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If you have sold or transferred all your shares in KWG Group Holdings Limited, you should at once hand this circular to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

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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)

- (1) GENERAL MANDATES TO ISSUE SHARES AND TO BUY BACK SHARES;**
- (2) RE-ELECTION OF DIRECTORS;**
- (3) CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE;**
- AND**
- (4) NOTICE OF ANNUAL GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 4 to 15 of this circular.

A notice convening the annual general meeting of the Company (the "AGM") to be held at Verve, 5/F, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, People's Republic of China on Friday, 5 June 2020 at 3:00 p.m. is set out on pages 46 to 50 of this circular. A proxy form for use at the AGM is also enclosed.

Whether or not you intend to attend the AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the AGM (i.e. not later than 3:00 p.m. on Wednesday, 3 June 2020) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting or any adjourned meeting thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of the shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (i) Compulsory body temperature checks
- (ii) Wearing of surgical face masks
- (iii) No provision of refreshments and corporate gifts

Any attendee who does not comply with the precautionary measures (i) and (ii) above may be denied entry to the AGM venue.

For the health and safety of the shareholders, the Company would like to encourage the shareholders to exercise their rights to vote at the AGM by appointing the chairman of the AGM as their proxy instead of attending the AGM in person. If any shareholders wishes to attend in person, the shareholder is advised to pay attention to the latest epidemic-control and protection arrangements implemented by the Central Government of the People's Republic of China and the Government of the Hong Kong Special Administrative Region.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website (www.kwgroupholdings.com) and/or the HKEXnews website (www.hkexnews.hk) for future announcements and updates on the AGM arrangements.

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DEFINITIONS

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

“2019 AGM”	the annual general meeting of the Company held on 6 June 2019
“2020 AGM”	the annual general meeting of the Company to be held at Verve, 5/F, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, PRC on Friday, 5 June 2020 at 3:00 p.m., for the purpose of considering and if thought fit, approving the resolutions proposed in this circular
“Announcement”	the announcement of the Company dated 14 April 2020 in relation to the grant of Awarded Shares
“Articles”	the articles of association of the Company (as amended from time to time)
“Awarded Shares”	the 1,938,000 Shares granted by the Company to the Grantees pursuant to the Share Award Scheme on 14 April 2020
“Board”	the board of Directors
“Buy-back Mandate”	the general mandate to buy-back Shares proposed to be granted to the Directors as described in paragraph 2(b) of the Letter from the Board
“Company”	KWG Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the main board of the Stock Exchange
“Connected Awarded Shares”	589,500 Awarded Shares granted by the Company to the Connected Grantees
“Connected Grantees”	the eight (8) Grantees who are connected persons of the Company, including an executive Director, an individual who was a Director in the last 12 months and directors of certain subsidiaries of the Company
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant”	any Employee and non-executive director of the Company and/or any member of the Group (excluding any Excluded Participants) who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group

DEFINITIONS

“Employee”	any employee (whether full time or part time, including without limitation any executive director) of the Company and/or any member of the Group
“Excluded Participant”	any Employee and non-executive director of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the Company and/or the relevant member of the Group
“Grantees”	the selected participants awarded the Awarded Shares under the Share Award Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the allotment and issue of the Connected Awarded Shares to the Connected Grantees, the Specific Mandate and transactions contemplated thereunder
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of the Connected Awarded Shares to the Connected Grantees
“Independent Shareholders”	independent Shareholders other than the Connected Grantees and their respective associates
“Issue Mandate”	the general mandate to allot, issue and otherwise deal with Shares proposed to be granted to the Directors as described in paragraph 2(a) of the Letter from the Board
“Latest Practicable Date”	29 April 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Nomination Committee”	the nomination committee of the Company, comprising Messrs. KONG Jianmin (Chairman), TAM Chun Fai and Li Binhai as at the Latest Practicable Date
“Non-connected Grantees”	the twenty-eight (28) Grantees, all being Employees who are not connected persons of the Company
“PRC”	the People’s Republic of China, for the purpose of this circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Remuneration Committee”	the remuneration committee of the Company, comprising Messrs. TAM Chun Fai (Chairman), KONG Jianmin and LI Binhai as at the Latest Practicable Date
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company
“Share Award Scheme”	the share award scheme adopted by the Board on 19 January 2018 whereby awards of Shares may be made to Eligible Participants under the Share Award Scheme (such Shares being subscribed or purchased by the Trustee)
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the 2020 AGM to grant the authority to the Board for the allotment and issue of the Connected Awarded Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong
“Trustee”	the trustee for the time being of the Share Award Scheme, being Computershare Hong Kong Trustees Limited (which is independent and not connected with the Company and connected persons of the Company)
“%”	per cent.



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)

Executive Directors:

KONG Jianmin (*Chairman*)
KONG Jiantao
KONG Jiannan
CAI Fengjia

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent Non-executive Directors:

LEE Ka Sze, Carmelo *JP*
TAM Chun Fai
LI Binhai

Principal place of business in the PRC:
38th Floor, International Finance Place
No. 8 Huaxia Road, Pearl River New Town
Guangzhou, PRC

Principal place of business in Hong Kong:
Units 8503-05A, Level 85
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

7 May 2020

To the Shareholders:

Dear Sir or Madam,

- (1) GENERAL MANDATES TO ISSUE SHARES AND TO BUY BACK SHARES;
(2) RE-ELECTION OF DIRECTORS;
(3) CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO
CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT
TO SPECIFIC MANDATE;
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to give you notice of the 2020 AGM and to provide you with the information on matters to be dealt at the 2020 AGM, among others, (i) the Issue Mandate and the Buy-back Mandate; (ii) the extension of the Issue Mandate; (iii) the re-election of Directors; and (iv) the connected transaction involving issue of new Shares to connected persons under the Share Award Scheme.

LETTER FROM THE BOARD

2. ISSUE MANDATE AND BUY-BACK MANDATE

At the 2019 AGM, the Directors were granted general mandates (i) to allot and issue Shares not exceeding 20% of the total number of Shares in issue as at the date of passing of the relevant resolutions; and (ii) to buy back Shares up to 10% of the total number of Shares in issue as at the date of the passing of the relevant resolutions. Such mandates will be expired at the conclusion of the 2020 AGM. In order to give the Company the flexibility to issue Shares and buy back Shares, ordinary resolutions will be proposed at the 2020 AGM as follows:

- (a) to grant a general and unconditional Issue Mandate to the Directors to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the total number of Shares in issue as at the date of passing the relevant resolution. The Issue Mandate will expire upon whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the date on which the authority set out in this resolution is revoked, varied or renewed by an ordinary resolution of the Shareholders in general meeting. As at the Latest Practicable Date, the total numbers of Shares in issue is 3,176,782,463 Shares. Assuming no further Shares will be issued or bought back prior to the date of the 2020 AGM, the Directors will be authorised to issue up to 635,356,492 Shares under the Issue Mandate;
- (b) to grant a general and unconditional Buy-back Mandate to the Directors to exercise all powers of the Company to buy back issued Shares subject to the criteria set out in this circular. Under the Buy-back Mandate, the maximum number of Shares that the Company may buy back shall not exceed 10% of the total number of Shares in issue as at the date of passing the resolution. As of the Latest Practicable Date, the total number of Shares in issue is 3,176,782,463 Shares. Subject to the passing of the proposed ordinary resolution approving the granting of the Buy-back Mandate and no further Shares are issued or bought back prior to the 2020 AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 317,678,246 Shares, being 10% of the total number of Shares in issue as at the date of passing of the relevant resolution thereof. The Buy-back Mandate will expire upon whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or (iii) the date on which the authority set out in this resolution is revoked, varied or renewed by an ordinary resolution of the Shareholders in general meeting; and
- (c) subject to the passing of the aforesaid ordinary resolutions of the Issue Mandate and the Buy-back Mandate, to extend the number of Shares to be issued and allotted under the Issue Mandate by an additional number representing such number of Shares bought back under the Buy-back Mandate.

LETTER FROM THE BOARD

In accordance with the Listing Rules, an explanatory statement is set out in Appendix I to this circular to provide you with requisite information for considering the Buy-back Mandate.

3. RE-ELECTION OF DIRECTORS

Pursuant to article 87 of the Articles, Messrs. KONG Jiannan, TAM Chun Fai and LI Binhai, will retire from office, by rotation at the 2020 AGM and being eligible, offer themselves for re-election.

The Nomination Committee, having reviewed the Board's composition, nominated Messrs. KONG Jiannan, TAM Chun Fai and LI Binhai to the Board for it to recommend to Shareholders for re-election at the 2020 AGM.

The nominations were made in accordance with the nomination policy of the Company and the diversity aspects (including without limitation, educational background, professional experience and knowledge) as set out in the board diversity policy of the Company. The Nomination Committee and the Board had also taken into account their respective contributions to the Board and their commitment to their roles.

Messrs. TAM Chun Fai and LI Binhai have provided their confirmation of independence under Rule 3.13 of the Listing Rules. The Nomination Committee and the Board were satisfied with the independence of Mr. Tam and Mr. Li having regard to their independence as assessed under Rule 3.13 of the Listing Rules.

Despite that Mr. TAM Chun Fai has served on the Board for more than nine years, the Nomination Committee and the Board were satisfied that Mr. Tam has the required character, integrity and experience to continue fulfilling the role of an independent non-executive Director, and his long service on the Board would not affect his exercise of independent judgement. After assessment by the Nomination Committee, the Board is of the view that Mr. Tam will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity and thus recommends him to stand for re-election by Shareholders at the 2020 AGM.

Given the extensive knowledge and experience of each of Messrs. KONG Jiannan, TAM Chun Fai and LI Binhai, the Nomination Committee and the Board believe that their re-elections as Directors are in the best interests of the Company and the Shareholders as a whole. Separate resolutions will be proposed for their re-elections at the 2020 AGM.

