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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or 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) CONNECTED TRANSACTION INVOLVING  
ISSUE OF NEW SHARES TO CONNECTED PERSONS  
UNDER THE SHARE AWARD SCHEME  
PURSUANT TO SPECIFIC MANDATE**

**(2) RE-ELECTION OF DIRECTOR**

**AND**

**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A notice of the EGM to be held at Centenary Room III, G/F, Marco Polo Hongkong Hotel, Harbour City, No. 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on 9 November 2018 (Friday) at 3:00 p.m. is set out on pages 35 to 37 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to attend and vote at the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and in such event, the form of proxy previously submitted shall be deemed to have revoked.

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from Lego Corporate Finance Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 16 to 28 of this circular.

Hong Kong, 16 October 2018

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## DEFINITIONS

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

“Articles”	the articles of association of the Company as amended from time to time
“Announcement”	announcement of the Company dated 19 January 2018 in relation to the adoption of Share Award Scheme and the grant of Awarded Shares
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Awarded Shares”	the Shares granted by the Company to the Grantees pursuant to the Scheme Rules on 19 January 2018
“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”	2,428,500 Awarded Shares granted by the Company to the Connected Grantees
“Connected Grantees”	the Grantees who are connected with the Company or connected persons of the Company
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the allotment and issue of the Awarded Shares, the Specific Mandate and the transactions contemplated thereunder, and the re-election of a Director
“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

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## DEFINITIONS

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“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 2018 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 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
“Latest Practicable Date”	11 October 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-connected Grantees”	the Grantees who are not connected with the Company or connected persons of the Company
“PRC”	the People’s Republic of China

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## DEFINITIONS

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“Remuneration Committee”	the remuneration committee of the Board, comprising Mr. Tam Chun Fai, Mr. Kong Jianmin and Mr. Li Binhai as at the date of the Announcement
“Scheme Rules”	the rules governing the Share Award Scheme adopted by the Board
“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)
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the capital of the Company
“Specific Mandate”	the specific mandate to be sought from the Shareholders or the Independent Shareholders (as the case may be) at the EGM 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)
“2018 AGM”	the annual general meeting of the Company held on 8 June 2018
“%”	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:*

Mr. Kong Jianmin (*Chairman*)  
Mr. Kong Jiantao  
Mr. Kong Jiannan  
Mr. Tsui Kam Tim  
Mr. Cai Fengjia

*Registered office:*

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

*Independent non-executive Directors:*

Mr. Lee Ka Sze Carmelo *JP*  
Mr. Tam Chun Fai  
Mr. 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

16 October 2018

*To the Shareholders*

Dear Sir or Madam,

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

**(2) RE-ELECTION OF DIRECTOR**

**AND**

**(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**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 the grant of the Awarded Shares pursuant to the Share Award Scheme; and (ii) the announcement of the Company dated 21

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## LETTER FROM THE BOARD

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September 2018 in relation to the Awarded Shares, of which (i) 1,639,500 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) 2,428,500 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 purpose of this circular is to provide 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; (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; (iv) details of the Director to be re-elected at the EGM; and (v) notice convening the EGM.

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

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

On 19 January 2018, the Board has resolved to award 4,393,500 Awarded Shares to 28 Grantees under the Share Award Scheme, of which, 2,338,500 Awarded Shares will be awarded to 18 then Non-connected Grantees, and 2,055,000 Awarded Shares will be awarded to the 10 then Connected Grantees. The Awarded Shares to be granted to the Connected Grantees and/or the Non-connected Grantees shall be satisfied either by the allotment and issue of new Shares to the Trustee, or by existing Shares purchased by the Trustee from the open market in accordance with the Scheme Rules. Further details of the grant of the Awarded Shares are set out in the Announcement.

Since the date of grant and among the Awarded Shares granted under the Share Award Scheme as set out in the Announcement, 325,500 Awarded Shares have lapsed before vesting as at the Latest Practicable Date. Five of the then 18 Non-connected Grantees who were in aggregate awarded 586,500 Awarded Shares were subsequently appointed as directors of certain subsidiaries of the Company prior to the Latest Practicable Date, and therefore such relevant Grantees have become Connected Grantees as at the Latest Practicable Date.

#### **Issue of the new Awarded Shares**

On 21 September 2018, the Board resolved that with respect to the outstanding Awarded Shares granted by the Company to the Grantees on 19 January 2018, (i) 1,639,500 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) 2,428,500 Awarded Shares granted to Connected Grantees shall be satisfied by the allotment and issue of new Shares at par to the Trustee pursuant to the Specific Mandate.

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## LETTER FROM THE BOARD

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The new 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\$12.60 per Share as quoted on the Stock Exchange as of the date of the Announcement, the market value of 1,639,500 new Awarded Shares allotted and issued to the Non-connected Grantees, and the 2,428,500 new Awarded Shares allotted and issued to the Connected Grantees are HK\$20,657,700 and HK\$30,599,100, respectively. Based on the closing price of HK\$5.67 per Share as quoted on the Stock Exchange as of the Latest Practicable Date, the market value of 1,639,500 new Awarded Shares allotted and issued to the Non-connected Grantees, and the 2,428,500 new Awarded Shares allotted and issued to the Connected Grantees are HK\$9,295,965 and HK\$13,769,595, respectively. The aggregate nominal value of the new Awarded Shares is HK\$406,800. 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\$11.416 per Share.

