

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

*This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities law of any such jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer, its management, as well as financial statements. The Company does not intend to register any part of the offering in the United States or to conduct a public offering of securities in the United States.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.*



**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)**

**PROPOSED SPIN-OFF AND SEPARATE LISTING OF  
KWG LIVING GROUP HOLDINGS LIMITED  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED**

**BASIS OF ASSURED ENTITLEMENT OF  
QUALIFYING SHAREHOLDERS IN  
THE PREFERENTIAL OFFERING AND  
BASIS OF ENTITLEMENT OF  
QUALIFYING SHAREHOLDERS IN  
THE CONDITIONAL DISTRIBUTION  
AND  
ADDITIONAL INFORMATION FOR  
PRC STOCK CONNECT INVESTORS**

The Company announces that the basis of the Assured Entitlement of Qualifying Shareholders to the Reserved Shares in the Preferential Offering, and the basis of the entitlement of Qualifying Shareholders to the KWG Living Shares in the Conditional Distribution, if and when made, have been determined.

**The basis of the Assured Entitlement in the Preferential Offering is one (1) Reserved Share for every integral multiple of 45 Shares held by the Qualifying Shareholders on the Record Date.**

**The basis of the Conditional Distribution is one (1) KWG Living Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date.**

## INTRODUCTION

Reference is made to the announcements of the Company dated 24 June 2020 and 22 September 2020 (the “**Announcements**”) in relation to the Proposed Spin-off. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

## **BASIS OF THE ASSURED ENTITLEMENT OF QUALIFYING SHAREHOLDERS IN THE PREFERENTIAL OFFERING**

The Company announces that the basis of the Assured Entitlement of Qualifying Shareholders to the KWG Living Shares (the “**Reserved Shares**”) in the Preferential Offering, if and when made, has been determined, which is one (1) Reserved Share for every integral multiple of 45 Shares held by the Qualifying Shareholders on Friday, 9 October 2020 (the “**Record Date**”).

The Assured Entitlements of Qualifying Shareholders to the Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying Shareholders may apply for a number of the Reserved Shares which is greater than, equal to or less than their Assured Entitlements or may apply only for excess Reserved Shares under the Preferential Offering.

A valid application for a number of the Reserved Shares which is less than or equal to a Qualifying Shareholder’s Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions of the Preferential Offering.

Where a Qualifying Shareholder applies for a number of the Reserved Shares which is greater than the Qualifying Shareholder’s Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full (subject to the terms and conditions as mentioned above), but the excess portion of such application will only be satisfied to the extent that there are sufficient available Reserved Shares not taken up

by the Qualifying Shareholders as their Assured Entitlements under the Preferential Offering. Details of how such excess portion will be satisfied will be further described in the prospectus of KWG Living (the “**Prospectus**”).

Qualifying Shareholders who hold less than 45 Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Shares will still be entitled to participate in the Preferential Offering by applying for excess Reserved Shares only. Such application will only be satisfied to the extent that there are sufficient available Reserved Shares not taken up by Qualifying Shareholders as their Assured Entitlements under the Preferential Offering.

If the Preferential Offering proceeds, details of the Preferential Offering, including the terms and conditions for applications (including excess applications) for the Reserved Shares under the Preferential Offering, will be set out in the Prospectus and the accompanying blue application form.

**As the size and structure of the Global Offering have not yet been finalised, the basis of the Assured Entitlement of Qualifying Shareholders to the Reserved Shares in the Preferential Offering as set out in this announcement is subject to change. In the event that there is a change in the basis of the Assured Entitlement of Qualifying Shareholders to the Reserved Shares in the Preferential Offering, a further announcement will be made by the Company.**

#### **BASIS OF THE ENTITLEMENT OF QUALIFYING SHAREHOLDERS IN THE CONDITIONAL DISTRIBUTION**

On 7 October 2020, the Board declared the Conditional Distribution. The basis of the entitlement of Qualifying Shareholders to KWG Living Shares in the Conditional Distribution, if and when made, has been determined.