Details of the retiring Directors are set out in Appendix II to this circular.

LETTER FROM THE BOARD

4. CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

(a) Introduction

Reference is made to (i) the announcement of the Company dated 19 January 2018 in relation to the adoption of the Share Award Scheme; and (ii) the Announcement in relation to, among others, the grant of Connected Awarded Shares to the Connected Grantees, which shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate.

This circular provides you with, among others, (i) further details of the proposed grant of Connected Awarded Shares and the Specific Mandate; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of Connected Awarded Shares to Connected Grantees.

Lego Corporate Finance has been appointed as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the award of the Connected Awarded Shares to the Connected Grantees.

(b) Grant of Awarded Shares pursuant to the Share Award Scheme and issue of new Awarded Shares

On 14 April 2020, the Board resolved to grant a total of 1,938,000 new Awarded Shares to 36 Grantees pursuant to the Share Award Scheme, in order to recognize the contributions of the Grantees and retain them for the continual operation and development of the Group. Of the 1,938,000 new Awarded Shares, (i) 1,348,500 Awarded Shares are granted to 28 Non-connected Grantees, which shall be satisfied by the allotment and issue of new Shares pursuant to the general mandate granted to the Directors to allot and issue Shares at the 2019 AGM; and (ii) 589,500 Awarded Shares are granted to 8 Connected Grantees, which shall be satisfied by the allotment and issue of new Shares pursuant to the Specific Mandate.

Under the Share Award Scheme, the maximum number of shares to be granted shall not exceed 157,757,752, being 5% of the total number of Shares in issue as at the adoption date of the Share Award Scheme (i.e. 19 January 2018). Taking into account the grant of the Awarded Shares, a total of 8,583,000 Shares had been granted by the Company under the Share Award Scheme.

The Connected Awarded Shares shall be allotted and issued to the Trustee at nominal value of HK\$0.1 each. The aggregate nominal value of the Connected Awarded Shares is HK\$58,950. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of the Announcement as quoted on the Stock Exchange is approximately HK\$11.38 per Share.

LETTER FROM THE BOARD

Upon allotment and issue of the Connected Awarded Shares, the Trustee will hold the new Shares in trust for the Connected Grantees and such Connected Awarded Shares shall be vested as set out below.

(c) Vesting date

The Connected Awarded Shares shall be vested in three tranches as follows: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 14 April 2021; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 14 April 2022; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 14 April 2023, or an earlier date as approved by the Board. The vesting of the Connected Awarded Shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

(d) Ranking of the Connected Awarded Shares

The Connected Awarded Shares, when issued and fully paid, shall rank *pari passu* among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the allotment date.

(e) Conditions precedent

The allotment and issue of the Connected Awarded Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the 2020 AGM in respect of the allotment and issue of the Connected Awarded Shares, the Specific Mandate and the transactions contemplated thereunder; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Awarded Shares.

(f) Application for Listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the aggregate of 589,500 Connected Awarded Shares.

LETTER FROM THE BOARD

The Connected Awarded Shares will be allotted and issued to the Connected Grantees with details as follows:

Issue of Connected Awarded Shares to Connected Grantees

Name of the Connected Grantees	Number of Connected Awarded Shares	Approximate market value of the Connected Awarded Shares as of the date of the Announcement <i>HK\$</i> <i>(Note 1)</i>	Approximate market value of the Connected Awarded Shares as of the Latest Practicable Date <i>HK\$</i> <i>(Note 2)</i>	Approximate percentage of total Shares in issue as of the Latest Practicable Date %
CAI Fengjia	96,000	1,138,560	1,096,320	0.0030
TSUI Kam Tim	78,000	925,080	890,760	0.0025
6 directors of certain subsidiaries of the Company				
— CHEN Guangchuan	78,000	925,080	890,760	0.0025
— CHEN Wende	55,500	658,230	633,810	0.0017
— HUANG Yanping	78,000	925,080	890,760	0.0025
— JIN Yanlong	78,000	925,080	890,760	0.0025
— OU Jian	70,500	836,130	805,110	0.0022
— TANG Wen	55,500	658,230	633,810	0.0017
Total	589,500	6,991,470	6,732,090	0.0186

Notes:

1. The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$11.86 as of 14 April 2020, being the date of the Announcement.
2. The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$11.42 as of 29 April 2020, being the Latest Practicable Date.

The aggregate of 589,500 Connected Awarded Shares to be allotted and issued by the Company to the Connected Grantees, represent (i) approximately 0.0186% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.0186% of the total number of Shares in issue as enlarged by the allotment and issue of the Connected Awarded Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the allotment and issue of the Connected Awarded Shares).

The grant of the Connected Awarded Shares to the Connected Grantees has been approved by all members of the Remuneration Committee. The Board determined the Eligible Participants (including the Connected Grantees) and the number of Awarded Shares granted to each of them with reference to their respective roles, responsibilities, years of services, work experience, contributions and remuneration packages.

LETTER FROM THE BOARD

The position, roles, responsibilities and years of services of the Connected Grantees are set out as follows:

Name of Connected Grantee	Position	Year of services	Responsibility
CAI Fengjia	Executive Director and chief executive officer of the Company's real estate business	13	Responsible for the day-to-day operations management of the Group's real estate business
TSUI Kam Tim	Senior Consultant <i>(Note 1)</i> , resigned as executive Director, chief financial officer and the company secretary of the Company with effect from 12 August 2019	14	Responsible for the Group's financial management, financial reporting, corporate finance, treasury, tax, risk management and internal control and business development
CHEN Guangchuan	Vice president of strategic development of the Group	11	Responsible for the management of strategic investments in the PRC and financial management of the Group
CHEN Wende	General manager of the Group's real estate sector in Chongqing	23	Responsible for the overall management and operation of the Group's real estate business in Chongqing
HUANG Yanping	Vice president of finance and treasury department of the Group	12	Responsible for the financial and treasury management of the Group

LETTER FROM THE BOARD

Name of Connected Grantee	Position	Year of services	Responsibility
JIN Yanlong	General manager of Northern China District of the Group	12	Responsible for the overall management and operation of the Group in the Northern China District
OU Jian	General manager of the Central and Western China District of the Group	7	Responsible for the overall management and operation of the Group in the Central and Western China District
TANG Wen	Vice president of the property development of the Group and general manager of the South China District of the Group	4	Responsible for the overall management and operation of the project management centre and members of the Group in the South China District

Note 1: Mr. TSUI Kam Tim has remained as a full-time employee of the Group since his resignation as an executive Director, the chief financial officer and the company secretary of the Company in August 2019. As such, he is still an Eligible Participant under the Share Award Scheme.

LETTER FROM THE BOARD

The shareholding structure of the Company as of the Latest Practicable Date and immediately after the allotment, issue and full vesting of the Awarded Shares (assuming no other change in the issued share capital of the Company other than the allotment, issue and full vesting of the Awarded Shares) is as follows:

Name of Shareholder	As of the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Awarded Shares (including the Connected Awarded Shares and assuming no other change in the issued share capital of the Company)	
	Number	%	Number	%
Plus Earn Consultants Limited (“ Plus Earn ”) (Note 1)	1,299,046,500	40.8919	1,299,046,500	40.8670
Hero Fine Group Limited (“ Hero Fine ”) (Note 2)	293,271,152	9.2317	293,271,152	9.2261
Right Rich Consultants Limited (“ Right Rich ”) (Note 3)	254,715,000	8.0180	254,715,000	8.0131
Excel Wave Investments Limited (“ Excel Wave ”) (Note 4)	1,109,587	0.0349	1,109,587	0.0349
Wealth Express Investments Limited (“ Wealth Express ”) (Note 5)	980,100	0.0309	980,100	0.0308
Peace Kind Investments Limited (“ Peace Kind ”) (Note 6)	144,338,500	4.5435	144,338,500	4.5408
LEE Ka Sze, Carmelo	30,000	0.0009	30,000	0.0009
TAM Chun Fai	30,000	0.0009	30,000	0.0009
XIA Yibing (Note 7)	112,000	0.0035	112,000	0.0035
Sub-total	<u>1,993,632,839</u>	<u>62.7562</u>	<u>1,993,632,839</u>	<u>62.7180</u>
Connected Grantees				
CAI Fengjia	148,732	0.0047	244,732	0.0077
TSUI Kam Tim	49,500	0.0016	127,500	0.0040
CHEN Guangchuan	30,000	0.0009	108,000	0.0034
CHEN Wende	103,317	0.0033	158,817	0.0050
HUANG Yanping	67,695	0.0021	145,695	0.0046
JIN Yanlong	112,486	0.0035	190,486	0.0060
OU Jian	103,317	0.0033	173,817	0.0055
TANG Wen	42,213	0.0013	97,713	0.0031
Non-connected Grantees	<u>593,593</u>	<u>0.0188</u>	<u>1,942,093</u>	<u>0.0614</u>
Sub-total	<u>1,250,853</u>	<u>0.0395</u>	<u>3,188,853</u>	<u>0.1007</u>
Other public shareholders	<u>1,181,898,771</u>	<u>37.2043</u>	<u>1,181,898,771</u>	<u>37.1813</u>
Total	<u><u>3,176,782,463</u></u>	<u><u>100</u></u>	<u><u>3,178,720,463</u></u>	<u><u>100</u></u>

LETTER FROM THE BOARD

Notes:

1. Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin.
2. Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.
3. Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao.
4. Excel Wave is legally and beneficially owned as to 100% by Mr. KONG Jiantao.
5. Wealth Express is legally and beneficially owned as to 100% by Mr. KONG Jiantao.
6. Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan.
7. Ms. XIA Yibing is the spouse of Mr. CAI Fengjia.