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

### **Vesting date**

The new Awarded Shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 19 January 2019; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 19 January 2020; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 19 January 2021, 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 the Connected Awarded Shares to the Connected Grantees shall be subject to (i) the approval by the Independent Shareholders at the EGM 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.

### **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 2,428,500 new Connected Awarded Shares.



## LETTER FROM THE BOARD

The new 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>HKS</i> <i>(Note 1)</i>	Approximate market value of the Connected Awarded Shares as of the Latest Practicable Date <i>HKS</i> <i>(Note 2)</i>	Approximate percentage of total Shares in issue as at the Latest Practicable Date
Tsui Kam Tim	298,500	3,761,100	1,692,495	0.009
Cai Fengjia	277,500	3,496,500	1,573,425	0.009
12 directors of certain subsidiaries of the Company				
— Chen Guangchuan	192,000	2,419,200	1,088,640	0.006
— Chen Wende	172,500	2,173,500	978,075	0.005
— Huang Yanping	192,000	2,419,200	1,088,640	0.006
— Jin Yanlong	192,000	2,419,200	1,088,640	0.006
— Li Ning	172,500	2,173,500	978,075	0.005
— Liu Bingyang	112,500	1,417,500	637,875	0.004
— Liu Yu	124,500	1,568,700	705,915	0.004
— Mai Lihua	172,500	2,173,500	978,075	0.005
— Ou Jian	172,500	2,173,500	978,075	0.005
— Tang Ling	112,500	1,417,500	637,875	0.004
— Wei Mingchong	112,500	1,417,500	637,875	0.004
— Zhang Min	124,500	1,568,700	705,915	0.004
<b>Total</b>	<b>2,428,500</b>	<b>30,599,100</b>	<b>13,769,595</b>	<b>0.077</b>

*Notes:*

- The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$12.60 as of 19 January 2018, being the date of the Announcement.
- The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$5.67 as of 11 October 2018, being the Latest Practicable Date.

The aggregate of 2,428,500 new Connected Awarded Shares to be allotted and issued by the Company to the Connected Grantees, represent (i) approximately 0.077% of the total number of Shares in issue as at the Latest practicable Date; and (ii) approximately 0.076% of the total number of Shares in issue as enlarged by the allotment and issue of the new 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 new 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.

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## LETTER FROM THE BOARD

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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
Tsui Kam Tim	Executive Director, chief financial officer and the company secretary of the Company	12	Responsible for the financial management and supervision of financial reporting, corporate finance, treasury, tax, risk management including internal control and other finance-related matters
Cai Fengjia	Executive Director, chief executive officer of the Company's real estate business and general manager of the Eastern China District of the Group	11	Responsible for the day-to-day operations management of the Group's real estate business
Chen Guangchuan	Vice president of strategic development of the Group	9	Responsible for the management of strategic investments in China and financial management of the Group
Chen Wende	General manager of the member of the Group in Chongqing	21	Responsible for the overall management and operation of the member of the Group in Chongqing
Huang Yanping	General manager of finance of the Group	10	Responsible for the financial and funds management of the Group
Jin Yanlong	General manager of Northern China District of the Group and general manager of the members of the Group in Beijing and Suzhou	10	Responsible for the overall management and operation of Northern China District (including Beijing, Tianjin and Jinan) and members of the Group in Beijing and Suzhou
Li Ning	General manager of product research and development of the Group	8	Responsible for the product development and design of the Group
Liu Bingyang	General manager of the member of the Group in Shanghai	1	Responsible for the overall management and operation of the member of the Group in Shanghai

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## LETTER FROM THE BOARD

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<b>Name of Connected Grantee</b>	<b>Position</b>	<b>Year of services</b>	<b>Responsibility</b>
Liu Yu	Chairman of the member of the Group in Hainan and marketing director of Northern China District and Southwest District of China of the Group	3	Responsible for the operation management of the member of the Group in Hainan and the management of marketing in the Northern and Southwest District of China
Mai Lihua	Chairman of the member of the Group in Foshan, and deputy general manager of the South China District of the Group	17	Responsible for the project development and business development of the Group in the South China District
Ou Jian	General manager of the member of the Group in Nanning	5	Responsible for the overall management and operation of the member of the Group in Nanning
Tang Ling	General manager of the member of the Group in Xian	10	Responsible for the overall management and operation of the member of the Group in Xian
Wei Mingchong	General manager of the member of the Group in Zhongshan	8	Responsible for the overall management and operation of the member of the Group in Zhongshan
Zhang Min	Chairman of the member of the Group in Hefei, and the marketing director of the Eastern China District of the Group	3	Responsible for the overall management and operation of the member of the Group in Hefei and the management of marketing in the Eastern China district

