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

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, 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 and the accompanying Form of Election (if any) to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

**Executive Directors:**

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

**Registered office:**

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

**Independent Non-executive Directors:**

Lee Ka Sze, Carmelo  
Tam Chun Fai  
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

28 June 2019

*To the Shareholders,*

Dear Sir or Madam,

**FINAL DIVIDEND WITH SCRIP OPTION FOR THE YEAR  
ENDED 31 DECEMBER 2018**

**Introduction**

On 25 March 2019, the board of directors (the “*Board*”) of KWG Group Holdings Limited (the “*Company*”) had resolved to recommend that a final dividend (the “*Final Dividend*”) of RMB31 cents (equivalent to HK\$0.352798) per issued share of the Company (the “*Share*”) for the year ended

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31 December 2018 be paid on or around 2 August 2019 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (“**Register of Members**”) as at the close of business on 18 June 2019 (the “**Record Date**”). It was also resolved by the Board that the Final Dividend should be satisfied by way of cash with a scrip option. An ordinary resolution to approve the Final Dividend was passed by the Shareholders at the annual general meeting of the Company held on 6 June 2019.

**Particulars of the Final Dividend**

Shareholders have the following choices in respect of the satisfaction of the Final Dividend:

- (i) payment in cash of the Final Dividend of HK\$0.352798 per Share held on the Record Date; or
- (ii) an allotment and issue of new Shares (“**New Shares**”) credited as fully paid and having an aggregate Market Value (as defined below) equal to the total amount of the Final Dividend which Shareholders would otherwise receive in cash in the amount of HK\$0.352798 per Share, subject to any fractional entitlement being disregarded as mentioned below; or
- (iii) partly by payment in cash and partly by allotment and issue of New Shares.

For the purpose of calculating the number of New Shares to be allotted and issued under (ii) and (iii) above, the market value of a New Share (the “**Market Value**”) means the average of the closing prices of one Share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days (on which such price is available) from 2 July 2019 to 8 July 2019 (both dates inclusive), rounding down such figure to four decimal places. It will not be possible to determine until the close of business on 8 July 2019 the exact number of New Shares to which a Shareholder, electing to receive New Shares, will be entitled. The Company will make an announcement, including information about the Market Value for the purpose of calculating the number of New Shares to be allotted by way of scrip dividend. The announcement will be made available on the websites of the Company and the Stock Exchange on 8 July 2019. **The last day on which Shareholders will be entitled to elect how they wish to receive their entitlement to the Final Dividend is 16 July 2019.**

Accordingly, the number of New Shares which Shareholders will receive in respect of the Shares registered in their names as at the Record Date under the scrip dividend arrangements will be calculated as follows:

$$\text{Number of New Shares to be received} = \frac{\text{Number of Shares held on the Record Date for which election for New Shares is made}}{\text{Market Value}} \times \text{HK\$0.352798}$$

The New Shares to be allotted and issued pursuant to the scrip dividend arrangements will rank *pari passu* in all respects with the existing issued Shares, except for the Final Dividend and will rank in full for all future dividends and distributions which may be declared, made or paid. No Shareholder will be entitled to be allotted and issued any fraction of a Share under the scrip dividend arrangements and the number of New Shares to be allotted and issued to each Shareholder will be rounded down to the nearest whole number. Fractional entitlements to Shares will be disregarded.

**Advantage of the Scrip Dividend**

The election by Shareholders to receive the Final Dividend in whole or in part in the form of New Shares will enable Shareholders to increase their shareholding without incurring brokerage fees, dealing costs or stamp duty. The Company will also benefit because, to the extent that Shareholders elect to receive New Shares, in whole or in part, such cash as would otherwise have been paid to Shareholders will be retained for use as working capital by the Company.

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**Effect of the Scrip Dividend**

If no election to receive the Final Dividend in New Shares were received by the deadline for the submission of the Form of Election, the total cash dividend payable by the Company would be approximately HK\$1,119,806,167.37 based on 3,174,071,756 Shares in issue as at the Record Date.

Shareholders should note that the allotment and issue of the New Shares may give rise to disclosure requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for those Shareholders who may have notifiable interests in the Company. Shareholders who are in any doubt as to how these provisions may affect them are recommended to seek their own professional advice. Shareholders who are in any doubt as to their taxation position are also recommended to seek their own professional advice.

**Form of Election**

Enclosed is a Form of Election. **No action is required if you wish to receive the Final Dividend wholly in cash. Otherwise, if you wish to receive the Final Dividend wholly in New Shares in lieu of cash, or partly in New Shares and partly in cash, you must complete the enclosed Form of Election in accordance with the instructions printed thereon and lodge it with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 16 July 2019.** If you complete the Form of Election but do not specify the number of Shares in respect of which you wish to receive the Final Dividend in New Shares, or if you elect to receive the Final Dividend in New Shares in respect of a greater number of Shares than your registered holding as at the Record Date, you will be deemed to have exercised your election to receive the Final Dividend in New Shares in lieu of cash in respect of all the Shares of which you were then registered as holders. No acknowledgement of receipt of the Form of Election will be issued.

The latest time for submission of the Form of Election will not be valid if there is a tropical cyclone warning signal no. 8 or above, or a "black" rainstorm warning:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 16 July 2019. Instead the deadline for the submission of the election forms will be 5:00 p.m. on the same business day, i.e. Tuesday, 16 July 2019; or
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on Tuesday, 16 July 2019. Instead the deadline for the submission of the election forms will be rescheduled to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m, i.e. Wednesday, 17 July 2019.