(g) Equity fund raising activities of the Company in the past 12 months

The Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the Latest Practicable Date.

(h) Reasons for the award of the Connected Awarded Shares

The Group is a large-scale PRC property developer with a leadership position in Guangzhou and an established presence in various major cities in the PRC and Hong Kong.

The Share Award Scheme forms part of the incentive schemes of the Group and operates alongside the share option scheme under Chapter 17 of the Listing Rules adopted by the Company on 9 February 2018. It provides an additional means for the Group to incentivise the Employees. The Board believes that: (i) the award of the Connected Awarded Shares to the Connected Grantees recognises the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group; (ii) there will not be any actual cash outflow by the Group in granting the Connected Awarded Shares; and (iii) number of Connected Awarded Shares only accounted for 0.0186% of the total number of Shares in issue as at the Latest Practicable Date where the dilution effect to the existing Shareholders is acceptable. In addition, the Directors had taken into account various alternatives, including cash bonuses and share options. Among these alternatives, the grant of the Connected Awarded Shares is considered by the Board to be the most appropriate given that (i) cash bonuses will incur outflow of cash from the Group thereby imposing pressure on the Group's cash flow position; (ii) share options are a less effective method to serve the purpose of providing immediate incentives as rewards to the Employees' contributions to the Group, as the grantees are required to pay the exercise price upon exercise of the share options and the timing of exercise of the share options will be subject to the Share prices; and (iii) it is not an uncommon market practice for listed companies in Hong Kong to adopt share award scheme to incentivise and/or reward their key personnel and employees. In this regard, the Directors consider that the terms and conditions of the allotment and issue of Connected Awarded Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Upon allotment and issue of the Connected Awarded Shares, the Trustee will hold the new Shares on trust for the Connected Grantees and such Connected Awarded Shares shall be transferred to the Connected Grantees at no consideration on the vesting dates. As such, no fund will be raised by the Company as a result of the allotment and issue of the Connected Awarded Shares.

(i) Listing Rules implications

As the Connected Awarded Shares were granted to an executive Director, an individual who was a Director in the last 12 months and directors of certain subsidiaries of the Company, who are connected persons of the Company, the allotment and issue of Connected Awarded Shares to the Connected Grantees under the Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and shall be subject to, among others, the approval by the Independent Shareholders at a general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, save for the Connected Grantees and Ms. XIA Yibing (the spouse of Mr. CAI Fengjia) in aggregate holding 769,260 Shares (represented approximately 0.0242% of the Shares in issue) as of the Latest Practicable Date, no other Shareholder is required to abstain from voting on the resolution(s) to approve the allotment and issue of Connected Awarded Shares to the Connected Grantees and the transactions contemplated thereunder at the 2020 AGM.

Mr. CAI Fengjia has abstained from voting on the relevant Board resolutions to approve the allotment and issue of the Connected Awarded Shares to him under the Share Award Scheme.

5. 2020 AGM

The 2020 AGM will be held at Verve, 5/F, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, PRC on Friday, 5 June 2020 at 3:00 p.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolutions proposed in this circular. The notice of the 2020 AGM is set out on pages 46 to 50 of this circular.

A proxy form for use at the 2020 AGM is enclosed. The proxy form can also be downloaded from the Company's website (www.kwggroupholdings.com) or the HKEXnews website (www.hkexnews.hk). Whether or not you are able to attend the 2020 AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the 2020 AGM (i.e. not later than 3:00 p.m. on Wednesday, 3 June 2020) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the 2020 AGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

6. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the 2020 AGM will exercise his right under article 66 of the Articles to demand a poll on each of the resolutions to be proposed at the 2020 AGM. An announcement on the poll results will be published by the Company after the 2020 AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

7. RECOMMENDATION

In view of the reasons for and benefits of the award of the Connected Awarded Shares as set out in the paragraphs headed “(h) Reasons for the award of the Connected Awarded Shares” above, the Directors consider that the allotment and issue of the Connected Awarded Shares to the Connected Grantees is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the 2020 AGM to approve the allotment and issue of the Connected Awarded Shares and the Specific Mandate. Your attention is drawn to the letter from the Independent Financial Adviser, which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the allotment and issue of the Connected Awarded Shares and the Specific Mandate, and the principal factors and reasons considered by it in arriving at its opinions. The text of the letter from the Independent Financial Adviser is set out on pages 17 to 32 of this circular.

The Directors also consider other proposed resolutions as set out in the notice of the 2020 AGM are in the best interest of the Company and the Shareholders as a whole having considered the reasons and the nature of the resolutions proposed as set out in this circular and the notice of the 2020 AGM. Accordingly, the Directors recommend that all Shareholders to vote in favour of all the resolutions set out in the notice of the 2020 AGM.

Yours faithfully,
For and on behalf of the Board
KONG Jianmin
Chairman



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)

7 May 2020

To the Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION INVOLVING ISSUE OF
NEW SHARES TO CONNECTED PERSONS UNDER THE
SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE**

We refer to the circular (the “**Circular**”) dated 7 May 2020 issued by the Company of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the Circular unless specified otherwise.

We have been formed to advise the Independent Shareholders in relation to the allotment and issue of Connected Awarded Shares and the Specific Mandate. Lego Corporate Finance has been appointed by the Company as the Independent Financial Adviser to advise us in this regard. Details of its advice, together with the principal factors and reasons it has taken into consideration in giving its advice, are contained in its letter set out on pages 17 to 32 of the Circular. Your attention is also drawn to the letter from the Board, letter from the Independent Financial Adviser and the additional information set out in the appendix of the Circular.

After taking into account the factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we concur with its views and consider that the allotment and issue of the Connected Awarded Shares and the Specific Mandate are (i) fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Company and the Shareholders as a whole; and (ii) incidental to the Group’s development of its ordinary and usual course of business though not in the ordinary course of business of the Group and on normal commercial terms. Accordingly, we recommend that the Independent Shareholders should vote in favor of the resolutions to be proposed at the 2020 AGM to approve the allotment and issue of the Connected Awarded Shares, the Specific Mandate, and the transactions contemplated thereunder.

Yours faithfully
For and on behalf of the
Independent Board Committee

LEE Ka Sze, Carmelo JP

TAM Chun Fai

LI Binhai

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular, setting out its advice in respect of the allotment and issue of the Connected Awarded Shares to the Connected Grantees.



7 May 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the issue of new Shares to the Connected Grantees under the Share Award Scheme pursuant to the Specific Mandate, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company to the Shareholders dated 7 May 2020 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

On 14 April 2020, the Board resolved to award 1,938,000 Awarded Shares to 36 Grantees under the Share Award Scheme, of which 1,348,500 Awarded Shares were awarded to 28 Non-connected Grantees, and 589,500 Awarded Shares were awarded to eight Connected Grantees. The Board further resolved that the 589,500 Awarded Shares granted to the eight Connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate.

As the Connected Awarded Shares are granted to an executive Director, an individual who was a Director in the last 12 months and directors of certain subsidiaries of the Company, who are connected persons of the Company, the allotment and issue of Connected Awarded Shares to the Connected Grantees under the Share Award Scheme shall constitute a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best of the knowledge, information and belief of the Directors, save for the Connected Grantees and Ms. XIA Yibing (the spouse of Mr. CAI Fengjia) who are in aggregate holding 769,260 Shares as of the Latest Practicable Date, no other Shareholder is required to abstain from voting on the resolution(s) to approve the allotment and issue of Connected Awarded Shares to the Connected Grantees and the transactions contemplated thereunder at the 2020 AGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LEE Ka Sze, Carmelo *JP*, Mr. TAM Chun Fai and Mr. LI Binhai, has been established to advise the Independent Shareholders as to whether the allotment and issue of the Connected Awarded Shares to the Connected Grantees is fair and reasonable so far as the Company and the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote in respect of the relevant resolution to be proposed at the 2020 AGM to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees and the transactions contemplated thereunder. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

As of the Latest Practicable Date, Lego Corporate Finance did not have any relationships or interests with the Company that could reasonably be regarded as relevant to the independence of Lego Corporate Finance. In the last two years, we have acted as the independent financial adviser to the then independent board committee and the independent shareholders of the Company in relation to the allotment and issue of the Shares granted by the Company to the then connected persons of the Company pursuant to the Share Award Scheme, details of which were set out in the circulars of the Company dated 16 October 2018 and 6 May 2019. Apart from normal professional fees paid or payable to us in connection with the said appointments as the Independent Financial Adviser, no arrangement exists whereby we have received or will receive any fees or benefits from the Company. Accordingly, we are qualified to give independent advice in respect of the allotment and issue of the Connected Awarded Shares to the Connected Grantees and the transactions contemplated thereafter.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information provided by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

representations provided to us by the Directors, the management of the Group, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continue to be so until the date of the 2020 AGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the award of the Connected Awarded Shares

1.1. Information on the Group

The Group is a large-scale PRC property developer with a leadership position in Guangzhou and an established presence in various major cities in the PRC and Hong Kong. The Group operates its business through four segments, including property development, property investment, hotel operation and property management.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table is a summary of the consolidated financial information of the Company for the three years ended 31 December 2019, as extracted from (i) the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”); and (ii) the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), respectively.