## LETTER FROM THE BOARD

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

Name of shareholder	As at the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Connected Awarded Shares (assuming no other change in the issued share capital of the Company)	
	Number	%	Number	%
Plus Earn Consultants Limited (“ <b>Plus Earn</b> ”) (Note 1)	1,623,100,000	51.159%	1,623,100,000	51.094%
Hero Fine Group Limited (“ <b>Hero Fine</b> ”) (Note 2)	281,455,652	8.871%	281,455,652	8.860%
Right Rich Consultants Limited (“ <b>Right Rich</b> ”) (Note 3)	75,000,000	2.364%	75,000,000	2.361%
Excel Wave Investments Limited (“ <b>Excel Wave</b> ”) (Note 4)	1,109,587	0.035%	1,109,587	0.035%
Wealth Express Investments Limited (“ <b>Wealth Express</b> ”) (Note 5)	980,100	0.031%	980,100	0.031%
Mr. Tam Chun Fai	30,000	0.001%	30,000	0.001%
Mr. Lee Ka Sze, Carmelo	30,000	0.001%	30,000	0.001%
Ms. Xia Yibing (Note 6)	112,000	0.004%	112,000	0.004%
<b>Sub-total</b>	<b>1,981,817,339</b>	<b>62.466%</b>	<b>1,981,817,339</b>	<b>62.386%</b>
<b>Connected Grantees</b>				
Tsui Kam Tim	0	0%	298,500	0.009%
Cai Fengjia	0	0%	277,500	0.009%
Chen Guangchuan	0	0%	192,000	0.006%
Chen Wende	0	0%	172,500	0.005%
Huang Yanping	0	0%	192,000	0.006%
Jin Yanlong	0	0%	192,000	0.006%
Li Ning	0	0%	172,500	0.005%
Liu Bingyang	0	0%	112,500	0.004%
Liu Yu	0	0%	124,500	0.004%
Mai Lihua	0	0%	172,500	0.005%
Ou Jian	0	0%	172,500	0.005%
Tang Ling	0	0%	112,500	0.004%
Wei Mingchong	0	0%	112,500	0.004%
Zhang Min	0	0%	124,500	0.004%
<b>Non-connected Grantees</b>			<b>1,639,500</b>	<b>0.052%</b>
<b>Sub-total</b>	<b>0</b>	<b>0%</b>	<b>4,068,000</b>	<b>0.128%</b>
<b>Public shareholders</b>	<b>1,190,834,417</b>	<b>37.534%</b>	<b>1,190,834,417</b>	<b>37.486%</b>
<b>Total</b>	<b>3,172,651,756</b>	<b>100%</b>	<b>3,176,719,756</b>	<b>100%</b>

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## LETTER FROM THE BOARD

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*Notes:*

1. Plus Earn is legally and beneficially owned as to 76.5% by Mr. Kong Jianmin, as to 15% by Mr. Kong Jiantao and as to 8.5% by Mr. Kong Jiannan.
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 76.5% by Mr. Kong Jianmin, as to 15% by Mr. Kong Jiantao and as to 8.5% by Mr. Kong Jiannan.
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. Ms. Xia Yibing is the spouse of Mr. Cai Fengjia.

### **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.

### **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 Suzhou, Chengdu, Beijing, Tianjin, Shanghai, Nanning, Hangzhou, Hainan, Hefei, Foshan, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Nanjing, Shenzhen, Changshu, Lishui, Chongqing, Taicang, Wuxi 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 considers that the award of the Awarded Shares to the Grantees recognizes and motivates the contributions by certain Eligible Participants (as defined under the Scheme Rules) and to give incentives thereto in order to retain them for the continual operation and development of the Group. The Directors had taken into account various alternatives, including cash bonuses and share options. Among these alternatives, 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. 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. In this regard, the Directors consider 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.

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## LETTER FROM THE BOARD

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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 Date. 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 Grantees are Directors and directors of certain subsidiaries of the Company, the Connected Grantees are connected persons of the Company. Therefore, 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 an extraordinary general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, save for the spouse of Mr. Cai Fengjia holding 112,000 Shares as at 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 EGM.

Each of Mr. Tsui Kam Tim and Mr. Cai Fengjia has abstained from approving the relevant board resolution on the allotment and issue of the Connected Awarded Shares to them under the Share Award Scheme.

### RE-ELECTION OF DIRECTOR

Pursuant to article 86(3) of the Articles of the Company, Mr. Cai Fengjia, who was appointed as an executive Director with effect from 3 September 2018, shall hold office until the EGM and will offer himself for re-election at the EGM. Mr. Cai Fengjia joined the Group in May 2007 and has served as the deputy general manager of its Suzhou's real estate sector, the general manager of its Hangzhou's real estate sector and general manager of Eastern China District. He was appointed as chief executive officer of real estate business of the Group, being the principal business of the Group, in December 2017. Given his solid experience in the Group's business and continuous contribution to the Group, the Board considers that the re-election of Mr. Cai Fengjia is in the best interests of the Company and the Shareholders. A resolution will be proposed at the EGM to re-elect Mr. Cai Fengjia as an executive Director, and his details are set out in Appendix II to this circular.

### EGM

A notice of the EGM is set out on pages 35 to 37 of this circular, containing, *inter alia*, the special resolution in relation to approving the allotment and issue of the new Connected Awarded Shares and the Specific Mandate, and the ordinary resolution in relation to the re-election of a Director at the EGM.

