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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)

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

**PUBLICATION OF THE PROSPECTUS ISSUED BY
KWG LIVING GROUP HOLDINGS LIMITED
AND
EXPECTED SIZE OF THE GLOBAL OFFERING AND
OFFER PRICE RANGE**

In connection with the Proposed Spin-off, the Global Offering (including the Preferential Offering) and the Conditional Distribution, KWG Living has published the Prospectus on 19 October 2020.

As disclosed in the Prospectus, the total number of the KWG Living Shares to be offered pursuant to the Global Offering will be 383,384,000 (assuming the Over-allotment Option is not exercised), representing approximately 19.0% of the total number of the KWG Living Shares in issue immediately following the completion of the Global Offering, and 440,891,000 (assuming the Over-allotment Option is exercised in full), representing approximately 21.2% of the total number of the KWG Living Shares in issue immediately following the completion of the Global Offering.

INTRODUCTION

Reference is made to the announcements of the Company dated 24 June 2020, 22 September 2020, 7 October 2020 and 11 October 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.

PUBLICATION OF THE PROSPECTUS

In connection with the Proposed Spin-off, the Global Offering (including the Preferential Offering) and the Conditional Distribution, KWG Living has published the Prospectus on 19 October 2020. The Prospectus contains, among other things (a) details of the Global Offering (including the Preferential Offering); (b) details of the Conditional Distribution; and (c) certain business and financial information in relation to KWG Living and its subsidiaries.

The Prospectus is available for viewing and downloading from KWG Living’s website (www.kwgliving.com) and the Stock Exchange’s website (www.hkexnews.hk) from 19 October 2020. Printed copies of the Prospectus may be obtained, free of charge, at designated locations specified in (a) the formal notice issued by KWG Living on 19 October 2020; and (b) the Prospectus, during normal business hours from 9:00 a.m. on Monday, 19 October 2020 until 12:00 noon on Thursday, 22 October 2020.

PREFERENTIAL OFFERING

Qualifying Shareholders will be provided with the Assured Entitlement to an aggregate of 70,623,355 Reserved Shares in the Preferential Offering (representing approximately 18.4% of the KWG Living Shares initially available under the Global Offering (before any exercise of the Over-allotment Option)) and the basis of the Assured Entitlement is one (1) Reserved Share for every integral multiple of 45 Shares held by the Qualifying Shareholders on Friday, 9 October 2020, being the Record Date. The Reserved Shares will be offered out of the KWG Living Shares initially being offered for subscription and purchase under the International Offering and will not be subject to reallocation.

A blue application form has been despatched to each Qualifying Shareholder. In addition, Qualifying Shareholders will receive a copy of the Prospectus in the manner which they have elected, or deemed to have elected, to receive corporate communications under the Company's corporate communications policy. If a Qualifying Shareholder has elected to receive corporate communications from the Company in printed form, or has not been asked to elect the means of receiving the Company's corporate communications, a printed copy of the Prospectus in the elected language version(s) will be despatched to such Qualifying Shareholder.

CONDITIONAL DISTRIBUTION

On 7 October 2020, the Board declared a special dividend by way of the Conditional Distribution in specie of all KWG Living Shares.

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 the Conditional Distribution in specie to the Qualifying Shareholders whose names appeared on the register of members of the Company on the Record Date of an aggregate of 1,589,025,505 KWG Living Shares, representing 97.22% of the issued share capital of KWG Living, on a pro-rata basis to their shareholdings in 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.

EXPECTED SIZE OF THE GLOBAL OFFERING AND OFFER PRICE RANGE

As disclosed in the Prospectus, the total number of the KWG Living Shares to be offered pursuant to the Global Offering will be 383,384,000 (assuming the Over-allotment Option is not exercised), representing approximately 19.0% of the total number of the KWG Living Shares in issue immediately following the completion of the Global Offering, and 440,891,000 (assuming the Over-allotment Option is exercised in full), representing approximately 21.2% of the total number of the KWG Living Shares in issue immediately following the completion of the Global Offering.

The offer price for the KWG Living Shares in the Global Offering is expected to be not less than HK\$7.00 per KWG Living Share and not more than HK\$8.13 per KWG Living Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

On the basis of the number of the KWG Living Shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised) and the expected offer price range as stated above, if the Global Offering proceeds:

- (a) the market capitalization of KWG Living will be between approximately HK\$14,124.7 million and approximately HK\$16,404.8 million; and
- (b) the Company will not retain any interest in the issued share capital of KWG Living upon completion of the Global Offering.

GENERAL

In connection with the Global Offering (including the Preferential 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 Global Offering (including the Preferential Offering) is conditional upon, amongst others, (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the KWG Living Shares; (ii) the final offer price for the KWG Living Shares in the Global Offering having been agreed between KWG Living and the joint representatives of the Global Offering (for themselves and on behalf of the Underwriters) on or about Thursday, 22 October 2020 and, in any event, no later than Wednesday, 28 October 2020 (the “**Price Determination Date**”); (iii) the execution and delivery of the International Underwriting Agreement on the Price Determination Date; and (iv) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements.

Shareholders and potential investors should be aware that there is no assurance that the Proposed Spin-off, the Global Offering (including the Preferential Offering) and the Conditional Distribution will proceed. Shareholders and potential investors should therefore 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.

This announcement is not intended to, and does not, constitute an offer to sell or a solicitation of an offer to subscribe for or purchase any KWG Living Shares in connection with the Global Offering (including the Preferential Offering) and the Conditional Distribution or otherwise. Any such offer or solicitation is made solely through the Prospectus or other offering documents that may be issued in compliance with applicable laws and any decision to subscribe for or purchase the KWG Living Shares in connection with the Global Offering (including the Preferential Offering) and the Conditional Distribution or otherwise should be made solely on the basis of the information contained in the Prospectus and such other offering documents. No action has been or will be taken in any jurisdiction (other than in Hong Kong) that would permit a public offering of the KWG Living Shares to be offered in the Global Offering (including the Preferential Offering) and the Conditional Distribution in any jurisdiction where action for that purpose is required.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off, the Global Offering (including the Preferential Offering) and the Conditional Distribution as and when appropriate.

DEFINITIONS

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

“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering
“Hong Kong Underwriting Agreement”	the underwriting agreement in relation to the Hong Kong Public Offering entered into by, among others, KWG Living and the Hong Kong Underwriters on 16 October 2020
“International Underwriters”	the underwriters of the International Offering
“International Underwriting Agreement”	the underwriting agreement in relation to the International Offering which is expected to be entered into by, among others, KWG Living and the International Underwriters
“Over-allotment Option”	the option expected to be granted by KWG Living to the International Underwriters, exercisable by the joint representatives of the Global Offering (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which KWG Living may be required to allot and issue up to an aggregate of 57,507,000 additional KWG Living Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any

“SFC” the Securities and Futures Commission

“Underwriters” the Hong Kong Underwriters and the International Underwriters

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

Hong Kong, 19 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.