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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 to the purchaser, the transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the 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) GENERAL MANDATES TO ISSUE SHARES AND
TO BUY BACK SHARES;**
- (2) RE-ELECTION OF RETIRING DIRECTORS;**
- (3) CONNECTED TRANSACTION INVOLVING ISSUE OF
NEW SHARES TO CONNECTED PERSONS UNDER THE
SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE;**
- AND**
- (4) NOTICE OF ANNUAL GENERAL MEETING**

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



A letter from the Board is set out on pages 5 to 16 of this circular.

A notice convening the annual general meeting of the Company (the "AGM") to be held at 3:00 p.m. on Thursday, 6 June 2019 at Salon 1-3, JW Marriott Ballroom (Level 3), JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong is set out at pages 47 to 52 of this circular. A form of proxy for use at the AGM is also enclosed.

Whether or not you intend to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the said meeting or any adjourned meeting thereof should you so wish.

7 May 2019

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at Salon 1–3, JW Marriott Ballroom (Level 3), JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 6 June 2019 at 3:00 p.m., for the purpose of considering and if thought fit, approving the resolutions proposed in this circular
“AGM Notice”	the notice convening the AGM as set out on pages 47 to 52 of this circular
“Announcement”	announcement of the Company dated 8 April 2019 in relation to the grant of Awarded Shares
“Articles”	the articles of association of the Company as amended from time to time
“Awarded Shares”	the Shares granted by the Company to the Grantees pursuant to the Scheme Rules on 8 April 2019
“Board”	the board of Directors
“Buy-back Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to buy back Shares in issue up to a maximum of 10% of the total number of issued Shares as at the date of passing of the relevant resolutions
“Companies Law”	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Company”	KWG Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Connected Awarded Shares”	922,500 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

DEFINITIONS

“Eligible Participant”	any Employee and non-executive director of the Company and/or any member of the Group (excluding any Excluded Participants) who, in the sole opinion of the Board, will contribute or have contributed to the Company and/or any member of the Group
“Employee”	any employee (whether full time or part time, including without limitation any executive director) of the Company and/or any member of the Group
“Excluded Participant”	any Employee and non-executive director of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the Company and/or the relevant member of the Group
“General Mandate”	a general and unconditional mandate to be granted to the Directors to allot, issue and otherwise deal with new share and other securities not exceeding the sum of 20% of the total number of issued Shares as at the date of passing of the relevant resolutions, and the number of Shares bought back by the Company (if any) pursuant to the Buy-back Mandate
“Grantees”	the selected participants awarded the Awarded Shares under the Share Award Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, 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

DEFINITIONS

“Latest Practicable Date”	30 April 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Previous Awarded Shares”	the Shares granted by the Company to the selected participants under the Share Award Scheme on 19 January 2018 and 18 October 2018, details relating to which are set out in the announcements of the Company dated 19 January 2018, 21 September 2018 and 18 October 2018
“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
“RMB”	Renminbi, the lawful currency of the PRC
“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(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“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 Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders or the Independent Shareholders (as the case may be) at the AGM to grant the authority to the Board for the allotment and issue of the Connected Awarded Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“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

7 May 2019

To the Shareholders:

Dear Sir or Madam,

- (1) GENERAL MANDATES TO ISSUE SHARES AND
TO BUY BACK SHARES;**
(2) RE-ELECTION OF RETIRING DIRECTORS;
**(3) CONNECTED TRANSACTION INVOLVING ISSUE OF
NEW SHARES TO CONNECTED PERSONS UNDER THE
SHARE AWARD SCHEME PURSUANT TO SPECIFIC MANDATE;**
AND
(4) NOTICE OF ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide you with the information regarding certain resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions. At the AGM, resolutions, among others, will be proposed for the Shareholders to approve (i) the General Mandate and the Buy-back Mandate; (ii) the re-election of the retiring Directors; and (iii) the connected transaction involving issue of new Shares to connected persons under the Share Award Scheme. These resolutions will be proposed at the AGM and are set out in the AGM Notice as contained in this circular.

2. GENERAL MANDATE AND BUY-BACK MANDATE

At the annual general meeting of the Company held on 8 June 2018, the Directors were granted general mandates (i) to allot and issue Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the relevant resolutions; and (ii) to buy back Shares up to 10% of the total number of issued Shares as at the date of the passing of the relevant resolutions. Such mandates will be expired at the conclusion of the forthcoming AGM. The Directors believe that renewals of these mandates are in the interests of the Company and Shareholders as a whole. Therefore, at the AGM, ordinary resolutions will be proposed as follows:

- (a) to grant the General Mandate to the Directors to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the total number of issued Shares as at the date of passing the resolution. The General Mandate will end on the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, or any applicable laws of the Cayman Islands to be held; or (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution. Based on 3,174,071,756 Shares in issue as of the Latest Practicable Date and assuming no further Shares will be issued or bought back prior to the date of the AGM, the Directors will be authorised to issue up to 634,814,351 Shares under the General Mandate;
- (b) to grant the Buy-back Mandate to the Directors to exercise all powers of the Company to buy back issued Shares subject to the criteria set out in this circular. Under such Buy-back Mandate, the maximum number of Shares that the Company may be bought back shall not exceed 10% of the total number of issued Shares as at the date of passing the resolution. As of the Latest Practicable Date, the number of Shares in issue of the Company is 3,174,071,756 Shares. Subject to the passing of the proposed ordinary resolution approving the granting of the Buy-back Mandate and no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 317,407,175 Shares, being 10% of the Shares in issue as at the date of passing of the resolution in relation thereof. The Buy-back Mandate will end on the earliest of (i) the conclusion of the next annual general meeting of the

LETTER FROM THE BOARD

Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, or any applicable laws of the Cayman Islands to be held; or (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution; and

- (c) subject to the passing of the aforesaid ordinary resolutions of the General Mandate and the Buy-back Mandate, to extend the number of Shares to be issued and allotted under the General Mandate by an additional number representing such number of Shares bought back under the Buy-back Mandate.

In accordance with the Listing Rules, an explanatory statement is set out in Appendix I to this circular to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolution to renew the grant of the Buy-back Mandate at the AGM.

3. RE-ELECTION OF RETIRING DIRECTORS

Pursuant to article 87(1) and 87(2) of the Articles, each of Messrs. Kong Jianmin, Kong Jiantao and Lee Ka Sze, Carmelo, *JP*, will retire from office as Directors, by rotation at the AGM and being eligible, offer themselves for re-election. At the AGM, ordinary resolutions will be proposed to re-elect Messrs. Kong Jianmin and Kong Jiantao as executive Directors and Mr. Lee Ka Sze, Carmelo, *JP*, as independent non-executive Director.