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed for registration of transfer of Shares from 5 November 2018 (Monday) to 9 November 2018 (Friday), both days inclusive, during which

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## LETTER FROM THE BOARD

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period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 2 November 2018 (Friday).

### FORM OF PROXY

A form of proxy for the EGM is despatched to the Shareholders with this circular. Whether or not you intend to attend and vote at the EGM in person, you are requested to complete and sign the form of proxy and return it to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion of a form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person should you so wish and in such event the form of proxy previously submitted shall be deemed to have revoked.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, 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 resolution set out in the notice of the EGM will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy or, in the case of a Shareholder being a corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

### RECOMMENDATION

In view of the reasons for and benefits of the award of the Awarded shares as set out in the paragraphs headed "Reasons for the award of the 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 resolution to be proposed at the EGM 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 16 to 28 of this circular.

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## LETTER FROM THE BOARD

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In view of the reasons for and benefits of the re-election of Mr. Cai Fengjia as an executive Director as set out in the paragraphs headed “Re-election of Director” above, the Board considers that the re-election of Mr. Cai Fengjia is in the best interests of the Company as well as the Shareholders. Accordingly, the Board also recommends the Shareholders to vote in favor of the ordinary resolution to be proposed at the EGM to re-elect Mr. Cai Fengjia as an executive Director.

### GENERAL

Your attention is drawn to the general information set out in the appendix to this circular.

By order of the Board  
**KWG Group Holdings Limited**  
**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)**

16 October 2018

*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 16 October 2018 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 Limited 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 16 to 28 of the Circular. Your attention is also drawn to the letter from the Board 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 resolution to be proposed at the EGM 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**

**Mr. Lee Ka Sze, Carmelo JP**

**Mr. Tam Chun Fai**

**Mr. Li Binhai**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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.*



16 October 2018

*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 16 October 2018 (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 19 January 2018, the Board resolved to award 4,393,500 Awarded Shares to 28 Grantees under the Share Award Scheme, of which 2,338,500 Awarded Shares were awarded to 18 then Non-connected Grantees, and 2,055,000 Awarded Shares were awarded to 10 then Connected Grantees. Since the date of grant, five of the 18 then Non-connected Grantees who were in aggregate awarded 586,500 Awarded Shares were subsequently appointed as directors of certain subsidiaries of the Company and such relevant Grantees have become Connected Grantees. On 21 September 2018, the Board resolved that the 2,428,500 Awarded Shares granted to the 15 Connected Grantees shall be satisfied by the allotment and issue of new Shares pursuant to the Specific Mandate.

As the Connected Grantees are Directors and/or directors of certain subsidiaries of the Company, the Connected Grantees are connected persons of the Company. Therefore, 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder with a material interest in the transaction is required to abstain from voting on the relevant resolution at the EGM, as such, the Connected Grantees and their respective associates who are Shareholders are required to abstain from voting on the resolution to approve the allotment and issue of the Connected Awarded Shares to the Connected Grantees and the transactions contemplated thereunder at the EGM.

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 EGM 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 at 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, there was no engagement between the Group and Lego Corporate Finance. Apart from normal professional fees paid or payable to us in connection with this appointment 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 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

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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 Latest Practicable Date.

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 Suzhou, Chengdu, Beijing, Tianjin, Shanghai, Nanning, Hangzhou, Hainan, Hefei, Foshan, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Nanjing, Shenzhen, Changshu, Lishui, Chongqing, Taicang, Wuxi and Hong Kong. The Group operates its business through four segments, including property development, property investment, hotel operation and property management.

The following table is a summary of the consolidated financial information of the Company for the years ended 31 December 2016 and 2017 and the six months ended 30 June 2017 and 2018, as extracted from the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2018 (the “**2018 Interim Report**”), respectively.

	Year ended 31 December		Six months ended 30 June	
	2017	2016	2018	2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	11,543,072	8,865,329	3,463,738	7,856,615
— <i>Property development</i>	10,432,094	7,922,956	2,853,411	7,333,972
— <i>Property investment</i>	231,166	182,411	134,747	128,709
— <i>Hotel operation</i>	424,479	389,839	222,704	198,295
— <i>Property management</i>	455,333	370,123	252,876	195,639
Gross profit	4,019,932	3,070,349	1,077,884	2,827,281
Profit for the year/ period	3,605,013	3,461,606	2,164,218	1,554,466

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As illustrated in the table above, revenue of the Group amounted to approximately RMB11,543 million for the year ended 31 December 2017, representing an increase of approximately 30.2% as compared to that of approximately RMB8,865 million for the prior year. According to the 2017 Annual Report, such increase was mainly attributable to the increase in revenue generated from the property investment segment due to an increase in total gross floor area delivered and increase in recognised average selling price in 2017 as more offices with higher average selling price were delivered during the year. Revenue generated from other segments also increased significantly in 2017 as compared to the prior year. For the property investment segment, revenue increased by approximately 26.7% to approximately RMB231 million for the year ended 31 December 2017 as compared to the prior year, which was primarily due to the increase in leased investment properties during the year. For the hotel operation segment, revenue increased by approximately 8.9% to approximately RMB424 million for the year ended 31 December 2017 as compared to the prior year as there was an increase in occupancy rate of the Group's hotels. Due to an increase in the number of properties under management and increased proportion of commercial properties under management with higher management fee per square metre, revenue generated from property management increased by approximately 23.0% to approximately RMB455 million for the year ended 31 December 2017 as compared to the prior year. Due to the aforementioned reasons for the increase in revenue, gross profit and net profit of the Group increased from approximately RMB3,070 million and RMB3,462 million for the year ended 31 December 2016 to approximately RMB4,020 million and RMB3,605 million for the year ended 31 December 2017, respectively.