The Conditional Distribution, as declared by the Board, is conditional upon the Listing Committee granting the approval for the listing of, and permission to deal in, the KWG Living Shares and such approval not having been revoked prior to 8:00 a.m. (Hong Kong time) on the date on which dealings in the KWG Living Shares on the Main Board of the Stock Exchange commence. If this condition is not satisfied, the Conditional Distribution will not be made and the Proposed Spin-off will not take place.

If the Conditional Distribution becomes unconditional, it will be satisfied wholly by way of a distribution in specie of the KWG Living Shares to the Qualifying Shareholders whose names appeared on the register of members of the Company on the Record Date on basis of one (1) KWG Living Shares for every two (2) Shares held by the Qualifying Shareholders on the Record Date.

Fractional entitlements of Qualifying Shareholders to the KWG Living Shares under the Conditional Distribution will be retained by the Company for sale in the market and the Company will keep the proceeds of sale, after deduction of related expenses therefrom, for the benefit of the Company.

**As the details of the Conditional Distribution have not yet been finalised, the basis of the entitlement of Qualifying Shareholders to the KWG Living Shares in the Conditional Distribution as set out in this announcement is subject to change. In the event that there is a change in the basis of the entitlement of Qualifying Shareholders to the KWG Living Shares in the Conditional Distribution, a further announcement will be made by the Company.**

## **PRC STOCK CONNECT INVESTORS**

According to the “Stock Connect Shareholding Search” available on the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)), as at 6 October 2020, China Securities Depository and Clearing Corporation Limited (“ChinaClear”) held 161,271,165 Shares, representing approximately 5.07% of the total issued Shares (i.e. 3,178,051,011 Shares). ChinaClear is a CCASS Participant with HKSCC Nominees Limited.

Under Article 23 of the Implementation Rules for Registration, Depository and Clearing Services under the Mainland China-Hong Kong Stock Markets Connect Program (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》), ChinaClear does not provide services relating to the subscription of newly issued shares. Accordingly, the PRC southbound trading investor(s) through Shanghai-Hong Kong Stock Connect (the “Shanghai Connect”) and/or Shenzhen-Hong Kong Stock Connect (the “Shenzhen Connect”) who hold the Shares through ChinaClear as nominee (the “PRC Stock Connect Investors”) are Non-Qualifying Shareholders and cannot participate in the Preferential Offering through the trading mechanism of the Shanghai Connect and the Shenzhen Connect.

The PRC Stock Connect Investors may hold the KWG Living Shares pursuant to the Conditional Distribution through ChinaClear. Pursuant to the Shanghai Stock Exchange Measures for the Implementation of Shanghai-Hong Kong Stock Connect (《上海證券交易所滬港通業務實施辦法》) and the Shenzhen Stock Exchange Measures for the Implementation of Shenzhen-Hong Kong Stock Connect Program (《深圳證券交易所深港通業務實施辦法》), the PRC Stock Connect Investors (or the relevant ChinaClear participants, as the case may be) whose stock accounts in ChinaClear are credited with KWG Living Shares may only sell the KWG Living Shares on the Stock Exchange under the Shanghai Connect and the Shenzhen Connect.

PRC Stock Connect Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participant) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear.

## GENERAL

In connection with the Global Offering, the price of the KWG Living Shares may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) will be contained in the Prospectus.

**The Proposed Spin-off is subject to, among other things, the approval of the Listing Committee for the listing of, and permission to deal in, the KWG Living Shares, the final decisions of the Board and of the board of directors of KWG Living, market conditions and other considerations. The Proposed Spin-off may or may not materialise. Shareholders and other investors should be aware that there is no assurance that the Proposed Spin-off will take place or as to when it may take place. If the Proposed Spin-off does not proceed for any reason, the Preferential Offering and the Conditional Distribution will not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Persons who are in doubt about their position or any action to be taken are recommended to consult their own professional advisers.**

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off as and when appropriate.

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

Hong Kong, 7 October 2020

*As at the date of this announcement, the Board comprises seven Directors, of whom Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia are Executive Directors; and Mr. LEE Ka Sze, Carmelo JP, Mr. TAM Chun Fai and Mr. LI Binhai are Independent Non-executive Directors.*