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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\$400 MILLION 6.3% SENIOR NOTES DUE 2026

On 6 November 2020, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with BofA Securities, China CITIC Bank International, CMBC Capital, Goldman Sachs (Asia) L.L.C., Guotai Junan International, Haitong International, J.P. Morgan and Standard Chartered Bank 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.

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) has been prepared as not available to retail investors in EEA.

The Board is pleased to announce that on 6 November 2020, the Company, together with the Subsidiary Guarantors, entered into the Purchase Agreement with BofA Securities, China CITIC Bank International, CMBC Capital, Goldman Sachs (Asia) L.L.C., Guotai Junan International, Haitong International, J.P. Morgan and Standard Chartered Bank in connection with the Notes Issue.

THE PURCHASE AGREEMENT

Date: 6 November 2020

Parties to the Purchase Agreement

- (a) the Company;
- (b) the Subsidiary Guarantors;
- (c) BofA Securities;
- (d) China CITIC Bank International;
- (e) CMBC Capital;
- (f) Goldman Sachs (Asia) L.L.C.;
- (g) Guotai Junan International;
- (h) Haitong International;
- (i) J.P. Morgan; and
- (j) Standard Chartered Bank.

BofA Securities, China CITIC Bank International, CMBC Capital, Goldman Sachs (Asia) L.L.C., Guotai Junan International, Haitong International, J.P. Morgan and Standard Chartered Bank 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.

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\$400 million. The Notes will mature on 13 February 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 6.3% per annum, payable semi-annually in arrear on 13 February and 13 August of each year, commencing on 13 February 2021, except that the first payment of interest, to be made on 13 February 2021, will be in respect of the period from and including 13 November 2020 to but excluding 13 February 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 Citicorp International 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 13 February 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 | 103.15% |
| 2025 | 101.575% |

- (2) At any time prior to 13 February 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 13 February 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 106.3% 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.

The Company will give not less than 15 days' nor more than 60 days' notice of any redemption.

The Company may, with the consent of holders of not less than 75% in aggregate principal amount of the outstanding Notes, amend the redemption date or the redemption price of the Notes.

Reasons for the Notes Issue

The Group is a large-scale PRC property developer with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai, Nanning, Hangzhou, Hainan, Hefei, Foshan, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Nanjing, Shenzhen, Changshu, Lishui, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Huizhou, Jiangmen, Wenzhou, Dongguan, Ningbo, Meishan, Chenzhou, Xi'an, Wuzhou and Hong Kong. The Group focuses on mid- to high-end residential property developments with distinctive characteristics. To diversify the Group's earnings mix, the Group also develops commercial properties in prime locations as long-term investments, including office buildings, shopping malls, serviced apartments and hotels. The Group commenced operation of its first office property, International Finance Place, in August 2007 in Guangzhou. The Group also develops high-end hotels and operates some of them. The Group believes its investment properties and hotels will help to further strengthen its brand name. The Group also engages in property-related businesses such as property management for residential and commercial properties. The Directors also consider that the Notes Issue will strengthen the financial position of the Company and further extend the Company's international profile and improve its ability to access the international capital markets to support the growth of the Group in the future.

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.

Listing and rating

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.

The Notes are expected to be rated BB- by Fitch Ratings.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

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| “Board” | the board of Directors |
| “BofA Securities” | Merrill Lynch (Asia Pacific) Limited |
| “China CITIC Bank International” | China CITIC Bank International Limited |
| “CMBC Capital” | CMBC Securities Company Limited |

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| “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 |
| “Goldman Sachs (Asia) L.L.C.” | Goldman Sachs (Asia) L.L.C. |
| “Group” | the Company and its subsidiaries |
| “Guotai Junan International” | Guotai Junan Securities (Hong Kong) Limited |
| “Haitong International” | Haitong International Securities Company Limited |
| “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 Citicorp International 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 |
| “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 |
| “J.P. Morgan” | J.P. Morgan Securities plc |
| “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 6.3% senior notes due 2026 in the aggregate principal amount of US\$400 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 |

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| “Purchase Agreement” | the agreement dated 6 November 2020 entered into by and among BofA Securities, China CITIC Bank International, CMBC Capital, Goldman Sachs (Asia) L.L.C., Guotai Junan International, Haitong International, J.P. Morgan, Standard Chartered Bank, the Company, and the Subsidiary Guarantors in relation to the Notes Issue |
| “Securities Act” | the United States Securities Act of 1933, as amended |
| “Standard Chartered Bank” | Standard Chartered Bank |
| “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, 8 November 2020

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.