



## NOTICE TO HOLDERS

**THIS NOTICE CONTAINS IMPORTANT INFORMATION THAT IS OF INTEREST TO THE BENEFICIAL OWNERS OF THE SUBJECT SECURITIES. IF APPLICABLE, ALL DEPOSITORIES, CUSTODIANS AND OTHER INTERMEDIARIES RECEIVING THIS NOTICE ARE REQUESTED TO EXPEDITE THE RE-TRANSMITTAL TO BENEFICIAL OWNERS OF THE SECURITIES IN A TIMELY MANNER.**

**If you have recently sold or otherwise transferred your holding(s) of Notes (as defined below), you should immediately forward this notice to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Notes, you should retain a copy of this notice and consult the stockbroker, bank or other agent through whom the sale or transfer was effected as to the action you should take.**

June 8, 2023

**KWG GROUP HOLDINGS LIMITED (formerly known as KWG Property Holding Limited) (the “Company”)**

**5.875% Senior Notes due 2024 (the “Notes”)  
(ISIN: XS1716631301; Common Code: 171663130)**

Reference is made to the indenture dated November 10, 2017 (as supplemented or amended from time to time, the “**Indenture**”) by and among the Company, the Subsidiary Guarantors listed in Schedule I thereto and Citicorp International Limited, as trustee (the “**Trustee**”), governing the Notes.

Capitalized terms used but not defined in this notice have the meanings given to such terms in the Indenture.

### ***Company’s stock exchange announcement***

NOTICE IS HEREBY GIVEN to the Holders that the Company made an announcement on the Stock Exchange of Hong Kong Limited dated May 14, 2023 (the “**Announcement**”), amongst others, that

- (1) the Company has not made the payment of (i) mandatory redemption of US\$119,238,870 for the 15% of the principal amount under its 6.0% Notes due 2024 (the “**January 2024 Notes**”) pursuant to its indenture (the “**January 2024 Notes Indenture**”) dated September 14, 2022, as supplemented or amended from time to time (ISIN: XS2530437172) and (ii) interest, that was due on the Mandatory Redemption Date (as defined in the January 2024 Notes Indenture) of May 14, 2023 under the January 2024 Notes; and
- (2) the failure of the Company and its subsidiaries to pay principal of RMB212 million when due under interest-bearing bank and other borrowings had triggered a cross-default under the Notes.

A copy of the Announcement is attached as Annex A.

Section 6.01(e) (*Events of Default*) of the Indenture provides that an Event of Default occurs if there is a “*there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$30.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (i) an event of default that has caused the holder thereof 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, provided, however, that such Indebtedness shall not include (x) the Excluded Indebtedness and/or (y) any Indebtedness with respect to which any default or event of default occurs as a result of any default or event of default under the Excluded Indebtedness*”.

“*Excluded Indebtedness*” means “*any Indebtedness in respect of the Excluded Notes.*”

“*Excluded Notes*” means “*6.0% Senior Notes due 2022 (ISIN: XS1556169206), 5.2% Senior Notes due 2022 (ISIN: XS1685542141) and 7.875% Senior Notes due 2023 (ISIN: XS1954740285).*”

### ***Extracts of the Indenture***

Section 6.02 (*Acceleration*) of the Indenture provides, “*If an Event of Default (other than an Event of Default specified in Section 6.01(g) or 6.01(h) above) occurs and is continuing under this Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the request of such Holders shall (and subject to being indemnified/and secured to its satisfaction by the Holders) declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. ...*”

Section 6.03 (*Other Remedies*) of the Indenture provides, “*If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon request of Holders of at least 25% in aggregate principal amount of outstanding Notes (and subject to being indemnified and/or secured to its satisfaction by the Holders), (i) give the Shared Security Agent a written notice of the occurrence of such continuing Event of Default and (ii) instruct the Shared Security Agent in accordance with the terms of the Intercreditor Agreement to foreclose on the Collateral in accordance with the terms of the Security Documents and take such further action on behalf of the Holders of the Notes with respect to the Collateral as the Trustee deems appropriate.*”

Section 7.02(d) (*Certain Rights of Trustee*) of the Indenture provides, “*The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee security and/or indemnity satisfactory to it against any loss, liability or expenses that might be incurred by it in compliance with such request or direction.*”

### ***Contact details of the Trustee***

If you have any questions regarding this notice, you may contact the Trustee by e-mail to: [at.tmg.trustee@citi.com](mailto:at.tmg.trustee@citi.com), attention: Agency & Trust.