	Year ended 31 December		
	2019	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	24,956,261	7,477,471	11,543,072
— <i>Property development</i>	22,761,946	6,064,248	10,432,094
— <i>Property investment</i>	626,909	379,321	231,166
— <i>Hotel operation</i>	553,098	468,181	424,479
— <i>Property management</i>	1,014,308	565,721	455,333
Gross profit	7,865,780	2,451,269	4,019,932
Profit for the year	10,056,084	4,154,834	3,605,013

For the years ended 31 December 2017 and 2018

According to the 2018 Annual Report, revenue of the Group amounted to approximately RMB7,477 million for the year ended 31 December 2018, representing a decrease of approximately 35.2% as compared to that of approximately RMB11,543 million for the prior year. Such decrease was mainly attributable to the decrease in revenue generated from the property development segment due to a decrease in the total gross floor area (“**GFA**”) delivered to 400,602 sq.m. for the year ended 31 December 2018 from 705,390 sq.m. for the year ended 31 December 2017. Despite the decrease in GFA delivered, the average selling price increase to RMB15,137 per sq.m. for the year ended 31 December 2018, as compared to RMB14,789 per sq.m. for the year ended 31 December 2017, reflecting a better product mix as well as an upgrade on city mix. Nonetheless, revenue generated from other segments increased significantly in 2018 as compared to the prior year. For the property investment segment, revenue increased by approximately 64.1% to approximately RMB379 million for the year ended 31 December 2018 as compared to the prior year, which was primarily due to an increased leasable GFA from leased investment properties during the year. For the hotel operation segment, revenue increased by approximately 10.3% to approximately RMB468 million for the year ended 31 December 2018 as compared to the prior year due to increase in occupancy rate of the Group’s hotels. Due to an increase in the number of properties under management, revenue generated from property management increased by approximately 24.2% to approximately RMB566 million for the year ended 31 December 2018 as compared to the prior year. Due to the aforementioned reasons, gross

profit of the Group decreased from approximately RMB4,020 million for the year ended 31 December 2017 to approximately RMB2,451 million for the ended 31 December 2018.

Despite the decrease in revenue and gross profit, net profit of the Group increased by approximately 15.3% to approximately RMB4,155 million for the year ended 31 December 2018 from approximately RMB3,605 million for the prior year. The increase was mainly contributed by the recognition of gain on disposal of a subsidiary amounted to approximately RMB1,167 million for the year ended 31 December 2018. As disclosed in the 2018 Annual Report, the gain on disposal of a subsidiary was a result of the Group's disposal of 100% equity interest of a subsidiary, being a project company of an office building located Guangzhou called the Star I, at total consideration of approximately RMB3,046 million. Such transaction was an ordinary course of business and was considered as sales of properties in substance by the management. Therefore, the calculation of proportionate revenue and cost of sales of the Group's property development segment had taken into account the effect of such transaction. Accordingly, the Group's proportionate revenue for its property development segment amounted to approximately RMB21,181 million in 2018, representing an increase of 8.2% from approximately RMB19,574 million in 2017.

For the years ended 31 December 2018 and 2019

According to the 2019 Annual Report, revenue of the Group amounted to approximately RMB24,956 million for the year ended 31 December 2019, representing a significant increase of approximately 233.8% as compared to that of approximately RMB7,477 million for the prior year. Such increase was mainly attributable to the increase in revenue generated from the property development segment which primarily due to an increase in the GFA delivered to 1,771,190 sq.m. for the year ended 31 December 2019 from 400,602 sq.m. for the year ended 31 December 2018. Revenue generated from other segments also increased for the year ended 31 December 2019 as compared to the prior year. For the property investment segment, the revenue increased by approximately 65.3% to approximately RMB627 million for the year ended 31 December 2019 from approximately RMB379 million for the year ended 31 December 2018, which was primarily due to an increased leaseable GFA from leased investment properties. For the hotel operation segment, the revenue increased by approximately 18.1% to approximately RMB553 million for the year ended 31 December 2019 from approximately RMB468 million for the year ended 31 December 2018, which was mainly due to an increase in occupancy rate of the Group's hotels. The revenue generated from property management increased by approximately 79.3% to approximately RMB1,014 million for the year ended 31 December 2019 from approximately RMB566 million for the year ended 31 December 2018, such increase was mainly due to an increase in the number of properties under management.

Gross profit of the Group increased from approximately RMB2,451 million for the year ended 31 December 2018 to approximately RMB7,866 million for the year ended 31 December 2019, representing an increase of approximately 220.9% for the year ended 31 December 2019, which was generally in line with the increase of the revenue during the corresponding period. Net profit of the Group increased from approximately RMB4,155 million for the year ended 31 December 2018 to approximately RMB10,056 million for the year ended 31 December 2019, representing an increase of approximately 142.0%. Such increase was mainly due to (i) the increase in gross profit the corresponding period; and (ii) increase in fair value gains on investment properties of approximately RMB3,716 million for the year ended 31 December 2019 (2018: approximately RMB1,715 million), which was then partially offset by the increase in selling and marketing expenses and administrative expenses for the year ended 31 December 2019.

1.2. Reasons for the grant of the Connected Awarded Shares

As set out in the Letter from the Board, the Share Award Scheme forms part of the incentive schemes of the Group. Based on the Share Award Scheme, the objectives of the Share Award Scheme are (i) to recognise the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (ii) to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Participants. Furthermore, there will not be any actual cash outflow by the Group under the award of the Awarded Shares to provide incentives to the Grantees. The aggregate of 589,500 Connected Awarded Shares to be allotted and issued by the Company to the Connected Grantees represent (i) approximately 0.0186% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.0186% of the total number of Shares in issue as enlarged by the allotment and issue of the Connected Awarded Shares (assuming there is no change in the issued share capital of the Company from the Latest Practicable Date up to the allotment date of the new Shares, other than the allotment and issue of the Connected Awarded Shares). The allotment and issue of the Connected Awarded Shares represents a minimal dilution to the existing Shareholders. The Board considers that the award of the Awarded Shares to the Grantees recognises the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group.

The Connected Grantees include an executive Director, an individual who was a Director in the last 12 months and six directors of certain subsidiaries of the Company. Set out below summarises the information of (i) the Connected Grantees; (ii) the Connected Awarded Shares to be allotted and issued; and (iii)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the number of awarded shares previously granted to the Connected Grantees on 8 April 2019 under the Share Award Scheme (the “**Previous Connected Awarded Shares**”):

Connected Grantees	Length of service in the Group (approximate years)	Number of Previous Connected Awarded Shares	Number of Connected Awarded Shares	Value of the Connected Awarded Shares as at the date of grant (HK\$) (Note)
<i>Executive Director</i>				
CAI Fengjia	13	138,000	96,000	1,138,560
<i>An individual who was a Director in the last 12 months</i>				
TSUI Kam Tim	14	148,500	78,000	925,080
<i>Directors of certain subsidiaries of the Company</i>				
CHEN Guangchuan	11	96,000	78,000	925,080
CHEN Wende	23	87,000	55,500	658,230
HUANG Yanping	12	96,000	78,000	925,080
JIN Yanlong	12	96,000	78,000	925,080
OU Jian	7	87,000	70,500	836,130
TANG Wen	4	<u>87,000</u>	<u>55,500</u>	<u>658,230</u>
Total		<u><u>835,500</u></u>	<u><u>589,500</u></u>	<u><u>6,991,470</u></u>

Note: The market values of the Connected Awarded Shares are calculated based on the closing price of HK\$11.86 per Share as quoted on the Stock Exchange on 14 April 2020, being the date of grant.

We have enquired the Company as to the experiences, roles and responsibilities of the Connected Grantees and were advised that the Connected Grantees include a Director, a former Director who is currently a senior consultant of the Group, management of the Group and management of regional subsidiaries of the Group. With reference to the paragraph headed “4. Connected transaction involving issue of new Shares to connected persons under the Share Award Scheme pursuant to Specific Mandate — Issue of Connected Awarded

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Shares to Connected Grantees” in the Letter from the Board and as advised by the Company, the details of the position, years of services, years of experience in property development and investment industry and responsibilities of the Connected Grantees are set out as follows:

Name of Connected Grantee	Position	Years of services	Years of experience in property development and investment industry	Responsibility
CAI Fengjia	Executive Director and chief executive officer of the Company’s real estate business	13	28	Responsible for the day-to-day operations management of the Group’s real estate business
TSUI Kam Tim	Senior Consultant (resigned as executive Director, chief financial officer and the company secretary of the Company with effect from 12 August 2019) ^(Note)	14	14	Responsible for the Group’s financial management, financial reporting, corporate finance, treasury, tax, risk management and internal control and business development
CHEN Guangchuan	Vice president of strategic development of the Group	11	16	Responsible for the management of strategic investments in the PRC and financial management of the Group
CHEN Wende	General manager of the Group’s real estate sector in Chongqing	23	23	Responsible for the overall management and operation of the Group’s real estate business in Chongqing
HUANG Yanping	Vice president of finance and treasury department of the Group	12	12	Responsible for the financial and treasury management of the Group
JIN Yanlong	General manager of Northern China District of the Group	12	14	Responsible for the overall management and operation of the Group in the Northern China District
OU Jian	General manager of the Central and Western China District of the Group	7	19	Responsible for the overall management and operation of the Group in the Central and Western China District
TANG Wen	Vice president of the property development of the Group and general manager of the South China District of the Group	4	18	Responsible for the overall management and operation of the project management centre and members of the Group in the South China District

Note: Mr. TSUI Kam Tim has remained as a full-time employee of the Group since his resignation as an executive Director, the chief financial officer and the company secretary of the Company in August 2019. As such, he is still an Eligible Participant under the Share Award Scheme.

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As advised by the Company, the number of Connected Awarded Shares granted to each Connected Grantees was determined based on various factors, including their roles, years of service in the Group, individual work performances and contributions made to the overall operation or projects of the Group. Based on the information provided by the Company, we noted that the Connected Grantees have worked in the Group from approximately four years and up to 23 years with an average of approximately 12.0 years, and their responsibilities mainly include overseeing the overall operation or projects of the Group. Each of the Connected Grantees also possesses 12 to 28 years of experience in property development and investment industry.

