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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)**

### **DISCLOSEABLE TRANSACTION DISPOSAL OF 50% EQUITY INTEREST IN NINGBO MEIRUI**

#### **THE DISPOSAL**

On 9 January 2024, the Vendor (an indirect wholly-owned subsidiary of the Company), Party B, the Target Company and the Purchaser entered into the Agreement pursuant to which, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Equity at a total Consideration of RMB400 million.

#### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Listing Rules and is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

#### **THE DISPOSAL**

On 9 January 2024, the Vendor, Party B, the Target Company and the Purchaser entered into the Agreement in respect of the Disposal. The salient terms of the Agreement are summarised below:

#### **THE AGREEMENT**

**Date:** 9 January 2024

- Parties:**
- (a) the Vendor (an indirect wholly-owned subsidiary of the Company);
  - (b) Party B;
  - (c) the Target Company; and
  - (d) the Purchaser

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Party B, the Purchaser and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

### **Subject matter**

Pursuant to the terms of the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to acquire, the Sale Equity at a total Consideration of RMB400,000,000.

### **Consideration**

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account factors including the net asset value and the amount of outstanding payables of the Target Company. The Consideration shall be settled in full against the Loan.

### **Completion**

Completion of the Disposal is not subject to any conditions. Within one business day from the date of the Agreement, the parties thereto shall cooperate to apply for the registration procedures for the transfer of the Sale Equity.

### **FINANCIAL EFFECT OF THE DISPOSAL**

It is estimated that the Company will record a loss of approximately RMB166.5 million from the Disposal. Such loss is calculated as the difference between the Consideration and the net asset value of the Target Company as at 31 December 2023. The actual loss to be recorded is subject to audit and may be different from the estimated amount as it will depend on the actual transaction costs incurred and the Consideration calculated as at the date of the completion of the Disposal.

### **INFORMATION ON THE TARGET COMPANY**

The Target Company is a limited liability company established in the PRC. As at the date of this announcement, it is held as to 50% by each of the Vendor and Party B. The financial results of the Target Company are not consolidated into the Company's financial statements.

Set out below is a summary of the audited consolidated financial information of the Target Company for the two years ended 31 December 2021 and 2022:

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2021</b>	<b>2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	8,841	462,787
Profit after tax	6,617	347,017

The unaudited net asset value of the Target Company as at 31 December 2023 was RMB1,133 million.

Upon completion of the Disposal, the Group shall cease to have any interests in the Target Company.

### **REASONS FOR AND BENEFITS OF THE DISPOSAL**

The construction of the property project developed by the Target Company has been completed in December 2022. Prior to such completion, the Vendor had already received pre-sale proceeds of the property project from the Target Company, including the Loan. The Board considers that it is an appropriate timing now to exit from the Target Company to allow the Group to focus its resources and manpower on its core projects located in major cities in the PRC. The settlement of the Consideration against the Loan will also reduce the overall outstanding debt balances of the Group. As the entire amount of the Consideration will be applied to offset the Loan, no cash will be received by the Group.

In view of the above, the Board considers that the terms and conditions of the Agreement have been made on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE PARTIES**

#### **The Group**

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

## **The Vendor**

The Vendor is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding and its sole investment is the holding of the Sale Equity.

## **Party B**

Party B is a company established in the PRC with limited liability and is principally engaged in property development. It is a wholly-owned subsidiary of Midea Real Estate.

## **The Purchaser**

The Purchaser is a company established in the PRC with limited liability and is principally engaged in property development. It is a wholly-owned subsidiary of Midea Real Estate.

## **The Target Company**

The Target Company is a company established in the PRC with limited liability and is owned as to 50% by each of the Vendor and Party B as at the date of this announcement. It is principally engaged in the development of a residential property project with gross floor area of approximately 118,676.73 square meters located in Ningbo, Zhejiang Province of the PRC.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Listing Rules and is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the equity transfer agreement dated 9 January 2024 entered into among the Vendor, Party B, the Target Company and the Purchaser in respect of the Disposal
“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(s)”	has the same meaning as ascribed to it under the Listing Rules
“Consideration”	the total consideration of the Sale Equity in the amount of RMB400,000,000
“controlling shareholder(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity by the Vendor to the Purchaser pursuant to the Agreement
“Group”	the Company and its subsidiaries
“Independent Third Party”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan owed by the Vendor to the Target Company in the amount of RMB400,000,00 and assigned by the Target Company to the Purchaser as at the date of the Agreement
“Midea Real Estate”	Midea Real Estate Holding Limited, a company listed on the Stock Exchange (stock code: 3990). Based on public information available to the Company, the controlling shareholders of Midea Real Estate are Ms. Lu Deyan, Mr. He Xiangjian and Mr. He Jianfeng
“Party B”	Ningbo Meishan Midea Real Estate Development Co., Ltd.* (寧波市梅山美的房地產發展有限公司), a company established in the PRC with limited liability and holds 50% equity interests in the Target Company as at the date of this announcement
“PRC”	the People’s Republic of China

“Purchaser”	Ningbo Meishan Bonded Port Area Yongfeng Real Estate Development Co., Ltd.* (寧波梅山保稅港區甬豐房地產開發有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity”	the 50% equity interest held by the Vendor in the Target Company
“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
“Target Company” or “Ningbo Meirui”	Ningbo Meirui Real Estate Development Co., Ltd.* (寧波市美睿房地產發展有限公司), a company established in the PRC with limited liability and held as to 50% each by the Vendor and Party B, respectively as at the date of this announcement
“Vendor”	Hangzhou Lixuan Business Services Co., Ltd.* (杭州利烜商務服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

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

Hong Kong, 10 January 2024

*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.*

\* For identification purposes only.