandate to issue the Subscription Shares**

The issue of the Subscription Shares will not be subject to Shareholders' approval and the Subscription Shares will be issued under the General Mandate. The Company has not issued any Shares pursuant to the General Mandate.

### **Ranking of the Subscription Shares**

The Subscription Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue on the completion date of the Subscription including the right to any dividends or distributions after the date of completion of the Subscription.

### **Conditions of the Subscription**

The Subscription is conditional upon:

- (1) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares and such listing and permission not subsequently revoked; and

(2) completion of the Placing having occurred pursuant to the terms of the Agreement.

### **Completion of the Subscription**

Completion of the Subscription will take place on the second Business Day after the date upon which the last of the above conditions is satisfied, provided that it shall take place on a date no later than 14 days after the date of the Agreement, or at such other time and/or date as the Company and the Vendor may agree in writing and in compliance with the Listing Rules.

As the Vendor (wholly-owned by Mr. KONG Jianmin, an executive Director and a controlling shareholder of the Company) is a connected person of the Company and the Subscription constitutes a connected transaction of the Company exempted under Rule 14A.92(4) of the Listing Rules, if the Subscription is not completed within 14 days after the date of the Agreement, the relevant provisions of the Listing Rules in relation to connected transactions will apply (including the independent Shareholders' approval requirement) to the Subscription, unless otherwise waived by the Stock Exchange. Further announcement will be made if this occurs.

### **Application for listing**

An application will be made by the Company to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

### **LOCK-UP UNDERTAKINGS**

The Vendor undertakes to the Placing Agent that (except for the sale of the Placing Shares pursuant to the Agreement and the Vendor or its affiliates are not restricted from purchasing any Shares) for a period of 90 days after the Closing Date, it shall not, and shall procure that none of its nominees, any person controlled by it, any trust associated with it or any person acting on its or their behalf will not, without the prior written consent of the Placing Agent, (i) offer, sell, lend, contract to sell, pledge, grant any option over, make any short sale or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by the Vendor or any affiliate of the Vendor or any person in privity with the Vendor or any affiliate of the Vendor), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction.

The Company undertakes to the Placing Agent that (except for (i) the issue of the Subscription Shares under the Agreement; (ii) any agreements or arrangements which are in existence as at the date of the Agreement and which have been disclosed by way of an announcement uploaded on the official website of the Stock Exchange; and (iii) any option or share issued or granted to eligible participants or awardees in accordance with any share option scheme or share award scheme of the Company which has been adopted as at the date of the Agreement) for a period of 90 days after the Closing Date, it shall not, and the Vendor shall procure that the Company will not, without the prior written consent of the Placing Agent, (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company, or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any such transaction.

## EFFECT ON THE SHAREHOLDING STRUCTURE

Assuming there is no change to the issued share capital of the Company from the date of this announcement to the date of completion of the Placing and the Subscription, the shareholding structure of the Company before and after completion of the Placing and the Subscription is summarised as follows:

	Before completion of Placing and completion of Subscription		After completion of Placing but before completion of Subscription		After completion of Placing and Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Vendor	295,703,152	9.29	60,703,152	1.91	295,703,152	8.65
Plus Earn ( <i>Note 1</i> )	1,299,046,500	40.81	1,299,046,500	40.81	1,299,046,500	38.00
Other Shareholders	1,588,756,793	49.91	1,588,756,793	49.91	1,588,756,793	46.48
Places	—	—	235,000,000	7.38	235,000,000	6.87
<b>Total issued share capital</b>	<b><u>3,183,506,445</u></b>	<b><u>100</u></b>	<b><u>3,183,506,445</u></b>	<b><u>100</u></b>	<b><u>3,418,506,445</u></b>	<b><u>100</u></b>

*Note:*

- Both Plus Earn and the Vendor are companies wholly-owned by Mr. KONG Jianmin, an executive Director and a controlling shareholder of the Company.

## **DISPENSATION FROM RULE 26 OF THE TAKEOVERS CODE**

Pursuant to Note 6 on dispensations from Rule 26 of the Takeovers Code, a waiver under Rule 26 of the Takeovers Code is not required where a shareholder, together with persons acting in concert with it, has continuously held more than 50% of the voting rights of a company for at least 12 months immediately preceding the relevant placing and top-up transaction.

As the Vendor, together with Plus Earn, both being companies wholly-owned by Mr. KONG Jianmin, have continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding the date of the Agreement, a waiver under Rule 26 of the Takeovers Code is not required for the Placing and Subscription.

## **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD**

The Company has not conducted any equity fund raising activities during the twelve-month period immediately preceding the date of this announcement.

## **REASONS FOR THE PLACING AND THE SUBSCRIPTION**

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening its Shareholder and capital base. The Directors are of the view that the Placing and the Subscription would strengthen the financial position of the Group and provide working capital to the Group.

The Directors consider that the terms of the Agreement (including the Subscription Price and the Placing Price) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS FROM THE SUBSCRIPTION**

The net proceeds to be received by the Company from the Subscription, after deducting relating fees and expenses, are estimated to be approximately HK\$466,975,000.

The Company intends to apply such net proceeds for refinancing existing indebtedness and general corporate purposes.

As the Placing and Subscription may or may not proceed to completion, Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

## **DEFINITIONS**

“2022 AGM”                      the annual general meeting of the Company held on 2 June 2022

“Agreement”	the placing and subscription agreement dated 17 December 2022 entered into between the Company, the Vendor and the Placing Agent in relation to the Placing and the Subscription
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“Closing Date”	21 December 2022 or such other date as the Vendor and the Placing Agent may agree in writing
“Company”	KWG Group Holdings Limited (合景泰富集團控股有限公司) (stock code: 1813), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general authority granted to the Directors to issue up to 636,701,289 Shares, representing 20% of the total number of Shares in issue as at date of the 2022 AGM, pursuant to an ordinary resolution passed at the 2022 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	16 December 2022, being the last full trading day prior to the date of the Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placing”	the placing of the Placing Shares by the Placing Agent to placees at the Placing Price pursuant to the Agreement
“Placing Agent”	J.P. Morgan Securities plc

“Placing Price”	HK\$2.01 per Placing Share
“Placing Shares”	the Shares to be placed by the Placing Agent pursuant to the Placing
“Plus Earn”	Plus Earn Consultants Limited (晉得顧問有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. KONG Jianmin
“PRC”	the People’s Republic of China
“Share(s)”	ordinary shares with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the Agreement
“Subscription Price”	HK\$2.01 per Subscription Share
“Subscription Shares”	235,000,000 Shares to be subscribed by the Vendor pursuant to the Subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	Hero Fine Group Limited (英明集團有限公司), a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. KONG Jianmin
“%”	per cent

By order of the Board  
**KWG Group Holdings Limited**  
**KONG Jianmin**  
*Chairman*

Hong Kong, 18 December 2022

*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, Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick are Independent Non-executive Directors.*