For the six months ended 30 June 2018, revenue of the Group decreased by approximately 55.9% from approximately RMB7,857 million for the six months ended 30 June 2017 to approximately RMB3,464 million. According to the 2018 Interim Report, such decrease was primarily due to the decrease in revenue generated from sales of properties under the property development segment due to change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2017, during which higher proportion of offices with relatively higher average selling price were delivered. Notwithstanding the decrease in revenue for the period, the Group speeded up construction of new projects and it is expected that the sellable resources value of the Group will be approximately RMB110 billion in 2018 based on the Group's existing land bank, new construction scheduled and launch plan of properties. In addition, other than the property development segment, the Group recorded increase in revenue in each of the segments of property investment, hotel operation and property management as compared to the corresponding period in the prior year. Moreover, the Group recognised other income of approximately RMB1,167 million from the disposal of the entire equity interest in a project company, which was considered as sales of properties in substance and conducted under its ordinary course of business by the management of the Group. Together with a significant net fair value gain on investment properties of various leasable

commercial properties of approximately RMB1,186 million recognised for the period, profit of the Group increased by approximately 39.2% to approximately RMB2,164 million for the six months ended 30 June 2018.

## **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 and motivate 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) to attract suitable personnel for further development of the Group; and (iii) to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Participants. The aggregate of 2,428,500 Connected Awarded Shares to be allotted and issued by the Company to the Connected Grantees represent (i) approximately 0.077% of the total number of Shares in issue as at the Latest Practicable Date; and (ii) approximately 0.076% 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 of approximately 0.077% to the existing shareholding of the Company. The Board considers that the award of the Awarded Shares to the Grantees recognises and motivates 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.

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The Connected Grantees include two executive Directors and 12 directors of certain subsidiaries of the Company. Set out below summarises the information of the Connected Grantees and the Connected Awarded Shares to be allotted and issued to them:

Connected Grantees	Length of service in the Group <i>(approximate years)</i>	Number of Connected Awarded Shares	Value of the Connected Awarded Shares as at the date of grant <i>(Note)</i> HK\$
<i>Executive Directors</i>			
Mr. Tsui Kam Tim	12	298,500	3,761,100
Mr. Cai Fengjia	11	277,500	3,496,500
<i>Directors of certain subsidiaries of the Company</i>			
Mr. Chen Guangchuan	9	192,000	2,419,200
Mr. Chen Wende	21	172,500	2,173,500
Ms. Huang Yanping	10	192,000	2,419,200
Mr. Jin Yanlong	10	192,000	2,419,200
Mr. Li Ning	8	172,500	2,173,500
Mr. Liu Bingyang	1	112,500	1,417,500
Mr. Liu Yu	3	124,500	1,568,700
Ms. Mai Lihua	17	172,500	2,173,500
Mr. Ou Jian	5	172,500	2,173,500
Mr. Tang Ling	10	112,500	1,417,500
Mr. Wei Mingchong	8	112,500	1,417,500
Mr. Zhang Min	3	124,500	1,568,700
<b>Total</b>		<u>2,428,500</u>	<u>30,599,100</u>

*Note:* The market values of the Connected Awarded Shares are calculated based on the closing price of HK\$12.6 per Share as at 19 January 2018, being the date of grant.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We have enquired the Company as to the experiences, roles and responsibilities of the Connected Grantees and were advised that the Connected Grantees include Directors, management of the Group and management of regional subsidiaries of the Group. Please refer to the paragraph headed “Issue of Connected Awarded Shares to Connected Grantees” in the Letter from the Board for details of the position, roles and responsibilities of the Connected Grantees. 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 for at least one year and up to 21 years with an average of approximately nine years, and their responsibilities mainly include overseeing the overall operation or projects of the Group. Each of the Connected Grantees also possess 12 to 33 years of experience in property development and investment or experiences related to their functions. As stated in the paragraph headed “Information on the Group” above, the Group recorded satisfactory financial and operational performance in 2017 and the first half of 2018, and we were advised that each of the Connected Grantees were major contributors who oversaw the overall operation or were responsible for the projects which contributed to the achievement of such results, and are expected to continue to play important roles in the future business of the Group. Having regard to the key management roles of the Connected Grantees which are essential to the operations of the Group and given that the Connected Grantees were the major contributors for the Group for achieving satisfactory financial performance in 2017, we consider the grant of Connected Awarded Shares 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. 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, 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 value of the Connected Awarded Shares based on the closing price per Share on the date of grant represents at least six times of the average monthly remuneration of the Connected Grantees based on their remuneration in 2017. In this regard, we noted from a survey published by a recognised recruitment website in Hong Kong that the average annual performance bonus