Further, pursuant to code provision A.4.3 of the Corporate Governance Code and Corporate Governance Report contained in appendix 14 to the Listing Rules, if an independent non-executive director serves more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders.

Mr. Lee Ka Sze, Carmelo, *JP*, an independent non-executive Director, has served the Company for more than nine years. The Company has received from Mr. Lee confirmation of independence pursuant to Rule 3.13 of the Listing Rules and Mr. Lee does not have any management role in the Group and he has no relationship with any Director, senior management, substantial or controlling shareholder of the Company. The Directors are of the opinion that Mr. Lee is independent under the Listing Rules notwithstanding that he has been serving as an independent non-executive Director for more than nine years, as his roles and duties in the past years were independent in nature and he had not been involved in the executive management of the Company. Accordingly, he still maintains an independent view of the Company's affairs and is able to carry out his duties as independent non-executive Director in an impartial manner. Mr. Lee will continue to bring his professional knowledge and his valuable business experience to the Board and to protect the interests of the Shareholders as a whole. The Board therefore recommends his re-election as an independent non-executive Director at the AGM.

Details of the retiring Directors are set out in Appendix II to this circular.

LETTER FROM THE BOARD

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

(a) 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 (ii) the announcement of the Company dated 8 April 2019 in relation to, among others, the grant of 922,500 Awarded Shares to the Connected Grantees, which 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; and (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.

Lego Corporate Finance 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.

(b) Grant of Awarded Shares pursuant to the Share Award Scheme

On 8 April 2019, the Board resolved to grant a total of 2,059,500 Awarded Shares to 27 Grantees pursuant to the Scheme Rules, in order to recognize the contributions of the Grantees and retain them for the continual operation and development of the Group. Of the 2,059,500 Awarded Shares, (i) 1,137,000 Awarded Shares are granted to 18 Non-connected Grantees, all being employees of the Group who are not connected persons of the Company; and (ii) 922,500 Awarded Shares are granted to nine Connected Grantees, two of which are executive Directors and seven of which are directors of certain subsidiaries of the Company, and they are therefore connected persons of the Company.

(c) Issue of the new Awarded Shares

On 8 April 2019, the Board further resolved that, (i) 1,137,000 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) 922,500 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 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\$9.3 per Share as quoted on the Stock Exchange as of the date of the Announcement, the market value of 1,137,000 new Awarded Shares allotted and issued to the Non-connected Grantees, and the 922,500 new Awarded Shares allotted and issued to the Connected Grantees are

LETTER FROM THE BOARD

HK\$10,574,100 and HK\$8,579,250, respectively. Based on the closing price of HK\$9.18 per Share as quoted on the Stock Exchange as of the Latest Practicable Date, the market value of 1,137,000 new Awarded Shares allotted and issued to the Non-connected Grantees, and the 922,500 new Awarded Shares allotted and issued to the Connected Grantees are HK\$10,437,660 and HK\$8,468,550, respectively. The aggregate nominal value of the new Awarded Shares is HK\$205,950. 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\$9.44 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.

(d) 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. 8 April 2020; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 8 April 2021; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 8 April 2022, 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.

(e) 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.

(f) 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 AGM 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.

(g) 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 922,500 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>HK\$</i> <i>(Note 1)</i>	Approximate market value of the Connected Awarded Shares as of the Latest Practicable Date <i>HK\$</i> <i>(Note 2)</i>	Approximate percentage of total Shares in issue as of the Latest Practicable Date %
Mr. Tsui Kam Tim	148,500	1,381,050	1,363,230	0.005
Mr. Cai Fengjia	138,000	1,283,400	1,266,840	0.004
7 directors of certain subsidiaries of the Company				
— Mr. Chen Guangchuan	96,000	892,800	881,280	0.003
— Mr. Chen Wende	87,000	809,100	798,660	0.003
— Ms. Huang Yanping	96,000	892,800	881,280	0.003
— Mr. Jin Yanlong	96,000	892,800	881,280	0.003
— Ms. Mai Lihua	87,000	809,100	798,660	0.003
— Mr. Ou Jian	87,000	809,100	798,660	0.003
— Mr. Tang Wen	87,000	809,100	798,660	0.003
Total	922,500	8,579,250	8,468,550	0.029

Notes:

1. The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$9.3 as of 8 April 2019, being the date of the Announcement.
2. The market value of the Connected Awarded Shares is calculated based on the closing market price per Share of HK\$9.18 as of 30 April 2019, being the Latest Practicable Date.

The aggregate of 922,500 new Connected Awarded Shares to be allotted and issued by the Company to the Connected Grantees, represent (i) approximately 0.029% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.029% 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).

LETTER FROM THE BOARD

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.

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
Mr. 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
Mr. Cai Fengjia	Executive Director and chief executive officer of the Company's real estate business	12	Responsible for the day-to-day operations management of the Group's real estate business
Mr. Chen Guangchuan	Vice president of strategic development of the Group	10	Responsible for the management of strategic investments in China and financial management of the Group

LETTER FROM THE BOARD

Name of Connected Grantee	Position	Year of services	Responsibility
Mr. Chen Wende	General manager of the member of the Group in Chongqing	22	Responsible for the overall management and operation of the member of the Group in Chongqing
Ms. Huang Yanping	Vice president of finance of the Group	11	Responsible for the financial and funds management of the Group
Mr. Jin Yanlong	General manager of Northern China District of the Group and general manager of the members of the Group in Suzhou	11	Responsible for the overall management and operation of the Group in the Northern China District and of the member of the Group in Suzhou
Ms. Mai Lihua	General manager of the Company's urban redevelopment business	19	Responsible for the overall management and operation of the Group's urban redevelopment business
Mr. Ou Jian	General manager of the Central and Western China District of the Group	6	Responsible for the overall management and operation of the Group in the Central and Western China District
Mr. Tang Wen	Vice president of the property development of the Group and general manager of the South China District of the Group	3	Responsible for the overall management and operation of the project management centre and member of the Group in the South China District

