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Leading Holdings Group Limited

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(the “Company”, Stock Code: 6999)

**(1) RESULTS OF THE EXCHANGE OFFER RELATING TO THE
OUTSTANDING 12.0% SENIOR NOTES DUE 2022 (STOCK CODE: 40739)
(ISIN: XS2341204688; COMMON CODE: 234120468)**

AND

**(2) PROPOSED ISSUE OF US\$119,430,000 12.0% SENIOR NOTES DUE
2023
(ISIN: XS2490657223, COMMON CODE: 249065722)**

Reference is made to the announcements of the Company dated June 13, 2022 and June 20, 2022 (the “**Announcements**”). Unless otherwise defined, capitalized terms in this announcement will have the same meaning as those defined in the Announcements as the context requires.

RESULTS OF THE EXCHANGE OFFER

The Exchange Offer expired at 4:00 p.m., London time, on June 22, 2022. The Company hereby informs the Eligible Holders that, as at the Expiration Deadline, an aggregate principal amount of US\$119,430,000 of the Existing Notes, representing approximately 97.3% of the aggregate principal amount of the outstanding Existing Notes (excluding the Existing Notes that was purchased but not yet canceled by a controlling shareholder of the Company), has been validly tendered for exchange and accepted pursuant to the Exchange Offer.

With respect to the Existing Notes submitted for exchange, subject to the fulfilment or waiver of all other conditions precedent to the Exchange Offer, Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will receive the applicable Exchange Consideration on the date of settlement, which is expected to be on or about June 24, 2022.

PROPOSED ISSUE OF THE NEW NOTES

Upon completion of the Exchange Offer, the Company will issue US\$119,430,000 in aggregate principal amount of 12.0% senior notes due 2023 (the “**New Notes**”).

Principal terms of the New Notes

The following is a summary of certain provisions of the New Notes and the indenture governing the New Notes (the “**New Notes Indenture**”). This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the New Notes Indenture, the New Notes, the guarantees provided by the Subsidiary Guarantors and the JV Subsidiary Guarantors, if any.

Amount and Tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, the Company will issue US\$119,430,000 of the New Notes pursuant to the Exchange Offer, which will mature on June 23, 2023 (the “**Maturity Date**”), unless earlier redeemed pursuant to the terms thereof.

Interest

The New Notes will bear interest from and including June 24, 2022 at the rate of 12.0% per annum, payable on December 24, 2022 and June 23, 2023.

Ranking of the New Notes

The New 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 New Notes; (3) at least pari passu in right of payment with all other unsecured and unsubordinated Indebtedness of the Company (subject to any priority rights of such unsecured and 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 (if any) of the Company, the Subsidiary Guarantor and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Events of Default

The New Notes contain certain customary events of default, including default in the payment of principal of (or premium, if any, on) the New Notes, when such payments become due, default in payment of interest which continues for 30 days, breaches of covenants and other events of default specified in the New Notes Indenture. If an event of default occurs and is continuing, the trustee under the New Notes Indenture or the holders of at least 25% of the New Notes then outstanding may declare the principal of the New Notes, premium, if any, and accrued and unpaid interest to be immediately due and payable.

The events of default provision under the New Notes will carve out the default of the Indebtedness (as defined in the New Notes Indenture) represented by the 12.0% senior notes due 2022 issued by the Company on June 28, 2021 (the “**Excluded Indebtedness**”) and other defaults whose occurrence is as a result of any default or event of default under the Excluded Indebtedness.

Covenants

Subject to certain qualifications and exceptions, the New Notes and the New Notes Indenture will limit the Company’s ability and the ability of certain of its subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) make investments, dividend payments or other specified restricted payments;
- (c) issue or sell capital stock of Restricted Subsidiaries;
- (d) guarantee indebtedness of Restricted Subsidiaries;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) engage in any business other than permitted business;
- (i) enter into agreements that restrict the Restricted 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

At any time and from time to time prior to June 23, 2023, the Company may at its option redeem the New Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

REMAINING EXISTING NOTES

The Company has secured a successful result under the Exchange Offer to enable it to effectively extend the maturity profile of its offshore indebtedness due this year and avoid certain events of default under the New Notes in respect of any non-payment of the Existing Notes.

The Company would like to reiterate to holders of the remaining Existing Notes that the liquidity issues faced by developers, including the Company, in the PRC property sector continues to be severe. The purpose of the Exchange Offer is to allow sufficient time for the Company to improve its financial condition, extend its debt maturity profile, improve its cash flow management and enhance its ability to satisfy its debt obligations. The Company believes that conducting the Exchange Offer is in the best interest of all its stakeholders and represents the best offer it can make to the holders of the Existing Notes under their impending maturities.

Given the current circumstances, the Company does not expect to be in a position to make timely repayments in accordance with the terms of the remaining Existing Notes upon their maturities. With respect to the Existing Notes that remain outstanding, the Company will continue to communicate with such holders. Despite the completion of Exchange Offer, the Company urges holders of the remaining Existing Notes to exchange the remaining Existing Notes for the New Notes under substantially the same terms as those of the Exchange Offer. The Company encourages such holders to contact the Company as soon as practicable in order to come to mutually agreeable arrangements for such exchange.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Exchange Offer, Eligible Holders should refer to the Exchange Offer Memorandum, as amended and supplemented. D.F. King Ltd. has been appointed as the Information and Exchange Agent for the Exchange Offer. To contact D.F. King Ltd. in London, +44 7920 9700 and in Hong Kong, +852 3953 7208 or via email at leading@dfkingltd.com.

The Exchange Offer Memorandum and all related documents in connection with the Exchange Offer will be available in electronic format to Eligible Holders via the Exchange Website: <https://sites.dfkingltd.com/leading>.

GENERAL

The New Notes have not been registered under the U.S. Securities Act, or the securities laws of any state and may not be offered or sold in the United States absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This announcement is not an offer to purchase or a solicitation of an offer to sell securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever. This announcement does not constitute, and may not be used in connection with, any form of offer or solicitation in any place where such offers or solicitations are not permitted by law. This announcement is not for release, publication or distribution in or into, or to any person resident and/or located in, any jurisdiction where such release, publication or distribution is unlawful.

Forward-looking statements in this announcement, including, among others, those statements relating to the Exchange Offer are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Existing Notes, changes in the business and financial condition of the Company and its subsidiaries, changes in the property development industry, and changes in the capital markets in general.

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer remains subject to the fulfilment or waiver of the conditions precedent to the Exchange Offer as set forth in the Exchange Offer Memorandum, as amended and supplemented, and summarized in the Announcements. No assurance can be given that the Exchange Offer will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer. As the Exchange Offer may or may not proceed or complete, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions. This announcement is provided to you because you are a non-U.S. person outside the United States in accordance with Regulation S.

IMPORTANT NOTICE — THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED UNDER REGULATION S), PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE EXISTING NOTES IN THE EXCHANGE OFFER.

By Order of the Board
Leading Holdings Group Limited
Liu Yuhui
Chairman

Hong Kong, 23 June 2022

As at the date of this announcement, the Board comprises Mr. Liu Yuhui, Mr. Luo Changlin, Ms. Zeng Xurong and Ms. Hou Xiaoping as executive Directors and Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min as independent non-executive Directors.