As stated in the paragraph headed “1.1 Information on the Group” above, the Group recorded remarkable financial and operational performance for the year ended 31 December 2019. As advised by the Company, each of the Connected Grantees was major contributor who oversaw the overall operation or financial management or was responsible for the projects which contributed to the achievement of such results, and is expected to continue to play important roles in the future business of the Group. Particularly, the Connected Grantees had significant contribution on overseeing and overall operation on the pre-sales projects, especially those located in Yangtze-River-Delta Area and Greater-Bay-Area. In such regard, we have reviewed the 2019 Annual Report and the 2018 Annual Report, and noted that (i) the Group’s pre-sales amount generated from sale of property project of the Group increased to approximately RMB86.1 billion for the year ended 31 December 2019, representing an increase of approximately 31.5% from RMB65.5 billion for the year ended 31 December 2018; (ii) average selling price increased by 6% to RMB17,500 per sq.m. for the year ended 31 December 2019 compared to the prior year; and (iii) the increase in pre-sales amount was attributable to 118 projects of the Group for sale during 2019, of which 43% are located in the Yangtze-River-Delta Area and 30% are located in the Greater-Bay-Area. Having regard to (a) the key management roles of the Connected Grantees which are essential to the operations of the Group; and (b) the contributions of the Connected Grantees to the Group in 2019 as discussed above, we concur with the Company’s view that the contributions of the Connected Grantees were one of the major drivers of the Group’s higher financial and operation results in 2019. Accordingly, we consider that the grant of Connected Awarded Shares is justifiable and commensurate with the contributions of the Connected Grantees, and could serve as a recognition of the contributions of the Connected Grantees and as an instrument to retain talents for the continuing development of the Group. We noted that the grant of the Connected Awarded Shares to the Connected Grantees has also been approved by all members of the Remuneration Committee.

Given the extensive work experience and past contributions of the Connected Grantees to the Group as discussed above, the Directors believe that the Connected Grantees are valuable to the future development of the Group and the grant of Connected Awarded Shares will further motivate the Connected Grantees to maximise the Group's long-term interests as it highlights the principle of performance-based awards and stimulate other employees to create more value for the Group. In addition, as the Connected Awarded Shares shall vest in tranches in three years, the grant of the Awarded Shares shall also ensure the stable operation of the Group as the Connected Awarded Shares shall motivate the Connected Grantees to continue serving in the Group during the vesting period. Based on the remuneration information of the Connected Grantees provided by the Company, we noted that the remuneration package (including director's fee, salaries, allowances and benefits in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees for 2019 are as follows: (i) approximately RMB2.4 million for the director of the Company; (ii) ranged from approximately RMB1.7 million to RMB5.0 million for the directors of certain subsidiaries of the Company; and (iii) approximately RMB5.7 million for the senior consultant of the Group, with an average of approximately RMB3.4 million. We note that all Connected Grantees are taking management roles in the Group and have extensive industry experience in the PRC real estate sector. Notwithstanding that Mr. Tsui has resigned as an executive Director and became a senior consultant of the Group in August 2019, he continues to be a full-time employee of the Group taking a management role with the responsibilities of overseeing the Group's financial management, financial reporting, corporate finance, treasury, tax, risk management and internal control, and business development. As such, in assessing the reasonableness of the remuneration package of the Connected Grantees, we have made reference to the range of annual remuneration of management level in the PRC real estate sector that was published in "China Salary Guide 2020" ("**Salary Guide 2020**") by Kelly Services (which is a Fortune 500 company and a world leader in human resources solutions and workforce management solutions), to be approximately RMB0.8 million to RMB6.0 million. Having considered (i) the current roles and responsibilities of the Connected Grantees (including Mr. Tsui) as set out in the above, which are considered to be the typical roles and responsibilities of a management level of a company; and (ii) the years of experience of the Connected Grantees in the property development and investment industry, we consider that the data set out in the Salary Guide 2020 is fair and appropriate to evaluate the remuneration package for the Connected Grantees.

Taking into consideration (i) the remarkable financial and operational performance for the year ended 31 December 2019; and (ii) that the remuneration packages (including director's fee, salaries, allowances and benefits in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees fall within the industry range while the value of the Connected Awarded Shares will only be fully vested in three years from date of grant and the Connected Awarded Shares will entitle the

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Connected Grantees to potential upside benefits from the future growth of the Group, we consider the value of the Connected Awarded Shares to be adequate but not excessive for serving the above purposes as an incentive.

Given the above, we consider that the grant of Connected Awarded Shares to the Connected Grantees fulfilled its objectives and selection criteria of the Share Award Scheme in terms of (i) recognising and motivating the contributions of the Connected Grantees, and retaining the Connected Grantees for the continual operation and development of the Group; and (ii) providing the Connected Grantees an economic interest in attaining a long-term relationship with the Group. Furthermore, there will not be any actual cash outflow by the Group under the award of the Connected Awarded Shares to provide incentives to the Connected Grantees. In this regard, we concur with the Directors that the terms and conditions of the allotment and issue of Connected Awarded Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We note that all of the Connected Grantees were also the grantees of the Previous Connected Awarded Shares. Based on the circular of the Company dated 6 May 2019 in relation to the grant of Previous Connected Awarded Shares, the Previous Connected Awarded Shares were granted to the then connected grantees by the Company mainly having regard to their key management roles which are essential to the operations of the Group and their contributions to the Group for achieving satisfactory financial performance in 2018. On the other hand, we also noted that, the Connected Awarded Shares are granted to the Connected Grantees in recognition of their significant contribution on overseeing and overall operation on the pre-sales projects, especially those located in Yangtze-River-Delta Area and Greater-Bay-Area, as well as being the major contributors for the Group for achieving the satisfactory financial results during 2019 as discussed above.

Based on our enquiry with the management of the Company, although the Previous Connected Awarded Shares have not yet fully vested, the Company considers that the vesting period of Awarded Shares serves as an instrument to provide incentive for the continued service of grantees in the Group during the vesting period. The further grant of Connected Awarded Shares with vesting period reinforces such incentive to the Connected Grantees for their continued service in the Group.

Having considered (i) the considerable time interval between the grant of the Previous Connected Awarded Shares in April 2019 and the grant of Connected Awarded Shares in April 2020; (ii) the Group's remarkable financial and operational performance for the year ended 31 December 2019; (iii) that the Previous Connected Awarded Shares and the Connected Awarded Shares were granted by the Company to the Connected Grantees mainly in recognition of their performance and contributions for different periods; and (iv) that the remuneration package (including director's fee, salaries, allowances and benefits

in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees are adequate but not excessive as discussed above, we are of the view that the further grant of Awarded Shares to the Connected Grantees is justifiable.

We have also discussed with the Company regarding the benefits of adopting the Share Award Scheme as an incentive scheme as compared to other alternatives and were advised that the Company considers the Share Award Scheme to be the most appropriate as compared to various alternatives, including cash bonuses and share options, given that (i) cash bonuses will incur outflow of cash from the Group thereby imposing undue pressure on the Group's cash flow position; (ii) share options are a less effective method to serve the purpose of providing immediate incentives as rewards to the employees' contributions to the Group, as the grantees are required to pay the exercise price upon exercise of the share options and the timing of exercise of the share options will be subject to the Share prices; (iii) it is not an uncommon market practice for listed companies in Hong Kong to adopt share award scheme to incentivise and/or reward their key personnel and employees; and (iv) the Share Award Scheme can prevent cash outflow while allowing added incentives to the Connected Grantees to make contribution to the Group. In determining the grant of options or Awarded Shares to employees, we were advised by the Company that since the Awarded Shares serve as a more effective method of incentives as compared to share options, the Awarded Shares were granted to the senior management and general managers of the Group given their relatively more important roles, while share options were granted to middle management of the Group, including deputy managers, key training staffs and department heads.

In view of the foregoing reasons for and benefits of the allotment and issue of the Connected Awarded Shares to the Connected Grantees, we are of the view that the allotment and issue of the Connected Awarded Shares to Connected Grantees is justifiable.

2. Principal terms of the grant of the Connected Awarded Shares

(a) Conditions precedent

The allotment and issue of the Connected Awarded Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the 2020 AGM in respect of the allotment and issue of the Connected Awarded Shares, the Specific Mandate and the transactions contemplated thereunder; and (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in the Connected Awarded Shares.

(b) Vesting date and lapse of the Connected Awarded Shares

The Connected Awarded Shares shall be vested in three tranches as follows: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 14 April 2021; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 14 April 2022; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 14 April 2023, or an earlier date as approved by the Board. The vesting of the Connected Awarded Shares is subject to the conditions as set out in the Share Award Scheme and the fulfilment of such conditions as specified by the Board.

According to the Share Award Scheme, the Awarded Shares shall automatically lapse when (i) a Grantee ceases to be an Eligible Participant for whatever reason, or (ii) the subsidiary employing the Grantee ceases to be a subsidiary of the Company, or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), save that in the case when a Grantee dies, or retires at his/her normal retirement date or earlier by agreement with the Company or any member of the Group prior to a vesting date or unless otherwise determined by the Board, all the Awarded Shares and the related income shall be deemed to be vested on the day immediately prior to his/her death or retirement at his/her normal retirement date or earlier by agreement with the Company or any member of the Group. In case there is no claim of the vested Awarded Shares and the related income by the legal representative of the deceased Grantee within two years of the death of the Eligible Participants (or such longer period as the Board shall determine from time to time) or the trust period (whichever is shorter), such vested Awarded Shares and the related income shall be forfeited and be held as returned Shares for the purposes of the Share Award Scheme.

(c) Transfer arrangement of the Connected Awarded Shares

Upon allotment and issue of the Connected Awarded Shares, the Trustee will hold the Connected Awarded Shares on trust for the Connected Grantees and such Connected Awarded Shares shall be transferred to the Connected Grantees at no consideration on the vesting date. As such, no fund will be raised by the Company as a result of the allotment and issue of the Connected Awarded Shares.