LETTER FROM THE BOARD

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

Name of shareholder	As of the Latest Practicable Date		Immediately after the issuance, allotment and full vesting of the Awarded Shares (including the Connected Awarded Shares and assuming no other change in the issued share capital of the Company)	
	Number	%	Number	%
Plus Earn Consultants Limited (“ Plus Earn ”) (Note 1)	1,299,046,500	40.927%	1,299,046,500	40.900%
Hero Fine Group Limited (“ Hero Fine ”) (Note 2)	293,271,152	9.240%	293,271,152	9.234%
Right Rich Consultants Limited (“ Right Rich ”) (Note 3)	254,715,000	8.025%	254,715,000	8.020%
Excel Wave Investments Limited (“ Excel Wave ”) (Note 4)	1,109,587	0.035%	1,109,587	0.035%
Wealth Express Investments Limited (“ Wealth Express ”) (Note 5)	980,100	0.031%	980,100	0.031%
Peace Kind Investments Limited (“ Peace Kind ”) (Note 6)	144,338,500	4.547%	144,338,500	4.544%
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 7)	112,000	0.004%	112,000	0.004%
Sub-total	<u>1,993,632,839</u>	<u>62.810%</u>	<u>1,993,632,839</u>	<u>62.769%</u>
Connected Grantees				
Mr. Tsui Kam Tim	99,500	0.003%	248,000	0.008%
Mr. Cai Fengjia	92,500	0.003%	230,500	0.007%
Mr. Chen Guangchuan	64,000	0.002%	160,000	0.005%
Mr. Chen Wende	57,500	0.002%	144,500	0.005%
Ms. Huang Yanping	64,000	0.002%	160,000	0.005%
Mr. Jin Yanlong	64,000	0.002%	160,000	0.005%
Ms. Mai Lihua	57,500	0.002%	144,500	0.005%
Mr. Ou Jian	57,500	0.002%	144,500	0.005%
Mr. Tang Wen	57,500	0.002%	144,500	0.005%
Non-connected Grantees	<u>522,500</u>	<u>0.016%</u>	<u>1,659,500</u>	<u>0.052%</u>
Sub-total	<u>1,136,500</u>	<u>0.036%</u>	<u>3,196,000</u>	<u>0.101%</u>
Other public shareholders	<u>1,179,302,417</u>	<u>37.154%</u>	<u>1,179,302,417</u>	<u>37.130%</u>
Total	<u><u>3,174,071,756</u></u>	<u><u>100%</u></u>	<u><u>3,176,131,256</u></u>	<u><u>100%</u></u>

LETTER FROM THE BOARD

Notes:

1. Plus Earn is legally and beneficially owned as to 100% by Mr. Kong Jianmin.
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 100% by Mr. Kong Jiantao.
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. Peace Kind is legally and beneficially owned as to 100% by Mr. Kong Jiannan.
7. Ms. Xia Yibing is the spouse of Mr. Cai Fengjia.

(h) 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.

(i) 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, Jiaying, 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

LETTER FROM THE BOARD

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.

Upon allotment and issue of the new Awarded Shares, the Trustee will hold the new Shares on trust for the Grantees and such new Awarded Shares shall be transferred to the Grantees at no consideration on the vesting dates. As such, no fund will be raised by the Company as a result of the allotment and issue of the Awarded Shares.

(j) 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 a general meeting of the Company.

To the best of the knowledge, information and belief of the Directors, save for the the Connected Grantees and the spouse of Mr. Cai Fengjia holding 726,000 Shares in aggregate as of 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 AGM.

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

5. AGM

The AGM will be held at Salon 1–3, JW Marriott Ballroom (Level 3), JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 6 June 2019 at 3:00 p.m. at which resolutions will be proposed for the purpose of considering and if thought fit, approving the resolutions proposed in this circular. The notice of AGM is set out on pages 47 to 52 of this circular.

A form of proxy for use in connection with the AGM is enclosed herewith. The proxy form can also be downloaded from the Company's website at www.kwggroupholdings.com or the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than forty-eight (48) hours before the time

LETTER FROM THE BOARD

appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so wish.

6. VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, 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 chairman of the Company will exercise his right as a chairman of the AGM under the Articles to demand a poll on each of the resolutions to be proposed at the AGM unless the abovementioned reason arises. The Company will appoint scrutineers to handle vote-taking procedures at the AGM.

7. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

8. RECOMMENDATION

In view of the reasons for and benefits of the award of the Awarded shares as set out in the paragraphs headed “(i) 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 resolutions to be proposed at the AGM 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 18 to 32 of this circular.

The Directors also believe that the other proposed resolutions as set out in the AGM Notice are in the best interest of the Company and its Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders to vote in favour of such resolutions as set out in the AGM Notice.

Yours faithfully,
For and on behalf of the Board
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)

7 May 2019

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 7 May 2019 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 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 18 to 32 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 resolutions to be proposed at the AGM 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.



7 May 2019

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 7 May 2019 (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 8 April 2019, the Board resolved to award 2,059,500 Awarded Shares to 27 Grantees under the Share Award Scheme, of which 1,137,000 Awarded Shares were awarded to 18 then Non-connected Grantees, and 922,500 Awarded Shares were awarded to nine then Connected Grantees. On 8 April 2019, the Board resolved that the 922,500 Awarded Shares granted to the nine 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 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To the best of the knowledge, information and belief of the Directors, save for the Connected Grantees and the spouse of Mr. Cai Fengjia holding 726,000 Shares in aggregate as of 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 AGM.

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 AGM 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 of 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, we have acted as the independent financial adviser to the independent board committee and the independent shareholder of the Company (in October 2018) in relation to the allotment and issue of the shares granted by the Company to connected persons of the Company pursuant to the Scheme Rules. 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 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 date of AGM.

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, Jiaying, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following table is a summary of the consolidated financial information of the Company for the three years ended 31 December 2018, as extracted from (i) the annual report of the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”); and (ii) the annual report of the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), respectively.

	Year ended 31 December		
	2018	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Revenue	7,477,471	11,543,072	8,865,329
— <i>Property development</i>	6,064,248	10,432,094	7,922,956
— <i>Property investment</i>	379,321	231,166	182,411
— <i>Hotel operation</i>	468,181	424,479	389,839
— <i>Property management</i>	565,721	455,333	370,123
Gross profit	2,451,269	4,019,932	3,070,349
Profit for the year	4,154,834	3,605,013	3,461,606

For the years ended 31 December 2016 and 2017

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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

For the years ended 31 December 2017 and 2018

According to the 2018 Annual Report, revenue of the Group amounted to approximately RMB7,477 million for the year ended 31 December 2018, representing a decrease of approximately 35.2% as compared to that of approximately RMB11,543 million for the prior year. Such decrease was mainly attributable to the decrease in revenue generated from the property development segment due to a decrease in the total gross floor area (“GFA”) delivered to 400,602 sq.m. for the year ended 31 December 2018 from 705,390 sq.m. for the year ended 31 December 2017. Despite the decrease in GFA delivered, the Group maintained a high recognised average selling price at RMB15,137 per sq.m. in 2018, as compared to RMB14,789 per sq.m. in 2017, reflecting a better product mix as well as an upgrade on city mix. Nonetheless, revenue generated from other segments increased significantly in 2018 as compared to the prior year. For the property investment segment, revenue increased by approximately 64.1% to approximately RMB379 million for the year ended 31 December 2018 as compared to the prior year, which was primarily due to an increased leasable GFA from leased investment properties during the year. For the hotel operation segment, revenue increased by approximately 10.3% to approximately RMB468 million for the year ended 31 December 2018 as compared to the prior year due to increase in occupancy rate of the Group’s hotels. Due to an increase in the number of properties under management, revenue generated from property management increased by approximately 24.2% to approximately RMB566 million for the year ended 31 December 2018 as compared to the prior year. Due to the aforementioned reasons, gross profit of the Group decreased from approximately RMB4,020 million for the year ended 31 December 2017 to approximately RMB2,451 million for the ended 31 December 2018.

