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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)

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF PROPERTY LEASE AGREEMENT AND SUPPLEMENTAL ANNOUNCEMENT

RENEWAL OF PROPERTY LEASE AGREEMENT

Reference is made to the announcement of the Company dated 2 July 2024 regarding, among others, the lease of the ICP Property.

The Board announces that on 30 May 2025, the Lessor entered into the 2025 Property Lease Agreement II with the Lessee, pursuant to which the Lessor agreed to renew the terms of lease of the ICP Property under the 2024 Property Lease Agreements III.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. KONG, an executive Director and chief executive officer of the Company, indirectly owns 100% equity interests in the Lessee, and therefore the Lessee is an associate of Mr. KONG and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the 2025 Property Lease Agreement II constitutes continuing connected transaction of the Company.

Under Rule 14A.83 of the Listing Rules, as the 2025 Property Lease Agreement II and the Existing Property Lease and Management Agreements are all entered into between the Group and the Lessee or its wholly-owned subsidiaries, they are required to be aggregated. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual caps of the transactions under the Property Lease Agreement on an aggregated basis exceeds 0.1% but all of them are less than 5%, the transaction contemplated under the 2025 Property Lease Agreement II is subject to the reporting, annual review and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

RENEWAL OF PROPERTY LEASE AGREEMENT

Reference is made to the announcement of the Company dated 2 July 2024 regarding, among others, the lease of the ICP Property.

The Board announces that on 30 May 2025, the Lessor entered into the 2025 Property Lease Agreement II with the Lessee, pursuant to which the Lessor agreed to renew the terms of lease of the ICP Property under the 2024 Property Lease Agreements III.

Principal terms of the 2025 Property Lease Agreement II are set out as follows:

Date: 30 May 2025

Parties: (1) Guangzhou Junzhao Real Estate Management Co., Ltd. (廣州市君兆物業經營有限公司), a wholly-owned subsidiary of the Company, as the Lessor

(2) Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司) as Lessee

Leased property: the ICP Property, Level 30, International Commerce Place, No. 1168 Xingangdong Road, Haizhu, District, Guangzhou, Guangdong Province, the PRC with a total gross floor area of approximately 423.77 sq.m.

Lease Term: 1 June 2025 to 31 May 2027

Effective monthly rental fee: RMB43,224.54

Payment terms: Rental fees shall be payable monthly in advance on the 25th day of each preceding calendar month.

Usage: Office space

PROPOSED ANNUAL CAPS

Taking into account the aggregate annual rental fees for the transactions contemplated under the Existing Property Lease Agreements, the aggregated annual caps under the Property Lease Agreements for each of the financial years ending 31 December 2025, 2026 and 2027 will be revised as follows:

	Annual Caps for the financial year ending 31 December		
	2025 (RMB)	2026 (RMB)	2027 (RMB)
Annual caps under the 2022 Property Lease Agreement II	2,407,563	—	—
Annual caps under the 2024 Property Lease Agreements III	2,377,498	—	—
Annual caps under the 2025 Property Lease Agreements I	9,901,924	9,675,681	—
Annual caps under the 2025 Property Lease Agreement II	<u>302,572</u>	<u>518,694</u>	<u>216,123</u>
Revised aggregate annual caps	<u><u>14,989,557</u></u>	<u><u>10,194,375</u></u>	<u><u>216,123</u></u>

The rental fees in respect of the 2025 Property Lease Agreement II were determined after taking into the consideration (a) the rental fees under the existing lease agreements in respect of the lease of the units at the same building; (b) the prevailing market rates for comparable properties in the proximity of the ICP Property; (c) the rental fees agreed between the Group and independent third party lessees for comparable transactions; and (d) the rental valuation conducted by an independent professional valuer based on comparisons to transacted rental fees or asking rental fees of comparable properties.

REASONS AND BENEFITS FOR PROPERTY LEASE AGREEMENT

The ICP Property is located in first tier city in the PRC, and there is a growing market in the PRC for co-working spaces. The Group has been leasing properties to the Lessee and its wholly-owned subsidiaries for sub-leasing to third parties as co-working spaces and serviced offices, to be used as offices and meeting venues, which will cater to entrepreneurs, start-up businesses, branches of large enterprises and professional services. The Company believes that it will benefit from the transaction under the 2025 Property Lease Agreement II due to the following reasons: (i) the Group will earn rental fee incomes which are at the prevailing market rates; and (ii) all the costs and risks relating to the operation of the business in the ICP Property will be borne by the Lessee.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the 2025 Property Lease Agreement II and the transaction contemplated thereunder is on normal commercial terms and in the ordinary and usual course of business of the Group, and the terms in the 2025 Property Lease Agreement II, including the relevant annual caps, are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

Since Mr. KONG has a material interest in the 2025 Property Lease Agreement II and the transaction contemplated thereunder, he had abstained from voting on the relevant board resolutions approving (i) the 2025 Property Lease Agreement II and the transaction contemplated thereunder; and (ii) the annual caps in respect of the 2025 Property Lease Agreement II and the aggregated annual caps of the Property Lease Agreements.