No election in respect of the Final Dividend may, after the relevant Form of Election is signed and returned to the Hong Kong branch share registrar of the Company, be in any way withdrawn, revoked, superseded or altered.

**Shareholders Resident Outside Hong Kong**

All Shareholders resident outside Hong Kong should consult their bankers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to receive Shares in satisfaction of the Final Dividend. No person receiving in any territory outside Hong Kong a copy of this circular and/or a Form of Election may treat the same as an offer to elect to receive the New Shares unless in the relevant territory such offer could lawfully be made to him without the Company having to comply with any registration or other legal, regulatory or governmental requirements or similar formalities.

This circular and Form of Election will not be registered in Hong Kong or any other jurisdiction. The Shares have not been registered under the applicable securities legislation of any jurisdictions other than Hong Kong. The Company has made enquiries with legal advisers where its overseas Shareholders are

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based regarding legal restrictions and regulatory requirements on the election of Shareholders resident outside Hong Kong to receive the Final Dividend in the form of New Shares arrangements as required by rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange.

According to the Company's register of members, as at the Record Date, there were Shareholders whose registered addresses were outside Hong Kong (the "*Overseas Shareholders*"). Based on the advice of legal advisers where such Overseas Shareholders were based, the Overseas Shareholders are allowed to participate in the arrangements to receive the Final Dividend in the form of New Shares. It is the responsibility of any Shareholder outside Hong Kong who wishes to receive New Shares under the scrip dividend arrangements to comply with the laws of the relevant jurisdictions including obtaining all necessary governmental or other regulatory consents and compliance with any other similar formalities. It is also the responsibility of any Shareholder outside Hong Kong who receives New Shares in lieu of the cash dividend to comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

#### *British Virgin Islands*

Based on the legal advice on the applicable laws of the British Virgin Islands, if the scrip dividend arrangement is made by the Company in Hong Kong and the scrip dividend arrangement is being offered to the Overseas Shareholders whose registered addresses are in the British Virgin Islands solely by reason that they are existing Shareholders, there are no securities law or other similar laws in the British Virgin Islands which would prevent the Company from including the Overseas Shareholders whose registered addresses are in the British Virgin Islands in the scrip dividend arrangement. Based on the foregoing, the Company will not be subject to any registration or other legal requirements or any governmental or regulatory procedures under the laws of the British Virgin Islands for offering the scrip dividend arrangement or issuing the New Shares to the Overseas Shareholders whose registered addresses are in the British Virgin Islands.

#### *China*

The distribution of the Final Dividend with scrip arrangements to be made by the Company to the Shareholders residing in the PRC (the "*PRC Shareholders*") does not constitute the public offering in the PRC as defined by the PRC Securities Law. Further, the Company is not prohibited from making the distribution of the Final Dividend with scrip arrangements to the PRC Shareholders under the PRC laws and regulations provided that the subscription of or receiving the new shares by the PRC Shareholders is in compliance with the relevant applicable PRC laws and regulations.

#### *Taiwan*

The New Shares to be issued pursuant to the scrip dividend arrangements described herein have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission and/or any other regulatory authorities of the Republic of China (Taiwan) pursuant to relevant securities laws and regulations and may not be sold, issued or offered within the Republic of China (Taiwan) through a public offering or in circumstances which constitute an offer or a solicitation of an offer within the meaning of the Securities and Exchange Act or relevant laws and regulations of the Republic of China (Taiwan) that requires a registration or approval of the Financial Supervisory Commission and/or any other regulatory authorities of the Republic of China (Taiwan).

#### **Listing and Dealings**

Subject to the granting of the listing of, and permission to deal in, the New Shares to be allotted and issued on the Stock Exchange, such New Shares to be allotted and issued by the Company will be admitted as eligible securities for deposit and settlement in the Central Clearing and Settlement System (the "*CCASS*") established and operated by Hong Kong Securities Clearing Company Limited. Dealings in the Shares may be settled through CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for details of these settlement arrangements and how such arrangements will affect their rights and interests.

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The Shares are listed and dealt in on the Stock Exchange. Save as disclosed herein, no any part of equity or debt securities of the Company is listed or dealt in on the Stock Exchange or any other stock exchange nor is listing or permission to deal is being or is proposed to be sought. The allotment and issue of the New Shares is conditional upon the granting by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the New Shares. Application has been made to the Stock Exchange for the listing of, and permission to deal in, the New Shares to be allotted and issued pursuant to the scrip dividend arrangements. It is expected that dividend warrants for cash dividends and/or share certificates in respect of such New Shares will be posted at the risk of those entitled thereto on or before 2 August 2019 and dealings in such New Shares is expected to commence on 5 August 2019. In the unlikely event that the New Shares are not admitted to listing by the Stock Exchange before 2 August 2019, the Forms of Election will be disregarded and the full cash dividend will be paid to the entitled Shareholders according to their registered shareholdings.

**Recommendation and Advice**

It is the Shareholders' responsibility to decide in this regard whether or not to exercise their rights to receive the Final Dividend in New Shares in lieu of cash. Whether or not it is to the Shareholders' advantage to receive cash or New Shares, in whole or in part, depends upon their own individual circumstances. The effect on the tax position of any Shareholder will depend on that Shareholder's particular circumstances. If you are in any doubt as to what to do, you should consult your professional advisers. Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

Yours faithfully,  
For and on behalf of the Board  
**Kong Jianmin**  
*Chairman*

This document is in English and Chinese. In case of any inconsistency, the English version shall prevail.