Despite the decrease in revenue and gross profit, net profit of the Group increased by approximately 15.3% to approximately RMB4,155 million for the year ended 31 December 2018 from approximately RMB3,605 million in its prior year. The increase was mainly contributed by the recognition of gain on disposal of a subsidiary amounted to approximately RMB1,167 million for the year ended 31 December 2018. As disclosed in the 2018 Annual Report, the gain on disposal of a subsidiary was a result of the Group’s disposal of 100% equity interest of a subsidiary, being a project company of an office building located Guangzhou called the Star I, at total consideration of approximately RMB3,046 million. Such transaction was an ordinary course of business and was considered as sales of properties in substance by the management. Therefore, the calculation of proportionate revenue and cost of sales of the Group’s property development segment had taken into account the effect of such transaction. Accordingly, the Group’s proportionate revenue for its property development segment amounted to approximately RMB21,181 million in 2018, representing an increase of 8.2% from approximately RMB19,574 million in 2017.

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 922,500 Connected Awarded Shares to be allotted and issued by the Company to the Connected Grantees represent (i) approximately 0.029% of the total number of Shares in issue as of the Latest Practicable Date; and (ii) approximately 0.029% 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 to the existing Shareholders. 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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The Connected Grantees include two executive Directors and seven directors of certain subsidiaries of the Company. Set out below summarises the information of (i) the Connected Grantees; (ii) the Connected Awarded Shares to be allotted and issued; and (iii) the number of awarded shares previously granted to Connected Grantees on 19 January 2018 under the Share Award Scheme (the “**Previous Connected Awarded Shares**”):

Connected Grantees	Length of service in the Group <i>(approximate years)</i>	Number of Previous Connected Awarded Shares	Number of Connected Awarded Shares	Value of the Connected Awarded Shares as at the date of grant <i>(HK\$)</i> <i>(Note)</i>
<i>Executive Directors</i>				
Mr. Tsui Kam Tim	12	298,500	148,500	1,381,050
Mr. Cai Fengjia	12	277,500	138,000	1,283,400
<i>Directors of certain subsidiaries of the Company</i>				
Mr. Chen Guangchuan	10	192,000	96,000	892,800
Mr. Chen Wende	22	172,500	87,000	809,100
Ms. Huang Yanping	11	192,000	96,000	892,800
Mr. Jin Yanlong	11	192,000	96,000	892,800
Ms. Mai Lihua	19	172,500	87,000	809,100
Mr. Ou Jian	6	172,500	87,000	809,100
Mr. Tang Wen	3	—	87,000	809,100
Total		<u>1,669,500</u>	<u>922,500</u>	<u>8,579,250</u>

Note: The market values of the Connected Awarded Shares are calculated based on the closing price of HK\$9.3 per Share as quoted on the Stock Exchange on 8 April 2019, being the date of grant.

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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 from approximately three years and up to 22 years with an average of approximately 11.8 years, and their responsibilities mainly include overseeing the overall operation or projects of the Group. Each of the Connected Grantees also possess 11 to 27 years of experience in property development and investment industry.

As stated in the paragraph headed “Information on the Group” above, the Group recorded continuous satisfactory financial and operational performance from 2016 to 2018. As advised by the Company, each of the Connected Grantees was major contributor who oversaw the overall operation or was responsible for the projects which contributed to the achievement of such results, and is expected to continue to play important roles in the future business of the Group. Particularly, the Connected Grantees had significant contribution on overseeing and overall operation on the pre-sales projects, especially those located in Greater-Bay-Area and Yangtze-River-Delta Area. In such regard, we have reviewed the 2018 Annual Report and noted that (i) the Group’s pre-sales amount generated from sale of property project of the Group increased to approximately RMB65.5 billion for the year ended 31 December 2018, representing an increase of approximately 72.4% from RMB38.0 billion for the year ended 31 December 2017; and (ii) such increase in pre-sales amount was attributable to 80 projects of the Group for sale during 2018, of which 30% were from Greater-Bay-Area and 45% were from Yangtze-River-Delta Area. 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 the significant increase in pre-sales amount in 2018 as discussed above, we consider that the grant of Connected Awarded Shares is justifiable and 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. We noted that 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 (i) the remuneration package (including director’s fee,

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salaries, allowances and benefits in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees who are executive Directors for 2018 ranged from approximately RMB3.0 million to RMB6.0 million, with an average of approximately RMB4.5 million; and (ii) the remuneration package (including director's fee, salaries, allowances and benefits in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees who are directors of subsidiaries of the Group for 2018 ranged from approximately RMB1.6 million to RMB3.8 million, with an average of approximately RMB2.3 million. In this regard, we noted from a publication by Kelly Services (which is a Fortune 500 company and a world leader in human resources solutions and workforce management solutions) named "China Salary Guide 2019" that the annual remuneration of management level in the China real estate sector can range from RMB1.5 million to RMB6.0 million.

Taking into consideration that the remuneration packages (including director's fee, salaries, allowances and benefits in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees fall within the industry range while the value of the Connected Awarded Shares will only be fully vested in three years from date of grant and the Connected 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 but not excessive 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 note that eight out of the nine Connected Grantees were also the grantees of the Previous Connected Awarded Shares. Based on the circular of the Company dated 16 October 2018 in relation to the grant of Previous Connected Awarded Shares, the Previous Connected Awarded Shares were granted to the then connected grantees by the Company mainly having regard to their key management roles which are essential to the operations of the Group and their contributions to the Group for achieving satisfactory financial performance in 2017. On the other hand, the Connected Awarded Shares are granted to the Connected Grantees in recognition of their significant contribution on overseeing and overall operation on the pre-sales projects, especially those located in Greater-Bay-Area and Yangtze-River-Delta Area during 2018 as discussed above.