(d) Ranking of the Connected Awarded Shares

With reference to the Letter from the Board, the Connected Awarded Shares, when issued and fully paid, shall rank *pari passu* among themselves and with those Shares in issue, with the right to receive all dividends and other distributions declared, made or paid on or after the allotment date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Comparison with share award schemes of other companies

To assess the fairness and reasonableness of the terms of the allotment and issue of the Connected Awarded Shares, we have, to our best effort and knowledge, identified an exhaustive list of 10 comparable companies which are listed on the Main Board of the Stock Exchange and had announced the grant of awarded shares under share award schemes to their respective employees and/or directors which included connected persons in the three months period immediately before the Board resolved to grant the Awarded Shares (i.e. the period from 14 Jan 2020 to 14 April 2020) (the “**Comparable Grants**”). Shareholders should note that the business, operations and financial performance of the companies offering the Comparable Grants are not the same as the Company and we have not conducted any in-depth investigation into the businesses and operations of the companies offering the Comparable Grants. Notwithstanding the above, given that (i) the nature of Comparable Grants is similar to that of the grant of the Connected Awarded Shares; (ii) the aforesaid period represents the prevailing market practice up to the date of grant of the Connected Awarded Shares; and (iii) the Comparable Grants represent an exhaustive list of samples based on our selection criteria, we consider that the Comparable Grants are fair and representative references for the market practice of companies granting awarded shares at the time the Connected Awarded Shares were granted and the length of the aforesaid period covers sufficient number of comparable companies. Set out below is a comparison of the Comparable Grants:

Company name (stock code)	Date of announcement	Grantee(s)	Vesting date/period
Redsun Properties Group Limited (Stock code: 1996)	2 April 2020	Certain grantees, including 3 connected persons	Not disclosed
Fosun International Limited (Stock code: 656)	1 April 2020	83 grantees, including 12 connected persons	33% on 1 April 2021 33% on 1 April 2022 34% on 1 April 2023
CIFI Holdings (Group) Co. Ltd. (Stock code: 884)	30 March 2020	1 grantee who is connected person	Not disclosed
China Modern Dairy Holdings Ltd. (Stock code: 1117)	27 March 2020	Certain grantees, including 2 connected persons	Not disclosed
First Pacific Company Limited (Stock code: 142)	24 March 2020	1 connected person	Not disclosed

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Company name (stock code)	Date of announcement	Grantee(s)	Vesting date/period
SITC International Holdings Company Limited (Stock code: 1308)	20 March 2020	604 grantees, including 9 connected persons	Third anniversary of the date of grant, i.e. 20 March 2023 or an earlier date as approved by the board of directors of SITC International Holdings Company Limited
Chong Hing Bank Limited (Stock code: 1111)	16 March 2020	Certain grantees, including 3 connected persons	(a) 25% of the award shares shall be vested in the first calendar year after the grant date; (b) 25% of the award shares shall be vested in the second calendar year after the grant date; (c) 25% of the award shares shall be vested in the third calendar year after the grant date; and (d) the remaining 25% of the award shares shall be vested in the fourth calendar year after the grant date
SmarTone Telecommunications Holdings Limited (Stock code: 315)	28 February 2020	319 grantees, including 5 connected persons	30% on 28 February 2021 30% on 28 February 2022 40% on 28 February 2023
Oshidori International Holdings Limited (Stock code: 622)	22 January 2020	10 grantees, including 1 connected person	The awarded shares shall be vested on the fourth anniversary of the date of the grant (i.e. 22 January 2024)
Edvantage Group Holdings Limited (Stock code: 382)	21 January 2020	17 grantees, including 9 connected persons	Not disclosed
The Company	14 April 2020	36 grantees, including eight (8) connected persons	1/3 on 14 April 2021 1/3 on 14 April 2022 1/3 on 14 April 2023

Source: the announcements of relevant companies published on the Stock Exchange's website

As shown in the table above, we noted that the vesting date/period of the Comparable Grants varies, and it is not an uncommon market practice for listed companies in Hong Kong to grant the awarded shares under their respective share award schemes to their employees and/or directors with vesting period of multiple tranches in interval of consecutive years. The vesting period of the Connected Awarded Shares shall be vested in tranches in interval of consecutive years and hence the vesting date/period of the Connected Awarded Shares is considered to be generally in line with those of the Comparable Grants.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of (i) the reasons for and benefits of the grant of the Connected Awarded Shares; and (ii) the vesting date/period of the Connected Awarded Shares is considered to be generally in line with those of the Comparable Grants, we are of the view that the terms of the allotment and issue of the Connected Awarded Shares are fair and reasonable and the grant of the Connected Awarded Shares is in the interest of the Company and the Shareholders as a whole.

3. Financial effects of the grant of the Connected Awarded Shares

Based on the closing price of HK\$11.86 per Share as quoted on the Stock Exchange on 14 April 2020, being the date on which the Board resolved to approve the grant of the Connected Awarded Shares, the aggregate grant date value of the Connected Awarded Shares is approximately HK\$7.0 million. After granting of the Connected Awarded Shares to the Connected Grantees, the grant date value of such Connected Awarded Shares would be allocated and charged as expenses in the Group's consolidated statements of profit or loss over the four years ending 31 December 2023 based on their vesting period. No fund will be raised as a result of the allotment and issue of the Connected Awarded Shares. There will be no material effect on the cash flow of the Group relating to the allotment and issue of the Connected Awarded Shares.

RECOMMENDATIONS

Having considered the principal factors and reasons described above, we are of the opinion that, although the allotment and issue of the Connected Awarded Shares are not conducted in the ordinary and usual course of business of the Group, it is incidental to the Group's development of its ordinary and usual course of business, and the terms of the allotment and issue of the Connected Awarded Shares are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and are in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolutions to be proposed at the 2020 AGM to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees.

Yours faithfully,
for and on behalf of
Lego Corporate Finance Limited
Andrew Lau
Executive Director

Mr. Andrew Lau is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 12 years of experience in the accounting and investment banking industries.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Buy-back Mandate.

1. SHARE CAPITAL

As of the Latest Practicable Date, there was a total number of 3,176,782,463 Shares in issue.

Subject to the passing of ordinary resolution to approve the Buy-back Mandate and on the basis that no further Shares are issued or bought back prior to the 2020 AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 317,678,246 Shares, being 10% of the total number of Shares in issue as at the date of passing of the relevant resolution, during the period in which the Buy-back Mandate remain in force.

2. REASON FOR SHARE BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to buy back Shares on the Stock Exchange. An exercise of the Buy-back Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share. Buy-back of Shares will only be made when the Directors believe that such buy-back will benefit the Company and the Shareholders.

3. FUNDING OF SHARES BUY-BACKS

In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and applicable laws of the Cayman Islands. The laws of the Cayman Islands and the Articles provide that payment for a share buy-back may only be made out of profits or the proceeds of a new issue of shares made for such purpose or subject to the applicable laws of the Cayman Islands, out of capital of the Company. The amount of premium payable on buy-back of shares may only be paid out of either the profits or out of the share premium account of the Company or subject to the applicable laws of the Cayman Islands, out of capital of the Company.

The Directors consider that there might be a material adverse impact on the working capital or gearing position of the Company, as compared with the position disclosed in its audited financial statements for the year ended 31 December 2019 contained in the 2019 annual report of the Company, in the event that the Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest traded prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months immediately prior to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2019		
April	10.00	8.82
May	9.34	7.65
June	8.56	7.51
July	8.63	7.29
August	7.45	5.88
September	7.33	6.59
October	7.99	6.77
November	8.76	7.79
December	10.96	8.60
2020		
January	12.10	9.95
February	11.84	9.45
March	12.10	8.11
April (up to the Latest Practicable Date)	12.12	10.68

5. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Buy-back Mandate in accordance with the Listing Rules, the Articles and the applicable laws and regulations of the Cayman Islands.

6. DISCLOSURES

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention, in the event that the Buy-back Mandate is approved by the Shareholders, to sell their Shares to the Company or its subsidiaries under the Buy-back Mandate.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company of a present intention to sell Shares to the Company or its subsidiaries and no such person have undertaken not to do so, in the event that the Buy-back Mandate is granted by the Shareholders.

7. THE TAKEOVERS CODE

A buy-back of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As of the Latest Practicable Date, to the best of the knowledge and belief of the Company, Plus Earn and its associates were beneficially interested in approximately 62.7509% of the issued share capital of the Company. In the event that the Buy-back Mandate is exercised in full and no further Shares are issued during the proposed bought back period, the shareholdings of Plus Earn and its associates in the Company would be increased to approximately 69.7233% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code.

The Company has no intention to exercise the Buy-back Mandate to such extent that it would give rise to an obligation to make a mandatory offer under the Takeovers Code or result in the amount of shares held by the public being reduced to less than 25% of the issued share capital of the Company.

8. SHARE BUY-BACK MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, there was no buy-back of Shares made by the Company (whether on the Stock Exchange or otherwise).

The biographical details of the three retiring Directors proposed for re-election at the 2020 AGM are set out below:

MR. KONG JIANNAN

Mr. Kong, aged 54, is an Executive Director and Executive Vice President of the Company. Mr. Kong is responsible for coordinating and managing human resources, administrative management, IT management and legal affairs of the Group. He is a graduate of China Central Radio and TV University and joined the Group in 1999. Mr. Kong is the elder brother of Messrs. KONG Jianmin and KONG Jiantao. Mr. Kong is also a director of most of the Company's subsidiaries incorporated in the British Virgin Islands, Hong Kong and the PRC.

As of the Latest Practicable Date, Mr. Kong is deemed to be interested in a total of 1,698,100,000 Shares within the meaning of Part XV of the SFO, including (i) 144,338,500 Shares held by Peace Kind which is wholly-owned by Mr. Kong; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement (as defined below). Mr. Kong is the sole director of Peace Kind.

