
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in KWG Group Holdings Limited, you should at once hand this circular and the accompanying election form (if any) to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

Executive Directors:

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

Independent Non-executive Directors:

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

Registered office:

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

Principal place of business in the

People's Republic of China:
38th Floor, International Finance Place
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Guangzhou, People's Republic of China

Principal place of business in Hong Kong:

Units 8503-05A, Level 85
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

25 June 2021

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND ARRANGEMENT IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2020**

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Introduction

On 25 March 2021, the board of directors (the “**Board**”) of KWG Group Holdings Limited (the “**Company**”) had resolved to recommend that a final dividend of RMB53 cents (equivalent to HK\$0.644918) (the “**Final Dividend**”) per ordinary share of par value of HK\$0.10 each in the share capital of the Company (the “**Share**”) for the year ended 31 December 2020 be paid on or around Friday, 6 August 2021 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) as at the close of business on Friday, 18 June 2021 (the “**Record Date**”). An ordinary resolution to approve the Final Dividend was passed by the Shareholders at the annual general meeting of the Company held on Thursday, 3 June 2021. Subject to the terms set out in this circular, the eligible Shareholders have the right to elect to receive the Final Dividend in new fully paid Share(s) (the “**New Shares**”) to be issued under the Scrip Dividend Arrangement (as defined below) instead of in cash, or partly in New Shares and partly in cash (the “**Scrip Dividend Arrangement**”).

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Arrangement and the action which should be taken by the Shareholders in relation thereto.

Particulars of the Scrip Dividend Arrangement

Under the Scrip Dividend Arrangement, each Shareholder has the following choices to receive the Final Dividend:

- (i) a cash dividend of HK\$0.644918 for each Share held on the Record Date; or
- (ii) an allotment of New Shares at the Market Value (as defined below) equal to the total amount of the Final Dividend that such Shareholder would otherwise receive in cash, subject to any fractional entitlement being disregarded as mentioned below; or
- (iii) partly in cash and partly in New Shares.

For the purpose of calculating the number of New Shares to be allotted to the Shareholders pursuant to the Scrip Dividend Arrangement, the market value of each New Share (the “**Market Value**”) will be the average closing price per Share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days commencing on, and including Tuesday, 29 June 2021, rounding down such figure to four decimal places. It will not be possible to determine until the close of business on Tuesday, 6 July 2021 the exact number of New Shares to which a Shareholder, electing to receive New Shares, will be entitled. The Company will make an announcement, including information about the Market Value for the purpose of calculating the number of New Shares to be allotted under the Scrip Dividend Arrangement. The announcement will be made available on the Company’s website (www.kwggroupholdings.com) and the HKEXnews website (www.hkexnews.hk) on Tuesday, 6 July 2021.

Accordingly, the number of New Shares which the Shareholders will receive in respect of the Final Dividend for the existing Shares registered in their names on the Record Date will be calculated as follows:

$$\text{Number of New Shares to be received} = \text{Number of existing Shares held on the Record Date for which election for New Shares is made} \times \frac{\text{HK\$0.644918 (Final Dividend per Share)}}{\text{Market Value}}$$

No Shareholder will be entitled to be issued any fraction of a Share under the Scrip Dividend Arrangement and the number of New Shares to be issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to New Shares will be disregarded. The New Shares to be issued pursuant to the Scrip Dividend Arrangements will rank *pari passu* in all respects with the existing issued Shares, except that such New Shares themselves will not rank for the Final Dividend.

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Advantage of the Scrip Dividend Arrangement

The Scrip Dividend Arrangement will give the Shareholders the opportunity to increase their investment in the Company without incurring brokerage fees, dealing costs or stamp duty. To the extent that Shareholders elect to receive New Shares, in whole or in part in lieu of cash dividend, the Company will benefit by retaining the cash as general working capital which would otherwise be payable by way of cash dividend.

Effect of the Scrip Dividend Arrangement

Based on 3,180,522,853 Shares in issue as at the Record Date, if no election to receive the Final Dividend in New Shares were received, the total cash dividend payable by the Company would be approximately HK\$2,051,176,437.31.

Shareholders should note that the New Shares to be issued under the Scrip Dividend Arrangement may give rise to disclosure requirements under the provisions of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for those Shareholders who may have notifiable interests in the Company. **Shareholders who are in any doubt as to how these provisions may affect them as a result of the issue of the New Shares are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.**

Election Form

An election form (the “Election Form”) is enclosed with this circular. Please read carefully the instructions below and the instructions printed on the Election Form.

No action is required if you wish to receive the Final Dividend wholly in cash. Otherwise, if you wish to receive the Final Dividend wholly in New Shares in lieu of cash, or partly in New Shares and partly in cash, you must COMPLETE, SIGN AND RETURN the enclosed Election Form 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, Wan Chai, Hong Kong (the “Share Registrar”) not later than 4:30 p.m. on Wednesday, 14 July 2021.

If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the Final Dividend in New Shares, or if you elect to receive the Final Dividend in New Shares in respect of a greater number of Shares than your registered holding as at the Record Date, you will be deemed to have elected to receive New Shares only in respect of all the Shares registered in your name on the Record Date.

No acknowledgement of receipt of the Election Form will be issued.