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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of top and senior management in the building and construction business sector amounted to approximately three times of the monthly remuneration in 2017. Taking into consideration that the value of the Connected Awarded Shares was higher than the industry average while they will only be fully vested in three years from date of grant and the Awarded Shares will entitle the 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 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 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. We were further advised that the Group had adopted a staff co-investment scheme during 2017 which features the sharing of return and risk, for the purpose of strengthening motivation of the Group's management and staff as well as stimulating self-motivation of core staff in research and development, investment decisions and operation department. The scheme was fully implemented for all new projects and new phases of existing projects, in which senior management and project core staff are mandatory to

participate while other staff can join on a voluntary basis. The Company considered that the scheme had aligned the benefits of the Group's senior management and project core staff with that of the Group as more prudent and rational consideration will be given by the staff to current and future decisions which would enable higher operating efficiency and create greater value for projects and the Group. Likewise, as the economic benefits of the Connected Awarded Shares to the Connected Grantees are dependent on the performances of the Group, the Directors are of the view that the allotment and issue of the Connected Awarded Shares will further align the interests of the Connected Grantees with those of the Company and the Shareholders.

In view of the foregoing reasons for and possible benefits of the allotment and issue of the Connected Awarded Shares to Connected Grantees, we are of the opinion that the allotment and issue of the Connected Awarded Shares to Connected Grantees is in the interests of the Company and the Shareholders as a whole.

## **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 EGM 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 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 in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 19 January 2019; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 19 January 2020; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 19 January 2021, 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.

***Comparison with share award schemes of other companies***

To assess the fairness and reasonableness of the terms of the issue and allotment of the Connected Awarded Shares, we have, to our best effort and knowledge, identified eight 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 include connected persons in the six months period immediately before the Board resolved to grant the Awarded Shares (i.e. the period from 20 July 2017 to 19 January 2018) (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. However, we consider that the Comparable Grants could provide the Independent Shareholders a general reference for the market practice of companies granting awarded shares at the time the Connected Awarded

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**LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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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:

<b>Company name (stock code)</b>	<b>Date of announcement</b>	<b>Grantee(s)</b>	<b>Vesting date/period</b>
Jingrui Holdings Limited (1862)	1 January 2018	10 grantees, including 4 connected persons	1/3 on 1 January 2018 1/3 on 1 January 2019 1/3 on 1 January 2020
Galaxy Entertainment Group Limited (27)	27 December 2017	certain grantees, including 5 connected persons	30.8% on 27 December 2018 30.8% on 27 December 2019 38.4% on 27 December 2020
SITC International Holdings Company Limited (1308)	22 December 2017	518 grantees, including 9 connected persons	22 December 2020
Li Ning Company Limited (2331)	20 December 2017	certain grantees, including 1 connected person	20% on 1 September 2019 40% on 1 September 2020 40% on 1 September 2021
Huan Yue Interactive Holdings Limited (505)	13 December 2017	100 grantees, including 9 connected persons	in three tranches in each of 2017, 2018 and 2019
Alibaba Pictures Group Limited (1060)	27 October 2017	304 grantees, including 2 connected persons	not disclosed
Da Ming International Holdings Limited (1090)	20 October 2017	96 grantees, including 3 connected persons and certain family members/ relatives of certain connected persons	27 October 2017
Esprit Holdings Limited (330)	3 October 2017	certain grantees, including 2 connected persons	50% on 3 October 2019 50% on 3 October 2020
<b>The Company</b>	<b>19 January 2018</b>	<b>26 grantees, including 14 connected persons</b>	<b>1/3 on 19 January 2019 1/3 on 19 January 2020 1/3 on 19 January 2021</b>

As shown from the table above, the vesting period of the Comparable Grants ranged from seven days to approximately three years and eight months, and were generally vested in tranches in interval of consecutive years. The vesting period of the Connected Awarded Shares shall be vested in three tranches from 2019 to 2021, and hence falls within the range of the Comparable Grants and is in line with the market.

In light of (i) the reasons for and benefits of the grant of the Connected Awarded Shares; and (ii) the vesting period of the Connected Awarded Shares falls within the range of the Comparable Grants and is in line with the market, 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\$12.6 per Share as quoted on the Stock Exchange on 19 January 2018, 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\$30.6 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 2021 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 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 EGM 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**  
**Gary Mui**  
*Chief Executive Officer*

*Mr. Gary Mui 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 SFO. He has over 19 years of experience in the finance and investment banking industry.*

## 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 inquiries, 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 at 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 or its associated corporations (within the meaning of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise 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, were as follows:

### Long positions in ordinary shares and debentures of the Company:

Name of Director	Nature of Interests	Number of Shares held	Approximate percentage of shareholding (Note 1)
Mr. Kong Jianmin (Notes 2, 3 and 4)	Interest of controlled corporations	1,979,555,652	62.39%
Mr. Kong Jiantao (Notes 2, 3, 5 and 6)	Interest of controlled corporations	1,700,189,687	53.59%
Mr. Kong Jiannan (Notes 2 and 3)	Interest of controlled corporations	1,698,100,000	53.52%
Mr. Tsui Kam Tim (Note 7)	Beneficial owner	298,500	0.009%
Mr. Cai Fengjia (Note 8)	Beneficial owner	277,500	0.009%
	Interest of spouse	112,000	0.004%
Mr. Tam Chun Fai	Beneficial owner	30,000	0.001%
Mr. Lee Ka Sze, Carmelo	Beneficial owner	30,000	0.001%