On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into a shareholders' agreement (the "**Shareholders' Agreement**") to regulate their dealings in the Shares. As such, each party to the Shareholders' Agreement was deemed to have interest in the Shares and/or underlying Shares held by the other parties pursuant to the Shareholders' Agreement under section 317(1)(a) of the SFO.

Mr. Kong has entered into a service agreement with the Company for a term of three years subject to retirement by rotation and re-election in accordance with the Articles. Mr. Kong's emoluments are determined by reference to his experience, duties and responsibilities and the prevailing market conditions in accordance with the Company's remuneration policy. Pursuant to the service agreement with the Company, Mr. Kong is entitled to receive a basic annual director's fee of HK\$1,500,000. He is also entitled to participate in the Company's medical benefit, accident insurance scheme, share option scheme and pension scheme.

Saved as disclosed above, Mr. Kong did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company and has not held any directorship or other major appointments in any other listed company in the last three years. There is no other information in relation to Mr. Kong that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters concerning Mr. Kong that need to be brought to the attention of the Shareholders.

MR. TAM CHUN FAI

Mr. Tam, aged 57, is an Independent Non-executive Director, the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. Tam joined the Company in June 2007. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. He is a member of the Hong Kong Institute of Certified Public Accountants and is also a member of Chartered Financial Analyst. Mr. Tam has almost 35 years of experience in auditing and corporate advisory services as well as financial management and compliance work. He is an executive director, the chief financial officer and the company secretary of Beijing Enterprises Holdings Limited, a company listed on the Main Board of the Stock Exchange and is an independent non-executive director of Hi Sun Technology (China) Limited, a company listed on the Main Board of the Stock Exchange.

As of the Latest Practicable Date, Mr. Tam beneficially held 30,000 Shares within the meaning of Part XV of the SFO.

Mr. Tam signed a letter of appointment with the Company for a term of three years subject to retirement by rotation and re-election in accordance with the Articles. Mr. Tam, who has served the Board for more than nine years, confirmed that he has satisfied all factors set out in Rule 3.13 of the Listing Rules in assessing his independence. Mr. Tam is entitled to receive a basic annual director's fee of HK\$520,000 which was determined by reference to the market rate of non-executive directors, with similar experience in accordance with the Company's remuneration policy.

Saved as disclosed above, Mr. Tam did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company and has not held any directorship or other major appointments in any other listed company in the last three years. There is no other information in relation to Mr. Tam that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters concerning Mr. Tam that need to be brought to the attention of the Shareholders.

MR. LI BINHAI

Mr. Li, aged 70, is an Independent Non-executive Director, a member of each of the Remuneration Committee, the Nomination Committee and the Audit Committee of the Company. He has been the Independent Non-executive Director since 1 July 2012. He was the former chairman of Poly Real Estate Group Co., Ltd. (“**Poly Real Estate**”, together with its subsidiaries, the “**Poly Real Estate Group**”), a company listed on the Shanghai Stock Exchange and retired on 31 May 2010 after 20 years at the helm of Poly Real Estate. Before his retirement, he held various positions within the Poly Real Estate Group, including the general manager of Guangzhou Poly Real Estate Development Corporation, director and deputy general manager of Poly Southern Group Co., Ltd. and chief economist of China Poly Group Corporation.

As of the Latest Practicable Date, Mr. Li did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. Li signed a letter of appointment with the Company for a term of three years subject to retirement by rotation and re-election in accordance with the Articles. Mr. Li is entitled to receive a basic annual director’s fee of HK\$520,000 which was determined by reference to the market rate of non-executive directors with similar experience in accordance with the Company’s remuneration policy.

Saved as disclosed above, Mr. Li did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company and has not held any directorship or other major appointments in any other listed company in the last three years. There is no other information in relation to Mr. Li that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters concerning Mr. Tam that need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

(i) Long positions in shares and underlying shares of the Company:

Name of Director	Number of Shares held				Other Interests	Total	Approximate% of the issued share capital ⁽¹⁾
	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)				
KONG Jianmin	—	—	1,592,317,652 ⁽³⁾	399,053,500 ⁽²⁾⁽³⁾	1,991,371,152	62.6852%	
KONG Jiantao	—	—	256,804,687 ⁽⁴⁾	1,443,385,000 ⁽²⁾⁽⁴⁾	1,700,189,687	53.5192%	
KONG Jiannan	—	—	144,338,500 ⁽⁵⁾	1,553,761,500 ⁽²⁾⁽⁵⁾	1,698,100,000	53.4535%	
CAI Fengjia	148,732 ⁽⁶⁾	112,000 ⁽⁷⁾	—	184,500 ⁽⁸⁾	445,232	0.0140%	
LEE Ka Sze, Carmelo	30,000	—	—	—	30,000	0.0009%	
TAM Chun Fai	30,000	—	—	—	30,000	0.0009%	

Notes:

- (1) The approximate percentages were calculated based on 3,176,782,463 Shares in issue as at the Latest Practicable Date.

- (2) On 30 December 2018, Mr. KONG Jianmin, Mr. KONG Jiantao, Mr. KONG Jiannan, Plus Earn, Right Rich and Peace Kind entered into an equity reorganization agreement (the “**Equity Reorganization Agreement**”), pursuant to which (i) Plus Earn agreed to transfer 179,715,000 Shares to Right Rich and 144,338,500 Shares to Peace Kind; (ii) Mr. KONG Jiantao agreed to transfer 15% equity interest in Plus Earn to Mr. KONG Jianmin and Mr. KONG Jiannan agreed to transfer 8.5% equity interest in Plus Earn to Mr. KONG Jianmin; and (iii) Mr. KONG Jianmin agreed to transfer 76.5% equity interest in Right Rich to Mr. KONG Jiantao and Mr. KONG Jiannan agreed to transfer 8.5% equity interest in Right Rich to Mr. KONG Jiantao (the “**Equity Reorganization**”). The Equity Reorganization was completed on 30 December 2018. Upon completion of the Equity Reorganization, (i) Plus Earn is wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 Shares; (ii) Right Rich is wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 Shares; and (iii) Peace Kind is wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 Shares.

On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders’ Agreement to regulate their dealings in the Shares. As such, each party to the Shareholders’ Agreement was deemed to have interest in the Shares and/or underlying Shares held by the other parties pursuant to the Shareholders’ Agreement under Section 317(1)(a) of the SFO.

- (3) Mr. KONG Jianmin is deemed to be interested in a total of 1,991,371,152 Shares including (i) 1,299,046,500 Shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 293,271,152 Shares held by Hero Fine which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 Shares held by Right Rich and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders’ Agreement. Mr. KONG Jianmin is the sole director of Plus Earn and Hero Fine.
- (4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 Shares including (i) 254,715,000 Shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 Shares held by Excel Wave which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 Shares held by Wealth Express which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders’ Agreement. Mr. KONG Jiantao is the sole director of Right Rich, Excel Wave and Wealth Express.
- (5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 Share including (i) 144,338,500 Shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders’ Agreement. Mr. KONG Jiannan is the sole director of Peace Kind.
- (6) Pursuant to the Share Award Scheme, out of the 231,000 total awarded shares granted to Mr. CAI Fengjia and vested on 19 January 2019, 19 January 2020 and 8 April 2020 respectively, 82,268 awarded shares in aggregate were sold by the Trustee for the purpose of covering PRC withholding tax.
- (7) 112,000 shares were held by Mr. CAI Fengjia’s spouse.
- (8) 184,500 shares represented the interests in awarded shares granted by the Company to Mr. CAI Fengjia and remained unvested.

(ii) Interests in debentures of the Company

Name of Director	Capacity/Nature of Interests	Amount of debentures interested
KONG Jiantao	Interest of a controlled corporation ⁽¹⁾	US\$2,000,000
	Interest of spouse ⁽¹⁾	US\$3,000,000

Note (1): Excel Wave, a company wholly-owned by Mr. KONG Jiantao, and the spouse of Mr. KONG Jiantao, held US\$2,000,000 and US\$3,000,000 of US\$300 million 7.40% senior notes of the Company due 2024 (the “**Senior Notes**”), respectively. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the Senior Notes held by Excel Wave and his spouse under the SFO.

(iii) Long positions in shares and underlying shares of associated corporations:

Name of Director	Associated corporations	Number of shares held in associated corporations	Approximate percentage of shareholding in associated corporation
KONG Jianmin	Plus Earn	1,000	100%

As of the Latest Practicable Date, save as disclosed above, none of the Directors nor chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and shorts position which the directors and chief executive were deemed or taken to have under provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; and (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

3. DIRECTORS' INTERESTS

- (a) None of the Directors has any direct or indirect interest in any assets which have been, since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.
- (b) None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group.

- (c) None of the Directors or chief executive of the Company and their respective close associates (as defined in the Listing Rules) has any competing interests which would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder of the Company.