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As advised by the Company, although the Previous Connected Awarded Shares have not yet fully vested, the Company considers that the vesting period of Awarded Shares serves as an instrument to provide incentive for the continued service of grantees in the Group during the vesting period. The further grant of Connected Awarded Shares with vesting period reinforces such incentive to the Connected Grantees for their continued service in the Group.

Having considered (i) the considerable time interval between the grant of the Previous Connected Awarded Shares in January 2018 and the grant of Connected Awarded Shares in April 2019; (ii) that the Previous Connected Awarded Shares and the Connected Awarded Shares were granted by the Company to the grantees mainly in recognition of their performance and contributions for different periods; and (iii) that the remuneration package (including director's fee, salaries, allowances and benefits in kind and the value of the Connected Awarded Shares based on the closing price per Share on the date of grant) of the Connected Grantees are adequate but not excessive as discussed above, we are of the view that the further grant of Awarded Shares to the Connected Grantees is justifiable.

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.

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 fair and reasonable and 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 AGM 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.

(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. 8 April 2020; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 8 April 2021; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 8 April 2022, 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.

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(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 13 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 7 October 2018 to 7 April 2019) (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 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:

Company name (stock code)	Date of announcement	Grantee(s)	Vesting date/period
Concord New Energy Group Limited (Stock Code: 182)	2 April 2019	30 grantees, including 12 connected persons	25% on 15 February 2020 25% on 15 February 2021 25% on 15 February 2022 25% on 15 February 2023
China Modern Dairy Holdings Ltd. (Stock Code: 1117)	29 March 2019	51 grantees, including 2 connected persons	not disclosed
Fosun International Limited (Stock Code: 656)	27 March 2019	92 grantees, including 18 connected persons	33% on 27 March 2020 33% on 27 March 2021 34% on 27 March 2022

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Company name (stock code)	Date of announcement	Grantee(s)	Vesting date/period
VCREDIT Holdings Limited (Stock code: 2003)	26 March 2019	certain grantees and 2 connected persons	25% on 25 March 2020 25% on 25 March 2021 25% on 25 March 2022 25% on 25 March 2023
SITC International Holdings Company Limited (Stock Code: 1308)	25 March 2019	552 grantees, including 9 connected persons	third anniversary of the date of grant (i.e. 25 March 2022)
IGG Inc. (Stock Code: 799)	20 March 2019	certain grantees and 5 connected persons	25% on 20 March 2020 25% on 20 March 2021 25% on 20 March 2022 25% on 20 March 2023
WuXi Biologics (Cayman) Inc. (Stock code: 2269)	19 March 2019	11 grantees, including 5 connected persons	not disclosed
Top Education Group Ltd. (Stock code: 1752)	28 February 2019	2 connected persons	not disclosed
SmarTone Telecommunications Holdings Limited (Stock Code: 315)	31 January 2019	303 grantees, including 8 connected persons	30% on 31 January 2020 30% on 31 January 2021 40% on 31 January 2022
Galaxy Entertainment Group Limited (Stock code: 27)	28 December 2018	certain grantees and 6 connected persons	1/3 on 28 December 2019 1/3 on 28 December 2020 1/3 on 28 December 2021
Jacobson Pharma Corporation Limited (Stock code: 2633)	16 October 2018	certain grantees and certain connect persons	23 January 2019
Samsonite International S.A. (Stock code: 1910)	11 October 2018	certain grantees and 11 connected persons	Time based share award: 1/3 on 11 October 2019 1/3 on 11 October 2020 1/3 on 11 October 2022 Performance based share award: 11 October 2021, subject to achievement of the performance related vesting conditions

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Company name (stock code)	Date of announcement	Grantee(s)	Vesting date/period
Sino-i Technology Limited ("Sino") (Stock code: 250)	9 October 2018	certain grantees and 3 connect persons	For a director of Sino: Upon fulfilment of certain financial performance related vesting conditions for each of relevant financial year until 30 June 2029 For directors of certain subsidiaries of Sino: Upon fulfilment of certain financial performance related vesting conditions for each of relevant financial year until 30 June 2026
The Company	8 April 2019	26 grantees, including 9 connected persons	1/3 on 8 April 2020 1/3 on 8 April 2021 1/3 on 8 April 2022

Source: the announcement of relevant companies published on the Stock Exchange's website

As shown from the table above, we noted that the vesting date/period of the Comparable Grants varies, with a majority being vesting in tranches in interval of consecutive years. The vesting period of the Connected Awarded Shares shall be vested in tranches in interval of consecutive years and hence the vesting date/period of the Connected Awarded Shares is considered to be generally in line with those of the Comparable Grants.

In light of (i) the reasons for and benefits of the grant of the Connected Awarded Shares; and (ii) the vesting date/period of the Connected Awarded Shares is considered to be generally in line with those of the Comparable Grants, 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\$9.3 per Share as quoted on the Stock Exchange on 8 April 2019, 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\$8.6 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 2022 based on their vesting period. No fund

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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.

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 AGM 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the finance and investment banking industries.

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Buy-back Mandate.

1. LISTING RULES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to buy back their fully-paid shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below.

2. SHAREHOLDERS' APPROVAL

The Listing Rules provide that all proposed buy back of shares by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval. The Listing Rules require an explanatory statement such as is contained herein to be sent to shareholders to give shareholders adequate information to enable them to decide whether to approve the grant of such a mandate.

3. SHARES IN ISSUE

As of the Latest Practicable Date, there was a total of 3,174,071,756 Shares in issue.

Subject to the passing of ordinary resolution to approve the Buy-back Mandate and on the basis that no further Shares are issued or bought back prior to the AGM, the Company would be allowed under the Buy-back Mandate to buy back a maximum of 317,407,175 Shares, being 10% of the Shares in issue as at the date of passing of the relevant resolution, during the Relevant Period (as hereinafter defined) in which the general mandate to buy back Shares remain in force. Any Shares bought back pursuant to the general mandate to buy back shares must be fully paid-up.

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, or any applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution.

4. REASON FOR SHARE BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable the Company to buy back Shares on the Stock Exchange. An exercise of the Buy-back Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share of the Company and/or its earnings per Share. Buy-back of Shares will only be made when the Directors believe that such Buy-back will benefit the Company and the Shareholders.

5. FUNDING OF SHARES BUYBACKS

The Company is empowered by its memorandum and articles of association to buy back its Shares. In buying back Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and laws of the Cayman Islands. The laws of the Cayman Islands and the Articles provide that payment for a share buy-back may only be made out of profits or the proceeds of a new issue of shares made for such purpose or subject to the Companies Law, out of capital of the Company. The amount of premium payable on buy-back of shares may only be paid out of either the profits or out of the share premium account of the Company or subject to the Companies Law, out of capital of the Company.