INFORMATION ON THE GROUP AND THE PARTIES TO THE PROPERTY LEASE AGREEMENT

The Group

The Group is a large-scale property developer in the PRC with a leadership position in the Greater Bay Area and is principally engaged in property development, property investment and hotel operation.

Lessee

The Lessee is established under the laws of the PRC and is principally engaged in providing business services, including the provision of properties to third parties as co-working space and serviced offices.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. KONG, an executive Director and chief executive officer of the Company, indirectly owns 100% equity interests in the Lessee, and therefore the Lessee is an associate of Mr. KONG and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the 2025 Property Lease Agreement II constitutes continuing connected transaction of the Company.

Under Rule 14A.83 of the Listing Rules, as the 2025 Property Lease Agreement II, and the Existing Property Lease Agreements are all entered into between the Group and the Lessee or its wholly-owned subsidiaries, they are required to be aggregated. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual caps of the transactions under the Property Lease Agreements on an aggregated basis exceeds 0.1% but all of them are less than 5%, the transaction contemplated under the 2025 Property Lease Agreement II is subject to the reporting, annual review and announcement requirements but is exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Supplemental information to the 2025 Property Lease Agreements I

Reference is made to the Company's announcement dated 21 March 2025, in which the 2025 Property Lease Agreements I are entered into for the lease term commencing 1 January 2025.

As the 2025 Property Lease Agreements I were not entered into prior to the commencement of the lease term, the Company has not been in full compliance of Rules 14A.34 and 14A.35 of the Listing Rules.

While initial approval from the Board has already been obtained on the draft agreements in December 2024, the execution has been delayed due to further review on contract terms by the counterparty. The Chinese New Year holidays had also delayed the execution of the 2025 Property Lease Agreements I. The 2025 Property Lease Agreements I was finally executed on 21 March 2025, on the same terms as the draft approved by the Board in December 2024.

The Company has since conducted a comprehensive review of all property lease agreements that constitute continuing connected transactions. This review included close collaboration with the leasing teams of both contracting parties to establish a proactive contract renewal process. Going forward from the date of this announcement, the Company shall initiate the renewal process for all the relevant agreements at least 60 calendar days prior to the expiry of existing agreements, and Board approval shall be obtained at least 15 calendar days prior to expiry. Any potential deviation from this timeline will trigger an immediate alert to the Board, highlighting potential non-compliance with the Listing Rules and prompting corrective action.

The Company staff responsible for compliance of the Listing Rules will also keep themselves update with the Listing Rules requirement by attending appropriate training conducted by professional external parties on a regular basis.

The Company trust that these measures shall impose a culture of timely compliance and provide the Board with the necessary oversight to mitigate risks effectively. The Company remains fully dedicated to upholding the highest standards of corporate governance and compliance with the Listing Rules.

DEFINITIONS

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

“2022 Property Lease Agreement II”	the agreement entered into between a wholly-owned subsidiary of the Company and Lessee on 21 October 2022, details of which were set out in the announcement of the Company dated 21 October 2022
“2024 Property Lease Agreements III”	the agreements entered into between a wholly-owned subsidiary of the Company and Lessee on 2 July 2024, details of which were set out in the announcement dated 2 July 2024
“2025 Property Lease Agreements I”	the agreements entered into between certain wholly-owned subsidiaries of the Company and Lessee and its wholly-owned subsidiary on 21 March 2025, details of which were set out in the announcement dated 21 March 2025
“2025 Property Lease Agreement II”	the agreement entered into between Lessor and Lessee on 30 May 2025 whereby the Lessor agreed to lease the ICP Property to the Lessee
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“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”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Property Lease Agreements”	collectively, the 2022 Property Lease Agreement II, the 2024 Property Lease Agreements III and the 2025 Property Lease Agreements I
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICP Property”	the commercial property located at Level 30, International Commerce Place, No. 1168 Xingangdong Road, Haizhu, District, Guangzhou, Guangdong Province, the PRC with a total gross floor area of approximately 423.77 sq.m.

“Lessee”	Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司), a company indirectly wholly-owned by Mr. KONG
“Lessor”	Guangzhou Junzhao Real Estate Management Co., Ltd. (廣州市君兆物業經營有限公司), a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. KONG”	Mr. KONG Jiantao, an executive Director and chief executive officer of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Lease Agreements”	collectively, the 2025 Property Lease Agreement II and the Existing Property Lease Agreements
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed thereto in the Listing Rules
“%”	per cent

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

Hong Kong, 30 May 2025

* For identification purposes only

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. TAM Chun Fai, Mr. LAW Yiu Wing, Patrick and Ms. WONG Man Ming, Melinda are independent non-executive Directors.