4. SERVICE CONTRACTS

None of the Directors has any existing or proposed service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Interests in the Shares of the Company

So far as is known to any Directors or chief executive of the Company, as of the Latest Practicable Date, other than the interests and short positions of the Directors or chief executive of the Company as disclosed in the section “Disclosure of Interests of Directors” above, the following person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Name	Capacity	Number of Shares held (Note 1)	Approximate % of the issued share capital (Note 2)
Plus Earn (Note 3)	Beneficial owner	1,299,046,500 (L)	40.8919%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	399,053,500 (L)	12.5616%
Hero Fine (Note 4)	Beneficial owner	293,271,152 (L)	9.2317%
Right Rich (Note 5)	Beneficial owner	254,715,000 (L)	8.0180%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,443,385,000 (L)	45.4354%
Peace Kind (Note 6)	Beneficial owner	144,338,500 (L)	4.5435%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,553,761,500 (L)	48.9099%
Citigroup Inc. (Note 7)	Approved lending agent	114,065,930 (L)	3.5906%
	Interests of controlled corporation	75,650,972 (L)	2.3814%
		78,881,595 (S)	2.4831%

Notes:

1. The letter “L” denotes the person’s long position in the Shares and the letter “S” denotes the person’s short position in the Shares.
2. The approximately percentages were calculated based on 3,176,782,463 Shares in issue as at the Latest Practicable Date.
3. Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. For the purpose of the SFO, Plus Earn is deemed to be interested in a total of 1,698,100,000 Shares including (i) 1,299,046,500 Shares directly held by it; and (ii) 254,715,000 Shares held by Right Rich and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders’ Agreement.
4. Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.
5. Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. For the purpose of the SFO, Right Rich is deemed to be interested in a total of 1,698,100,000 Shares including (i) 254,715,000 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders’ Agreement.
6. Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. For the purpose of the SFO, Peace Kind is deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders’ Agreement.
7. The long position of 189,716,902 Shares includes derivative interests in 70,920,982 underlying shares of the Company which are derived from unlisted and physically settled derivatives.

The short position of 78,881,595 Shares includes derivative interests in 71,182,142 underlying shares of the Company of which 70,189,142 Shares are derived from unlisted and physically settled derivatives and 993,000 Shares are derived from unlisted and cash settled derivatives.

Save as disclosed above, as of the Latest Practicable Date, there was no other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

6. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors confirmed that there was not any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Company were made up.

7. MATERIAL LITIGATION

No member of the Group was engaged in any litigation or claims of material importance, and no such litigation or claim of material importance was known to the Directors to be pending or threatened by or against any members of the Group, as of the Latest Practicable Date.

8. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given opinion or advice, which are contained or referred to in this circular:

Name	Qualification
Lego Corporate Finance Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

As of the Latest Practicable Date, the Independent Financial Adviser did not have (i) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group and (ii) any direct or indirect interest in any assets which had, since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Company were made up), been acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it appears.

9. GENERAL

- (a) The authorized share capital of the Company is HK\$800,000,000.00.
- (b) The principal share registrar and transfer agent of the Company is SMP Partners (Cayman) Limited, at Royal Bank House — 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (d) The Company Secretary of the Company is Mr. CHAN Kin Wai, who is a professional member of the Hong Kong Institute of Certified Public Accountants.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection during normal business hours at the principal place of business in Hong Kong at Units 8503–05A, Level 85, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this circular up to and including the date of the 2020 AGM:

- (a) a copy of the Share Award Scheme;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 16 of this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Shareholders in respect of the allotment and issue of the Connected Awarded Shares to the Connected Grantees and the Specific Mandate, the text of which is set out in pages 17 to 32 of this circular;
- (d) the letter of consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix; and
- (e) this circular.



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)

NOTICE IS HEREBY GIVEN that the annual general meeting of KWG Group Holdings Limited (the “**Company**”) will be held at Verve, 5/F, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, People’s Republic of China on Friday, 5 June 2020 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements, Report of the Directors and Independent Auditor’s Report for the year ended 31 December 2019.
2. To declare a final dividend of RMB42 cents per ordinary share of the Company for the year ended 31 December 2019 (payable in cash in Hong Kong dollars with scrip option).
3.
 - (a) To re-elect Mr. KONG Jiannan as an executive Director.
 - (b) To re-elect Mr. TAM Chun Fai as an independent non-executive Director.
 - (c) To re-elect Mr. LI Binhai as an independent non-executive Director.
 - (d) To authorise the Board of Directors to fix the Directors’ remuneration.
4. To re-appoint Ernst & Young as auditor of the Company and authorise the Board of Directors to fix their remuneration.

To consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

5. “**THAT:**
 - (a) subject to paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined in this resolution) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make, issue or grant offers, agreements or options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;

NOTICE OF 2020 AGM

- (b) the approval in paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors of the Company during the Relevant Period (as hereinafter defined) and shall authorise the Directors of the Company to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the shares in the capital of the Company to be issued or allotted either during or after the end of the Relevant Period (as hereinafter defined);
- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of shares or rights to acquire shares of the Company; or (iii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed 20% of the total number of shares of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable laws of the Cayman Islands to be held; or
- (iii) the date on which the authority set out in this resolution is revoked, varied or renewed by an ordinary resolution of the Shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities of the Company giving the right to subscribe for shares of the Company, open for a period fixed by the Directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements

NOTICE OF 2020 AGM

as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

6. **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to buy back its own shares, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by its Directors;
- (c) the total number of the shares of the Company which are authorised to be bought back by the Directors of the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the total number of shares of the Company in issue as at the date of the passing of this resolution, and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and
- (d) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked, varied or renewed by an ordinary resolution of the Shareholders of the Company in general meeting.”.

7. **“THAT** conditional upon the passing of resolutions nos. 5 and 6 of this notice being passed, the general mandate granted to the Directors of the Company pursuant to resolution no. 5 be and is hereby extended by the addition thereto of an amount representing the total number of shares of the Company bought back by the Company under the authority granted pursuant to the resolution no. 6, provided that such amount shall not exceed 10% of the total number of shares of the Company in issue as at the date of the passing of this resolution.”

NOTICE OF 2020 AGM

8. **“THAT**
- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in an aggregate of 589,500 new shares of the Company (the **“Connected Awarded Shares”**), the Directors be and are hereby granted a specific mandate (the **“Specific Mandate”**) for the allotment and issue of the Connected Awarded Shares to Computershare Hong Kong Trustees Limited to hold on trust for selected employees who are Directors and/or directors of certain subsidiaries of the Company or Directors in the last 12 months, accordingly connected persons (as defined in Chapter 14A of the Listing Rules) of the Company, and are selected by the Board for participation in the share award scheme (the **“Scheme”**) adopted by the Company on 19 January 2018 (a copy of which has been produced at the annual general meeting marked “A” and signed by the chairman of the annual general meeting for the purpose of identification); and
 - (b) any one of the Directors be and is hereby authorised for and on behalf of the Company to take any action and execute such other documents as he/she considers necessary, desirable or expedient to carry out or give effect to or otherwise in connection with the allotment and issue of the Connected Awarded Shares under the Specific Mandate and the transactions contemplated thereunder.”
9. **“THAT** the grant of 96,000 Connected Awarded Shares pursuant to the Scheme to Mr. CAI Fengjia be and is hereby approved and confirmed.”
10. **“THAT** the grant of 78,000 Connected Awarded Shares pursuant to the Scheme to Mr. TSUI Kam Tim be and is hereby approved and confirmed.”
11. **“THAT** the grant of 78,000 Connected Awarded Shares pursuant to the Scheme to Mr. CHEN Guangchuan be and is hereby approved and confirmed.”
12. **“THAT** the grant of 55,500 Connected Awarded Shares pursuant to the Scheme to Mr. CHEN Wende be and is hereby approved and confirmed.”
13. **“THAT** the grant of 78,000 Connected Awarded Shares pursuant to the Scheme to Ms. HUANG Yanping be and is hereby approved and confirmed.”
14. **“THAT** the grant of 78,000 Connected Awarded Shares pursuant to the Scheme to Mr. JIN Yanlong be and is hereby approved and confirmed.”
15. **“THAT** the grant of 70,500 Connected Awarded Shares pursuant to the Scheme to Mr. OU Jian be and is hereby approved and confirmed.”
16. **“THAT** the grant of 55,500 Connected Awarded Shares pursuant to the Scheme to Mr. TANG Wen be and is hereby approved and confirmed.”

By Order of the Board
CHAN Kin Wai
Company Secretary

Hong Kong, 7 May 2020

NOTICE OF 2020 AGM

Notes:

1. (a) Any shareholder entitled to attend and vote at the annual general meeting (the “AGM”) is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her, a proxy need not be a shareholder of the Company. To be valid, original of the completed proxy form must be returned to the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the AGM (i.e. not later than 3:00 p.m. on Wednesday, 3 June 2020) or any adjournment thereof.
- (b) Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint persons be present at the AGM personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company (the “Register of Members”) in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
2. The Register of Members will be closed for the following periods:
 - (a) For the purpose of determining the shareholders’ entitlement to attend and vote at the AGM, the Register of Members will be closed from Tuesday, 2 June 2020 to Friday, 5 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Monday, 1 June 2020.
 - (b) For the purpose of determining the shareholders’ entitlement to the proposed final dividend, the Register of Members will be closed from Friday, 12 June 2020 to Tuesday, 16 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 11 June 2020.
3. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the AGM must be taken by poll. The chairman of the AGM will exercised his power under article 66 of the articles of associations of the Company to demand a poll for each and every resolution put forward at the AGM.
4. Shareholders who attend the AGM in person or by proxy shall bear their own travelling and accommodation expenses.

PRECAUTIONARY MEASURES FOR THE AGM

To safeguard the health and safety of the shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the AGM:

- (i) Compulsory body temperature checks
- (ii) Wearing of surgical face masks
- (iii) No provision of refreshments and corporate gifts

Any attendee who does not comply with the precautionary measures (i) and (ii) above may be denied entry to the AGM venue.

For the health and safety of the shareholders, the Company would like to encourage the shareholders to exercise their rights to vote at the AGM by appointing the chairman of the AGM as their proxy instead of attending the AGM in person. If any shareholder wishes to attend in person, the shareholder is advised to pay attention to the latest epidemic-control and protection arrangements implemented by the Central Government of the People’s Republic of China and the Government of the Hong Kong Special Administrative Region.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company’s website (www.kwggroupholdings.com) and/or the HKEXnews website (www.hkexnews.hk) for future announcements and updates on the AGM arrangements.