In addition, under the laws of the Cayman Islands, payment out of capital by a company for the purchase by a company of its own shares is unlawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business. In accordance with the laws of the Cayman Islands, the shares so bought back would be treated as cancelled but the aggregate amount of authorized share capital would not be reduced.

The Directors consider that there might be an adverse material impact on the working capital or gearing position of the Company, as compared with the position disclosed in its most recent published audited accounts for the year ended 31 December 2018, in the event that the Buy-back Mandate was to be carried out in full at the currently prevailing market value. However, the Directors do not propose to exercise the Buy-back Mandate to such extent as would, in the circumstances, have an adverse material effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of Shares to be bought back on any occasion and the price and other terms upon which the same are bought back will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

6. SHARE PRICES

The highest and lowest traded prices at which the Shares have traded on the Stock Exchange during each of the previous 12 months immediately prior to the Latest Practicable Date were as follows:

	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2018		
April	11.80	10.02
May	12.50	10.36
June	12.84	8.94
July	9.80	7.80
August	9.47	7.83
September	8.50	7.06
October	7.25	4.84
November	6.96	5.73
December	7.26	6.37
2019		
January	8.15	6.28
February	7.79	7.18
March	9.50	7.31
April (up to the Latest Practicable Date)	10.00	8.82

7. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases pursuant to the Buy-back Mandate in accordance with the Listing Rules, the memorandum of association of the Company and the applicable laws and regulations of the Cayman Islands.

8. DIRECTORS' DEALINGS

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention, in the event that the Buy-back Mandate is approved by the Shareholders, to sell their Shares to the Company or its subsidiaries under the Buy-back Mandate.

9. CORE CONNECTED PERSONS

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell his/her/its Shares to the Company or its subsidiaries nor has he/she/it undertaken not to do so, in the event that the Buy-back Mandate is granted by the Shareholders.

10. EFFECTS OF TAKEOVERS CODE

A buy-back of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As of the Latest Practicable Date, to the best of the knowledge and belief of the Company, Plus Earn Consultants Limited (“**Plus Earn**”) and its associates were beneficially interested in approximately 62.80% of the issued share capital of the Company. In the event that the Buy-back Mandate is exercised in full and no further Shares are issued during the proposed bought back period, the shareholdings of Plus Earn and its associates in the Company would be increased to approximately 69.78% of the then issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory offer under the Takeovers Code.

The Company has no intention to exercise the Buy-back Mandate to such extent that it would give rise to an obligation to make a mandatory offer under the Takeovers Code or result in the amount of shares held by the public being reduced to less than 25% of the issued share capital of the Company.

11. SHARE BUY-BACK MADE BY THE COMPANY

During the six months preceding the Latest Practicable Date, there was no buy-back of its Shares made by the Company (whether on the Stock Exchange or otherwise).

The biographical details of the three retiring Directors proposed for re-election at the AGM are set out below:

MR. KONG JIANMIN

Mr. Kong Jianmin, aged 51, is the founder of the Group and an executive director and the Chairman of the Company. Mr. Kong is also a member of the remuneration committee and the Chairman of the nomination committee of the Company. Mr. Kong is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, business operation and sales and marketing. Mr. Kong graduated from Jinan University majoring in computer science in 1989. Mr. Kong has over 24 years of experience in property development and investment. Mr. Kong is a brother of Kong Jiantao and Kong Jiannan. Saved as disclosed above, Mr. Kong is also a director of all subsidiaries incorporated in the British Virgin Islands (the “**BVI**”), various subsidiaries incorporated in the PRC and two subsidiaries incorporated in Hong Kong. Mr. Kong did not hold any other directorships in companies listed in Hong Kong or overseas in the last three years.

As of the Latest Practicable Date, Mr. Kong is deemed to be interested in a total of 1,991,371,152 shares of the Company including (i) 1,299,046,500 shares held by Plus Earn Consultants Limited (“**Plus Earn**”) which is wholly-owned by Mr. Kong; (ii) 293,271,152 shares held by Hero Fine Group Limited (“**Hero Fine**”) which is wholly-owned by Mr. Kong; and (iii) 254,715,000 shares held by Right Rich Consultants Limited (“**Right Rich**”) and 144,338,500 shares held by Peace Kind Investments Limited (“**Peace Kind**”) pursuant to the Shareholders’ Agreement (defined below). Mr. Kong is the sole director of Plus Earn and Hero Fine.

On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into a shareholders’ agreement (the “**Shareholders’ Agreement**”) to regulate their dealings in the shares of the Company. As such, each party to the Shareholders’ Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders’ Agreement under section 317(1)(a) of the SFO.

Mr. Kong has entered into a service agreement with the Company for a term of three years commencing on 3 July 2016 subject to termination by not less than three months’ notice in writing served by either party on the other. Mr. Kong’s emoluments are determined by reference to his experience, duties and responsibilities with the Company and the Company’s remuneration policy. Pursuant to the service agreement with the Company, Mr. Kong is entitled to receive a basic annual director’s fee of HK\$1,500,000. He is also entitled to participate in the Company’s medical benefit, accident insurance scheme, share option scheme and pension scheme. Saved as disclosed above, Mr. Kong did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no other information in relation to Mr. Kong that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters concerning Mr. Kong that need to be brought to the attention of the Shareholders.

MR. KONG JIANTAO

Mr. Kong Jiantao, aged 49, is an executive director and the chief executive officer of the Company. Mr. Kong is responsible for the overall operation of the Group's projects. He has over 24 years of experience in property development and has been a director of the Group since 1995. Mr. Kong is a brother of Kong Jianmin and Kong Jiannan. Saved as disclosed above, Mr. Kong is also a director of most of subsidiaries incorporated in the BVI, various subsidiaries incorporated in the PRC and two subsidiaries incorporated in Hong Kong. Mr. Kong did not hold any other directorships in companies listed in Hong Kong or overseas in the last three years.

As of the Latest Practicable Date, Mr. Kong is deemed to be interested in a total of 1,700,189,687 shares of the Company including (i) 254,715,000 shares held by Right Rich which is wholly-owned by Mr. Kong; (ii) 1,109,587 shares held by Excel Wave Investments Limited ("**Excel Wave**") which is wholly-owned by Mr. Kong; (iii) 980,100 shares held by Wealth Express Investments Limited ("**Wealth Express**") which is wholly-owned by Mr. Kong and (iv) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement. Mr. Kong is the sole director of Right Rich, Excel Wave and Wealth Express.