### ***Reservation of rights***

This notice is given without prejudice to the rights of the Trustee under the Indenture and at law. The Trustee expressly reserves all of the rights, powers, claims and remedies available to it under the Indenture and applicable law. No delay or forbearance by the Trustee to exercise any right or remedy accruing upon the occurrence of a Default, an Event of Default or similar event under the terms of the Indenture, other documentation relating thereto or under applicable law, shall impair any such right or remedy or constitute a waiver thereof or an acquiescence therein.

**The Trustee provides this notice for the information of Holders but makes no representation as to the accuracy or completeness thereof and cannot accept any liability for any loss caused by any inaccuracy therein. Holders should monitor sources of information (including stock exchange announcements of the Company) themselves and the Trustee accepts no obligation or duty to do so on their behalf. The Trustee makes no recommendations and gives no legal or investment advice herein or as to the Notes generally. Holders should take and rely on their own independent legal and financial advice, and may not rely on advice or information provided to the Trustee, statements as to the legal position included in notices issued by the Trustee relating to the Notes or otherwise or the views of the Trustee expressed herein or otherwise.**

**The Trustee expressly reserves its rights under the Indenture, including without limitation, any right to recover in full its fees and costs (including, without limitation, fees and costs incurred or to be incurred by the Trustee in performing its duties, indemnities owing to or to become owing to the Trustee, compensation for the Trustee's time spent, and reimbursement for the fees and expenses of legal counsel and other agents and advisers it employs in performing its duties or to pursue remedies) and its rights, prior to exercising any rights or powers in connection with the Indenture at the request or direction of any Holder of the Notes to receive security, prefunding and/or indemnity satisfactory to it against all costs, expenses, and liabilities that might be incurred in compliance therewith, and all rights that may be available to it under applicable law or otherwise.**

**The ISIN and Common Code for the Notes appearing herein have been included solely for the convenience of the Holders. Citicorp International Limited assumes no responsibility for the selection or use of such number. No representation has been made as to the correctness or accuracy of such number, either as printed on the Notes or as contained in this notice.**

This notice is given by

**CITICORP INTERNATIONAL LIMITED**

in its capacity as Trustee of the 5.875% Senior Notes due 2024

## **ANNEX A**

Company's stock exchange announcement dated May 14, 2023

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## 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 and Debt Stock Codes: 5008, 5607,  
5811, 40117, 40338, 40465 and 40683)**

## INSIDE INFORMATION

This announcement is made by KWG Group Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rules 13.09(2), 13.19, 37.47A, 37.47B and 37.47E of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 19 September 2022 (the “**September Announcement**”) and the 2022 annual report of the Company published on 28 April 2023 (the “**2022 Annual Report**”).

## INTRODUCTION

Since the second half of 2021, the Chinese real estate industry has faced unprecedented challenges. Due to the adverse macroeconomic factors, the waves of negative credit events and the limited financing channels of the industry, the liquidity pressure faced by privately-owned developers, including the Group, has increased. The industry-wide difficulties weakened homebuyers’ confidence in future economic growth and affected their demands for overall real estate sales in China. As a result of these changes in market conditions, many real estate developers in China experienced a decline in operating and financing cash flows.

In the face of industry fluctuations, the Group proactively took steps to manage its debts. In 2022, the Group repaid onshore corporate bonds, commercial mortgage-backed securities and asset-backed securities of RMB7,544 million, offshore bonds of US\$363 million and offshore syndicated loans of HK\$1,284 million, with a total repayment amount of approximately RMB11,300 million. In September 2022, the Company completed exchange offers for two offshore senior notes in an aggregate amount of US\$900 million due in September 2022 and the bonds in an amount of US\$700 million due in September 2023, which have alleviated its short-term liquidity pressure.

As disclosed in the September Announcement, the Company issued the 6.0% senior notes due 2024 (ISIN: XS2530437172/Common Code: 253043717) (the “**January 2024 Notes**”). Pursuant to the terms of the January 2024 Notes, 15% of the principal amount of the January 2024 Notes together with the accrued and unpaid interest thereon are due and payable on the mandatory redemption date of 14 May 2023. As of the date of this announcement, the Company has not made the redemption payment of US\$119,238,870 for such part of the principal, and the interest thereon. Under the terms of the January 2024 Notes, failure to pay such part of the principal on the mandatory redemption date will constitute an event of default, and so is the failure to pay such interest upon expiration of the 30-day grace period after the mandatory redemption date. As disclosed in the 2022 Annual Report, the Group’s default in payment of principal of RMB212 million of interest-bearing bank and other borrowings according to their scheduled repayment date on 28 April 2023 had triggered cross default of certain long term interest-bearing bank and other borrowings, including the debt securities disclosed in the section headed “The Company’s USD Denominated Senior Notes” below.