#### Notes:

- As at the Latest Practicable Date, total number of Shares in issue is 3,172,651,756 share.
- Plus Earn Consultants Limited (“**Plus Earn**”) is legally and beneficially owned as to 76.5% by Mr. Kong Jianmin, as to 15% by Mr. Kong Jiantao and as to 8.5% by Mr. Kong Jiannan. Therefore, Messrs. Kong Jianmin, Kong Jiantao and Kong Jiannan are deemed to be interested in 1,623,100,000 shares through their interests in Plus Earn. Each of Messrs. Kong Jianmin, Kong Jiantao and Kong Jiannan is a director of Plus Earn.



3. Right Rich Consultants Limited (“**Right Rich**”) is legally and beneficially owned as to 76.5% by Mr. Kong Jianmin, as to 15% by Mr. Kong Jiantao and as to 8.5% by Mr. Kong Jiannan. Therefore, Messrs. Kong Jianmin, Kong Jiantao and Kong Jiannan are deemed to be interested in 75,000,000 shares through their interests in Right Rich. Each of Messrs. Kong Jianmin, Kong Jiantao and Kong Jiannan is a director of Right Rich.
4. Hero Fine Group Limited (“**Hero Fine**”) is legally and beneficially owned as to 100% by Mr. Kong Jianmin and Mr. Kong Jianmin is therefore deemed to be interested in 281,455,652 shares through his interests in Hero Fine. Mr. Kong Jianmin is the sole director of Hero Fine.
5. Excel Wave Investments Limited (“**Excel Wave**”) is legally and beneficially owned as to 100% by Mr. Kong Jiantao and Mr. Kong Jiantao is therefore deemed to be interested in 1,109,587 shares through his interest in Excel Wave. Mr. Kong Jiantao is the sole director of Excel Wave.
6. Wealth Express Investments Limited (“**Wealth Express**”) is legally and beneficially owned as to 100% by Mr. Kong Jiantao and Mr. Kong Jiantao is therefore deemed to be interested in 980,100 shares through his interest in Wealth Express. Mr. Kong Jiantao is the sole director of Wealth Express.
7. The 298,500 awarded shares are granted by the Company to Mr. Tsui Kam Tim pursuant to the Share Award Scheme.
8. The 277,500 awarded shares are granted by the Company to Mr. Cai Fengjia pursuant to the Share Award Scheme.

**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
Mr. Kong Jianmin	Plus Earn	765	76.50%
	Right Rich	765	76.50%
Mr. Kong Jiantao	Plus Earn	150	15.00%
	Right Rich	150	15.00%
Mr. Kong Jiannan	Plus Earn	85	8.50%
	Right Rich	85	8.50%

As at 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 would have to be 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), or which were required to be and are recorded in the register required to be kept by the Company pursuant to section 352 of the



SFO, or which were required to be 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 2017, 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

#### Long position in the Shares, underlying shares and debentures of the Company

So far as is known to any directors or chief executive of the Company, as at 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 "Interests and Short Positions of the Directors and Chief Executive in Shares and Underlying Shares and Debentures of the Company" 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	Percentage of issued share capital <i>(Note 1)</i>
Plus Earn <i>(Note 2)</i>	Beneficial owner	1,623,100,000	51.16%
Hero Fine <i>(Note 3)</i>	Beneficial owner	281,455,652	8.87%

*Notes:*

1. As at the Latest Practicable Date, total issued share capital of the Company is 3,172,651,756 shares.
2. Plus Earn is legally and beneficially owned as to 76.5% by Mr. Kong Jianmin, as to 15% by Mr. Kong Jiantao and as to 8.5% by Mr. Kong Jiannan.
3. Hero Fine is legally and beneficially owned as to 100% by Mr. Kong Jianmin.

Save as disclosed above, as at 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 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.

## 6. MATERIAL ADVERSE CHANGE

As at 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 2017, 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 at 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:

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

As at 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 2017 (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, 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. Tsui Kam Tim, 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 EGM:

- (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 15 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 16 to 28 of this circular;
- (d) the letter of consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix;
- (e) the memorandum and articles of association of the Company;
- (f) the annual reports of the Company for the two financial years ended 31 December 2016 and 2017 respectively; and
- (g) this circular.

The following are the particulars of Mr. Cai Fengjia (“**Mr. Cai**”) who is proposed to be re-elected as an executive Director at the EGM:

Mr. Cai, aged 48, is the chief executive officer of the Company’s real estate business. Mr. Cai graduated from Hunan University with a bachelor’s degree in architecture and is a registered architect. Mr. Cai joined the Group in May 2007 and has served as the deputy general manager of its Suzhou real estate sector, the general manager of its Hangzhou real estate sector and the general manager of Eastern China District. He was appointed as the chief executive officer of the real estate business of the Company in December 2017. Prior to joining the Group, Mr. Cai worked in Guangdong Provincial Architectural Design Institute from 1992 to 2005.