On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders' Agreement to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under section 317(1)(a) of the SFO.

Mr. Kong has entered into a service agreement with the Company for a term of three years commencing on 3 July 2016 subject to termination by not less than three months' notice in writing served by either party on the other. Mr. Kong's emoluments are determined by reference to his experience, duties and responsibilities with the Company and the Company's remuneration policy. Pursuant to the service agreement with the Company, Mr. Kong is entitled to receive a basic annual director's fee of HK\$1,500,000. He is also entitled to participate in the Company's medical benefit, accident insurance scheme, share option scheme and pension scheme. Saved as disclosed above, Mr. Kong did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no other information in relation to Mr. Kong that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters concerning Mr. Kong that need to be brought to the attention of the Shareholders.

MR. LEE CARMELO KA SZE, JP

Mr. Lee Ka Sze, Carmelo *JP*, aged 58, is an independent non-executive director and a member of the audit committee of the Company. Mr. Lee joined the Company in June 2007. He received a bachelor's degree in Laws and the Postgraduate Certificate in Laws from The University of Hong Kong. He is qualified as a solicitor in Hong Kong, England and Wales, Singapore and Australian Capital Territory and has been a partner of Messrs. Woo, Kwan, Lee & Lo since 1989. Mr. Lee is an independent non-executive director of Esprit Holdings Limited and China Pacific Insurance (Group) Co., Ltd., and a non-executive director of CSPC Pharmaceutical Group Limited, Hopewell Holdings Limited, Safety Godown Company Limited, Termbray Industries International (Holdings) Limited and Yugang International Limited, all of which are listed on the Stock Exchange. Mr. Lee has been appointed a member of InnoHK Steering Committee for a period of two years from 4 February 2019 to 3 February 2021. He is also a chairman of the Appeal Tribunal Panel (Buildings) (Section 45 of the Buildings Ordinance, Chapter 123 of the Laws of Hong Kong) and a convenor cum member of the Financial Reporting Review Panel of The Financial Reporting Council. Mr. Lee was the chairman of the Listing Committee of the Stock Exchange from May 2012 to July 2015 after serving as a deputy chairman and a member of the Listing Committee of the Stock Exchange from 2009 to 2012 and from 2000 to 2003, respectively. Saved as disclosed above, Mr. Lee did not hold any other directorships in companies listed in Hong Kong or overseas in the last three years.

As of the Latest Practicable Date, Mr. Lee beneficially held 30,000 Shares pursuant to Part XV of the SFO.

Pursuant to his letter of appointment, Mr. Lee is appointed for a term of three years commencing on 11 June 2018 subject to normal retirement and re-election by Shareholders pursuant to the Articles. Mr. Lee, who is expected to be served the Board for more than nine years immediately after the AGM, confirmed that he has satisfied all factors set out in Rule 3.13 of the Listing Rules in assessing his independence. Mr. Lee is entitled to receive a basic annual director's fee of HK\$520,000 which was determined by the Board based on the recommendation from remuneration committee of the Company with reference to the market rate of non-executive directors with similar experience. Saved as disclosed above, Mr. Lee did not have any relationship with any Directors, senior management, substantial or controlling shareholders of the Company.

There is no other information in relation to Mr. Lee that needs to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules nor are there other matters concerning Mr. Lee that need to be brought to the attention of the Shareholders.

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 of 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 8)	Interest of controlled corporations	1,592,317,652	50.17%
	Interests of other parties to an agreement required to be disclosed under section 317(1)(a) of the SFO	399,053,500	12.57%
Mr. Kong Jiantao (Notes 4, 5, 6 and 8)	Interest of controlled corporations	256,804,687	8.09%
	Interests of other parties to an agreement required to be disclosed under section 317(1)(a) of the SFO	1,443,385,000	45.47%

Name of Director	Nature of Interests	Number of Shares held	Approximate percentage of shareholding (Note 1)
Mr. Kong Jiannan (Notes 7 and 8)	Interest of controlled corporations	144,338,500	4.55%
	Interests of other parties to an agreement required to be disclosed under section 317(1)(a) of the SFO	1,553,761,500	48.95%
Mr. Tsui Kam Tim (Note 9)	Beneficial owner	447,000	0.014%
Mr. Cai Fengjia (Note 10)	Beneficial owner	415,500	0.013%
	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 of the Latest Practicable Date, the total number of Shares in issue is 3,174,071,756 Shares.
- Plus Earn Consultants Limited (“**Plus Earn**”) is legally and beneficially owned as to 100% by Mr. Kong Jianmin and Mr. Kong Jianmin is therefore deemed to be interested in 1,299,046,500 Shares through his interest in Plus Earn. Mr. Kong Jianmin is the sole director of Plus Earn.
- 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 293,271,152 Shares through his interests in Hero Fine. Mr. Kong Jianmin is the sole director of Hero Fine.
- Right Rich Consultants Limited (“**Right Rich**”) is legally and beneficially owned as to 100% by Mr. Kong Jiantao and Mr. Kong Jiantao is therefore deemed to be interested in 254,715,000 Shares through his interest in Right Rich. Mr. Kong Jiantao is the sole director of Right Rich.
- 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.
- 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.
- Peace Kind Investments Limited (“**Peace Kind**”) is legally and beneficially owned as to 100% by Mr. Kong Jiannan and Mr. Kong Jiannan is therefore deemed to be interested in 144,338,500 Shares through his interest in Peace Kind. Mr. Kong Jiannan is the sole director of Peace Kind.

8. On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into a shareholders' agreement (the "**Shareholders' Agreement**") to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the Shares and/or underlying Shares held by the other parties pursuant to the Shareholders' Agreement under section 317(1)(a) of the SFO.
9. The 447,000 Shares include the new Awarded Shares and the Previous Awarded Shares granted by the Company to Mr. Tsui Kam Tim pursuant to the Share Award Scheme.
10. The 415,500 Shares include the new Awarded Shares and the Previous Awarded Shares 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	1,000	100%

As of 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 2018, 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 of 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 (Note 1)
Plus Earn (Note 2)	Beneficial owner	1,299,046,500	40.927%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	399,053,500	12.572%
Hero Fine (Note 3)	Beneficial owner	293,271,152	9.240%
Right Rich (Note 4)	Beneficial owner	254,715,000	8.025%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,443,385,000	45.474%
Peace Kind (Note 5)	Beneficial owner	144,338,500	4.547%
	Interests of other parties to an agreement required to be disclosed under s.317(1)(a) of the SFO	1,553,761,500	48.952%

Notes:

1. As of the Latest Practicable Date, the total issued share capital of the Company is 3,174,071,756 shares.
2. Plus Earn is legally and beneficially owned as to 100% by Mr. Kong Jianmin. For the purpose of the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 1,299,046,500 Shares directly held by it; (ii) 254,715,000 Shares held by Right Rich and (iii) 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.
3. Hero Fine is legally and beneficially owned as to 100% by Mr. Kong Jianmin.
4. Right Rich is legally and beneficially owned as to 100% by Mr. Kong Jiantao. For the purpose of the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 254,715,000 Shares directly held by it; (ii) 1,299,046,500 Shares held by Plus Earn; and (iii) 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.
5. Peace Kind is legally and beneficially owned as to 100% by Mr. Kong Jiannan. For the purpose of the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares directly held by it; (ii) 1,299,046,500 Shares held by Plus Earn; and (iii) 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement.