The latest time for submission of the Election Form will not be valid if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by a super typhoon, or a “black” rainstorm warning in force in Hong Kong:

- i. at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 14 July 2021. Instead the deadline for the submission of the Election Form will be 5:00 p.m. on the same business day; or
- ii. at any local time between 12:00 noon and 4:30 p.m. on Wednesday, 14 July 2021. Instead, the deadline for the submission of the Election Form will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

No election in respect of the Final Dividend may, after the relevant Election Form is signed and returned to the Share Registrar, be in any way withdrawn, revoked, superseded or altered.

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Shareholders Resident Outside Hong Kong

All Shareholders resident outside Hong Kong should consult their professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive New Shares under the Scrip Dividend Arrangement. No Shareholder receiving in any jurisdiction outside Hong Kong a copy of this circular and/or an Election Form may treat the same as an invitation to elect to receive the New Shares unless in the relevant jurisdiction such invitation could lawfully be made to such Shareholder without the Company having to comply with any registration or other legal requirements, regulatory or governmental procedures or any other similar formalities.

This circular and the Election Form will not be registered in Hong Kong or any other jurisdiction. The Shares have not been registered under the applicable securities legislation of any jurisdictions other than Hong Kong. The Company has made enquiries with legal advisers where its overseas Shareholders are based regarding legal restrictions and regulatory requirements on the election of Shareholders resident outside Hong Kong to receive the Final Dividend in the form of New Shares arrangements as required by rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange.

According to the Register of Members, as at the Record Date, there were Shareholders whose registered addresses were outside Hong Kong (the “**Overseas Shareholders**”). Based on the advice of legal advisers where such Overseas Shareholders were based, the Overseas Shareholders are allowed to participate in the Scrip Dividend Arrangement. It is the responsibility of any Overseas Shareholder who wishes to receive New Shares under the Scrip Dividend Arrangement to comply with the laws of the relevant jurisdictions including obtaining all necessary governmental or other regulatory consents and compliance with any other similar formalities. It is also the responsibility of any Overseas Shareholder who receives New Shares to comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

British Virgin Islands (“BVI”)

If the Scrip Dividend Arrangement is made by the Company in Hong Kong and is being offered to the Overseas Shareholders whose registered addresses are in the BVI solely by reason that they are existing Shareholders, there are no securities law or other similar laws in the BVI which would prevent the Company from including the Overseas Shareholders whose registered addresses are in the BVI in the Scrip Dividend Arrangement. Based on the foregoing, the Company will not be subject to any registration or other legal requirements or any governmental or regulatory procedures under the laws of the BVI for offering the Scrip Dividend Arrangement or issuing the New Shares to the Overseas Shareholders whose registered addresses are in the BVI.

People’s Republic of China (“PRC”)

The distribution of the Final Dividend with scrip arrangements to be made by the Company to the Shareholders residing in the PRC (which for the purpose of this circular only, excludes Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) (the “**PRC Shareholders**”) does not constitute the public offering in the PRC as defined by the PRC Securities Law. Further, the Company is not prohibited from making the distribution of the Final Dividend with scrip arrangements to the PRC Shareholders under the PRC laws and regulations provided that the subscription of or receiving the new shares by the PRC Shareholders is in compliance with the relevant applicable PRC laws and regulations.

Taiwan

The New Shares to be issued pursuant to the Scrip Dividend Arrangement described herein have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission and/or any other regulatory authorities of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitute an offer or a solicitation of an offer within the meaning of the Securities and Exchange Act or relevant laws and regulations of Taiwan that requires a registration or approval of the Financial Supervisory Commission and/or any other regulatory authorities of Taiwan.

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Condition of the Scrip Dividend Arrangement

The Scrip Dividend Arrangement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares. If this condition is not satisfied, the Scrip Dividend Arrangement described in this circular will not become effective, the Election Forms will be void and the Final Dividend will then be paid wholly in cash.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the New Shares. Subject to the said application being granted by the Stock Exchange, it is expected that dividend warrants for cash dividends and/or share certificates in respect of such New Shares will be sent by ordinary mail to the Shareholders at their own risk on or before Friday, 6 August 2021 and dealings in the New Shares are expected to commence on Monday, 9 August 2021.

The Shares are only listed on the Stock Exchange. No part of the share capital of the Company is listed or dealt in on any other stock exchange and the Company is not currently seeking to list the Shares on any other stock exchange.

Dealings in the New Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

Recommendation and Advice

Whether or not it is to your advantage to elect to receive New Shares in lieu of cash will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom, must be solely the responsibility of each Shareholder. The effect on the tax position of any Shareholder will depend on such Shareholder's particular circumstances.

If you are in any doubt as to what to do, you should consult your professional advisers. Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

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

This document is in English and Chinese. In case of any inconsistency, the English version shall prevail.

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TIMETABLE OF EVENTS

Events	Time/Date (Hong Kong Time)
Record Date	Friday, 18 June 2021
Announcement of calculation of the Market Value for calculating the number of New Shares to be issued.	Tuesday, 6 July 2021
Latest time for return of the Election Form to the Share Registrar	4:30 p.m. on Wednesday, 14 July 2021
Expected date of despatch of dividend warrants and/or share certificates by ordinary mail at the risk of recipients.	on or before Friday, 6 August 2021
Expected first day of dealings in the New Shares	9:00 a.m. on Monday, 9 August 2021