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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) GRANT OF AWARDED SHARES PURSUANT TO THE SHARE AWARD SCHEME;**
- (2) PROPOSED ISSUE OF NEW SHARES UNDER THE SHARE AWARD SCHEME PURSUANT TO GENERAL MANDATE;**
- (3) CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES TO CONNECTED PERSONS UNDER THE SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE; AND**
- (4) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

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 were granted to 28 Non-connected Grantees; and (ii) 589,500 Awarded Shares were granted to 8 Connected Grantees.

The Board further resolved that, (i) 1,348,500 Awarded Shares granted to the Non-connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the General Mandate; and (ii) 589,500 Awarded Shares granted to the Connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate.

The aggregate of 1,938,000 new Awarded Shares to be allotted and issued by the Company to the Grantees represent (i) approximately 0.06% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 0.06% of the total number of Shares in issue as enlarged by the allotment and issue of the new Awarded Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the allotment date of the new Awarded Shares, other than the allotment and issue of the new Awarded Shares).

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Lego Corporate Finance Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of Connected Awarded Shares described herein.

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 the 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.

The Company will put forward, among other things, ordinary resolutions to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated therein at the 2020 AGM to be convened by the Company for the Independent Shareholders' consideration and approval.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the allotment and issue of the Connected Awarded Shares to the Connected Grantees.

A circular containing, among others, further details of the allotment and issue of the Connected Awarded Shares and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, 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, and the notice convening the 2020 AGM will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 7 May 2020.

GRANT OF AWARDED SHARES PURSUANT TO THE SHARE AWARD SCHEME

Reference is made to the announcement of the Company dated 19 January 2018 in relation to the adoption of the Share Award Scheme. The Share Award Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules, and is a discretionary scheme of the Company.

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 Awarded Shares, (i) 1,348,500 Awarded Shares were granted to 28 Non-connected Grantees; and (ii) 589,500 Awarded Shares were granted to 8 Connected Grantees.

ISSUE OF THE AWARDED SHARES UNDER GENERAL MANDATE AND SPECIFIC MANDATE

The Board further resolved that, (i) 1,348,500 Awarded Shares granted to the Non-connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the General Mandate; and (ii) 589,500 Awarded Shares granted to the Connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate.

The aggregate of 1,938,000 new Awarded Shares to be allotted and issued by the Company to the Grantees represent (i) approximately 0.06% of the total number of Shares in issue as at the date of this announcement; and (ii) approximately 0.06% of the total number of Shares in issue as enlarged by the allotment and issue of the Awarded Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the allotment date of the new Awarded Shares, other than the allotment and issue of the Awarded Shares).

Details of the Awarded Shares to be allotted and issued to the Grantees are set out below:

<u>Name of the Grantees</u>	<u>Number of Awarded Shares</u>
Non-connected Grantees	
28 Grantees who are not connected persons of the Company	1,348,500
Connected Grantees	
<i>Executive Director</i>	
CAI Fengjia	96,000
<i>An individual who was a Director in the last 12 months</i>	
TSUI Kam Tim	78,000
<i>6 directors of certain subsidiaries of the Company</i>	
— CHEN Guangchuan	78,000
— CHEN Wende	55,500
— HUANG Yanping	78,000
— JIN Yanlong	78,000
— OU Jian	70,500
— TANG Wen	<u>55,500</u>
Total Connected Awarded Shares	<u>589,500</u>
Total Awarded Shares	<u><u>1,938,000</u></u>

Pursuant to the Share Award Scheme, the Awarded Shares shall be granted to the Grantees for nil consideration. The Awarded Shares shall be allotted and issued to the Trustee at nominal value of HK\$0.1 each. Based on the closing price of HK\$11.86 per Share as quoted on the Stock Exchange as at the date of this announcement, the market value of 1,348,500 Awarded Shares allotted and issued to the Non-connected Grantees, and the 589,500 Awarded Shares allotted and issued to the Connected Grantees are HK\$15,993,210 and HK\$6,991,470, respectively. The aggregate nominal value of the new Awarded Shares is HK\$193,800. The average closing price of the Shares for the five consecutive trading days immediately preceding the date of this announcement as quoted on the Stock Exchange is approximately HK\$11.38 per Share.

Vesting dates

The new 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 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.

Ranking of the Awarded Shares

The new 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.

Conditions precedent

The allotment and issue of 1,348,500 Awarded Shares to the Non-connected Grantees shall be subject to the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in such Awarded Shares.

The allotment and issue of 589,500 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 therein; 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.

General Mandate

Pursuant to the General Mandate, the Company is authorised to allot and issue up to 634,814,351 Shares, representing 20% of the total number of the issued Shares as at the date of the 2019 AGM. As at the date of this announcement, no Shares have been allotted and issued by the Company under the General Mandate.

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 1,938,000 new Awarded Shares.

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 date of this announcement.

REASONS FOR THE AWARD OF THE 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. Having considered that: (i) 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; (ii) there will not be any actual cash outflow by the Group in granting the Awarded Shares; and (iii) number of Awarded Shares only accounted for 0.06% of the total number of Shares in issue as at the date of this announcement where the dilution effect to the existing Shareholders is acceptable, the Directors believe that the terms and conditions of the allotment and issue of new Awarded Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Upon allotment and issue of the new Awarded Shares, the Trustee will hold the new Shares on trust for the Grantees and such new Awarded Shares shall be transferred to the 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 Awarded Shares.

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.

The Company will put forward, among other things, ordinary resolutions to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees, the Specific Mandate and the transactions contemplated therein at the 2020 AGM to be convened by the Company for the Independent Shareholders' consideration and approval.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the allotment and issue of the Connected Awarded Shares to the Connected Grantees.

A circular containing, among others, further details of the allotment and issue of the Connected Awarded Shares and the Specific Mandate, a letter of advice from the Independent Board Committee to the Independent Shareholders, 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 the Connected Awarded Shares to the Connected Grantees, and the notice convening the 2020 AGM will be despatched to the Shareholders in accordance with the requirements of the Listing Rules on or before 7 May 2020.

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

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

Lego Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the allotment and issue of Connected Awarded Shares described herein.

DEFINITIONS

“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 convened on 5 June 2020 for the purpose of, among other things, considering and, if thought fit, approving the allotment and issue of the Connected Awarded Shares, the Specific Mandate and the transactions contemplated thereunder
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Awarded Shares”	the 1,938,000 Shares granted by the Company to the Grantees pursuant to the Share Award Scheme on the date of this announcement
“Board”	the board of directors of the Company
“Company”	KWG Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, 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
“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
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and otherwise deal with new Shares at the 2019 AGM
“Grantees”	the selected participants awarded the Awarded Shares under the Share Award Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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 Shareholders”	independent Shareholders other than the Connected Grantees and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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, which for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of The PRC and Taiwan
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“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)
“Shares”	ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“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

“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.

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

Hong Kong, 14 April 2020

As at the date of this announcement, the Board comprises seven Directors, of which Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao, Mr. KONG Jiannan and Mr. CAI Fengjia are executive Directors; and Mr. LEE Ka Sze, Carmelo JP, Mr. TAM Chun Fai and Mr. LI Binhai are independent non-executive Directors.