Save as disclosed above, as of 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 of 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 2018, 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 of 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:

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

As of 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 2018 (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, at 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 AGM:

- (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 17 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 18 to 32 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 2017 and 2018 respectively; and
- (g) this circular.



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 the annual general meeting of KWG Group Holdings Limited (the “**Company**”) will be held at Salon 1–3, JW Marriott Ballroom (Level 3), JW Marriott Hotel Hong Kong, Pacific Place, 88 Queensway, Hong Kong on Thursday, 6 June 2019 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

Ordinary Business

1. To receive and approve the audited consolidated financial statements, Report of the Directors and Independent Auditor’s Report for the year ended 31 December 2018.
2. To declare a final dividend of RMB31 cents per share for the year ended 31 December 2018 (payable in cash in Hong Kong dollars with scrip option),
3. To re-elect Mr. Kong Jianmin as an executive Director and authorise the board of Directors (the “**Board**”) to fix his remuneration.
4. To re-elect Mr. Kong Jiantao as an executive Director and authorise the Board to fix his remuneration.
5. To re-elect Mr. Lee Ka Sze, Carmelo, *JP*, as an independent non-executive Director and authorise the Board to fix his remuneration.
6. To re-appoint Ernst & Young as auditor of the Company and authorise the Board to fix their remuneration.

NOTICE OF AGM

Special Business

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

7. **“THAT:**

- (a) subject to sub-paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined in this resolution) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make, issue or grant offers, agreements or options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) of this resolution shall be in addition to any other authorisation given to the Directors during the Relevant Period (as hereinafter defined) and shall authorise the Directors to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which would or might require the shares in the capital of the Company to be issued or allotted either during or after the end of the Relevant Period (as hereinafter defined);
- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in sub-paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of shares or rights to acquire shares of the Company; or (iii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company, shall not exceed twenty (20) per cent. of the total number of shares of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) For the purposes of this resolution, “Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable laws of the Cayman Islands to be held; or

NOTICE OF AGM

- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution; and

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities of the Company giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

8. **“THAT:**

- (a) subject to sub-paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to buy back its own shares, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the approval in sub-paragraph (a) shall be in addition to any other authorisation given to the Directors and shall authorise the Directors on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the Directors;
- (c) the total number of the shares of the Company which are authorised to be bought back by the Directors pursuant to the approval in sub-paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed ten (10) per cent. of the total number of shares of the Company in issue as at the date of the passing of this resolution, and the authority granted pursuant to sub-paragraph (a) above shall be limited accordingly; and
- (d) For the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or

NOTICE OF AGM

- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution.”
9. “**THAT** conditional upon the passing of resolutions nos. 7 and 8 of this notice being passed, the general mandate granted to the Directors pursuant to resolution no. 7 be and is hereby extended by the addition thereto of an amount representing the total number of shares of the Company bought back by the Company under the authority granted pursuant to the resolution no. 8, provided that such amount shall not exceed ten (10) per cent. of the total number of shares of the Company in issue as at the date of the passing of this resolution.”
10. “**THAT**
- (a) conditional upon The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in an aggregate of 922,500 new shares of the Company (the “**Connected Awarded Shares**”), 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 AGM marked “A” and signed by the chairman of the AGM 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.”
11. “**THAT** the grant of 148,500 Connected Awarded Shares pursuant to the Scheme to Mr. Tsui Kam Tim be and is hereby approved and confirmed.”
12. “**THAT** the grant of 138,000 Connected Awarded Shares pursuant to the Scheme to Mr. Cai Fengjia be and is hereby approved and confirmed.”
13. “**THAT** the grant of 96,000 Connected Awarded Shares pursuant to the Scheme to Mr. Chen Guangchuan be and is hereby approved and confirmed.”
14. “**THAT** the grant of 87,000 Connected Awarded Shares pursuant to the Scheme to Mr. Chen Wende be and is hereby approved and confirmed.”
15. “**THAT** the grant of 96,000 Connected Awarded Shares pursuant to the Scheme to Ms. Huang Yanping be and is hereby approved and confirmed.”

NOTICE OF AGM

16. “**THAT** the grant of 96,000 Connected Awarded Shares pursuant to the Scheme to Mr. Jin Yanlong be and is hereby approved and confirmed.”
17. “**THAT** the grant of 87,000 Connected Awarded Shares pursuant to the Scheme to Ms. Mai Lihua be and is hereby approved and confirmed.”
18. “**THAT** the grant of 87,000 Connected Awarded Shares pursuant to the Scheme to Mr. Ou Jian be and is hereby approved and confirmed.”
19. “**THAT** the grant of 87,000 Connected Awarded Shares pursuant to the Scheme to Mr. Tang Wen be and is hereby approved and confirmed.”

By Order of the Board
Tsui Kam Tim
Executive Director and Company Secretary

Hong Kong, 7 May 2019

Principal place of business in Hong Kong:

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

Notes:

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint persons be present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company (the “**Register of Members**”) in respect of such shares of the Company shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarised copy thereof must be deposited at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

NOTICE OF AGM

4. The Register of Members will be closed for the following periods:
 - (a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on 6 June 2019 (the “**2019 AGM**”), the Register of Members will be closed on Monday, 3 June 2019 to Thursday, 6 June 2019, both days inclusive. In order to qualify for attending and voting at the 2019 AGM, all transfer documents should be lodged for registration with Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 31 May 2019.
 - (b) For the purpose of determining shareholders who qualify for the final dividend, the Register of Members will be closed on Friday, 14 June 2019 to Tuesday, 18 June 2019, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 1712–1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 13 June 2019.
5. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM must be taken by poll except where the chairman, 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. Therefore, the chairman of the AGM will demand a poll for each and every resolution put forward at the AGM pursuant to the Articles unless the abovementioned reason arises.