The Group has been relying on its internal cash resources and remitting cash from onshore to meet offshore payment obligations. Under the requirement of local government policies, substantially most of the Group’s cash are under strict pre-sale cash escrow at designated bank accounts in order to ensure completion of the properties under development. Notwithstanding the Group’s best efforts, the Group’s funds available for offshore debt payments are under continuous pressure.

As of the date of this announcement, the Company has not received any acceleration notice from the relevant creditors with respect to the January 2024 Notes.

## **ENSURING DELIVERY OF PROPERTIES AND STABLE BUSINESS OPERATIONS**

Facing the industry-wide difficulties, the Group has been working relentlessly to ensure delivery of properties and prioritized stable business operations in order to preserve value for all stakeholders. For the year ended 31 December 2022, the Group had completed the delivery of an aggregated gross floor area of approximately 806,218 square meters. The real estate industry is expected to show healthy and steady recovery with operations gradually returning to normal this year, and the Group aims to continuously improve its asset and liability position and enhance its cash liquidity in all aspects through its “strengthening sales and reducing liabilities” measures, and continues to adopt effective measures to improve operating efficiency, implement precise marketing, control risks and reduce costs.

## **A HOLISTIC SOLUTION TO THE COMPANY’S OFFSHORE INDEBTEDNESS AND THE ENGAGEMENT OF EXTERNAL ADVISORS**

In light of the existing challenges, the Group has concluded that it should immediately explore a holistic solution to the current offshore debts situation to secure the sustainable operations of the Group for the benefit of all of its stakeholders.

The Company is in discussion with potential candidates to take on the role as financial adviser to assess the Group’s capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders as soon as possible. The Company has also engaged Sidley Austin as its legal adviser in support of this effort. The Group has been working diligently with its advisers on the preparatory work for a holistic solution to the current offshore debts situation.

The Company looks forward to engaging and working with the offshore creditors and calls for their patience, understanding and support in quest for a holistic solution to the offshore debts as a whole with the Company mutually to address the industry-wide issue together. The Company will maintain active communications with creditors and will update the market as soon as practicable on any material developments.

## THE COMPANY'S USD DENOMINATED SENIOR NOTES

As of the date of this announcement, in addition to the January 2024 Notes, an event of default under the terms of each of the debt securities as set out in the following table has occurred.

Description of Debt Securities	ISIN/Common Code	Stock code
7.875% Senior Notes due September 2023 (the “ <b>September 2023 Notes</b> ”)	XS1954740285/195474028	5811
7.4% Senior Notes due March 2024 (the “ <b>March 2024 Notes</b> ”)	XS2034561584/203456158	5607
7.875% Senior Notes due August 2024	XS2530437339/253043733	Not applicable
5.875% Senior Notes due November 2024 (the “ <b>November 2024 Notes</b> ”)	XS1716631301/171663130	5008
5.95% Senior Notes due August 2025 (the “ <b>August 2025 Notes</b> ”)	XS2214229887/221422988	40338
6.3% Senior Notes due February 2026 (the “ <b>February 2026 Notes</b> ”)	XS2257830716/225783071	40465
6.0% Senior Notes due August 2026 (the “ <b>August 2026 Notes</b> ”)	XS2343325622/234332562	40683
7.4% Senior Notes due January 2027 (the “ <b>January 2027 Notes</b> ”)	XS2100654586/210065458	40117

## GENERAL

The Company will make further announcement(s) as and when appropriate in accordance with the requirements of the Listing Rules, the SFO and/or other applicable laws and regulations.

The implementation of any holistic solution to the offshore debt issue will be subject to many factors beyond the control of the Company. As there is no assurance that any holistic solution will be successfully implemented, holders of securities of the Company and other investors of the Company are (i) advised not to rely solely on the information contained in this announcement or any other announcements as may be issued by the Company from time to time; and (ii) reminded to consider the related risks and exercise caution when dealing in the securities of the Company. When in doubt, holders of securities and other investors of the Company are advised to seek professional advice from their own professional or financial advisors.

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

Hong Kong, 14 May 2023

*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.*