The Company has entered into a service agreement (the “**Service Agreement**”) with Mr. Cai in relation to his appointment as an executive Director of the Company for a term of three years commencing on 3 September 2018 which is determinable by either party serving on the other not less than three months’ written notice, subject to retirement by rotation and re-election in accordance with the Articles and the Listing Rules. Pursuant to the Service Agreement, Mr. Cai will be entitled to receive a basic annual director’s fee of HK\$400,000. In addition, he is also entitled to participate in the Company’s medical benefit, accident insurance scheme, share option scheme, Share Award Scheme and pension scheme.

As at the Latest Practicable Date of this circular, Mr. Cai is interested in a total of 389,500 Shares by virtue of Part XV of the SFO, comprising (i) 277,500 Shares granted by the Company to him under the Share Award Scheme; and (ii) 112,000 Shares held by the spouse of Mr. Cai.

Save as disclosed above and as at the Latest Practicable Date, (i) Mr. Cai does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company; (ii) Mr. Cai has not held any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the past three years or other major appointments and professional qualifications; and (iii) Mr. Cai does not have, and is not deemed to have, any interests in any shares, underlying shares or debentures (as defined by Part XV of the SFO) of the Company.

Save as disclosed above, there are no other matters concerning the appointment of Mr. Cai that need to be brought to the attention of the shareholders of the Company, nor is there any information relating to Mr. Cai that is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules.



**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 an extraordinary general meeting (the “EGM”) of **KWG GROUP HOLDINGS LIMITED** (the “Company”) will be held at Centenary Room III, G/F, Marco Polo Hongkong Hotel, Harbour City, No. 3 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong on 9 November 2018 (Friday) at 3:00 p.m. for the following purposes:

**ORDINARY RESOLUTIONS**

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

**“THAT**

1. (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in an aggregate of 2,428,500 new shares of the Company (the “**Connected Awarded Shares**”), the directors of the Company (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, 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 EGM marked “A” and signed by the chairman of the EGM 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;
2. the grant of 298,500 Connected Awarded Shares pursuant to the Scheme to Mr. Tsui Kam Tim be and is hereby approved and confirmed;
3. the grant of 277,500 Connected Awarded Shares pursuant to the Scheme to Mr. Cai Fengjia be and is hereby approved and confirmed;

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## NOTICE OF EGM

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4. the grant of 192,000 Connected Awarded Shares pursuant to the Scheme to Mr. Chen Guangchuan be and is hereby approved and confirmed;
5. the grant of 172,500 Connected Awarded Shares pursuant to the Scheme to Mr. Chen Wende be and is hereby approved and confirmed;
6. the grant of 192,000 Connected Awarded Shares pursuant to the Scheme to Ms. Huang Yanping be and is hereby approved and confirmed;
7. the grant of 192,000 Connected Awarded Shares pursuant to the Scheme to Mr. Jin Yanlong be and is hereby approved and confirmed;
8. the grant of 172,500 Connected Awarded Shares pursuant to the Scheme to Mr. Li Ning be and is hereby approved and confirmed;
9. the grant of 112,500 Connected Awarded Shares pursuant to the Scheme to Mr. Liu Bingyang be and is hereby approved and confirmed;
10. the grant of 124,500 Connected Awarded Shares pursuant to the Scheme to Mr. Liu Yu be and is hereby approved and confirmed;
11. the grant of 172,500 Connected Awarded Shares pursuant to the Scheme to Ms. Mai Lihua be and is hereby approved and confirmed;
12. the grant of 172,500 Connected Awarded Shares pursuant to the Scheme to Mr. Ou Jian be and is hereby approved and confirmed;
13. the grant of 112,500 Connected Awarded Shares pursuant to the Scheme to Mr. Tang Ling be and is hereby approved and confirmed;
14. the grant of 112,500 Connected Awarded Shares pursuant to the Scheme to Mr. Wei Mingchong be and is hereby approved and confirmed;
15. the grant of 124,500 Connected Awarded Shares pursuant to the Scheme to Mr. Zhang Min be and is hereby approved and confirmed; and
16. the re-election of Mr. Cai Fengjia as an executive Director of the Company be and is hereby approved and confirmed.”

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

Hong Kong, 16 October 2018

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## NOTICE OF EGM

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**Notes:**

- (1) Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or (or if such shareholder is the holder of two or more Share) more than one proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- (2) In the case of joint holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- (3) To be valid, the instrument appointing a proxy and (if required by the board of the directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the office of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. The completion and return of the form of proxy shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish, and in such event, the form of proxy previously submitted shall be deemed to have revoked.
- (4) For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed for registration of transfer of Shares from 5 November 2018 (Monday) to 9 November 2018 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer document(s), accompanied by the relevant share certificate(s), must be lodged with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 2 November 2018 (Friday).
- (5) As at the date of this notice, the Board comprises eight Directors, of which Mr. Kong Jianmin (Chairman), Mr. Kong Jiantao, Mr. Kong Jiannan, Mr. Tsui Kam Tim 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.