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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

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

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of KWG Living, a subsidiary of the Company, on the Main Board of the Stock Exchange by way of the Distribution and the Global Offering of the new KWG Living Shares, which includes the preferential offering. The separate listing of the KWG Living Shares on the Main Board of the Stock Exchange constitutes a spin-off of KWG Living by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

KWG LIVING'S APPLICATION FOR LISTING

On 24 June 2020, KWG Living, through its appointed joint sponsors, ABCI Capital Limited and Huatai Financial Holdings (Hong Kong) Limited, submitted a listing application form (Form A1) to the Stock Exchange to apply for the approval of the listing of, and permission to deal in, the KWG Living Shares on the Main Board of the Stock Exchange. It is intended that KWG Living will conduct an offering of its new shares in connection with the Listing. It is also intended that the Qualifying Shareholders will be provided with an assured entitlement to the KWG Living Shares under the Global Offering of the Proposed Spin-off, subject to certain conditions. Details of such assured entitlement have not yet been finalized and the Company will make further announcement(s) in this regard as and when appropriate.

Upon completion of the Proposed Spin-off and the Listing, the Company will not retain any interest in the issued share capital of KWG Living and KWG Living will no longer be a subsidiary of the Company.

The Spin-off Group is principally engaged in the provision of residential property management services and commercial property management and operational services.

LISTING RULES IMPLICATIONS

The Proposed Spin-off will be effected by way of the Distribution and the Global Offering. Under Listing Decision HKEx-LD75-4, the Distribution would not constitute a transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of KWG Living, market conditions and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Company proposes to spin-off and separately list the shares of KWG Living, a subsidiary of the Company, on the Main Board of the Stock Exchange by way of the Distribution and the Global Offering of the new KWG Living Shares, which includes the preferential offering. The separate listing of the KWG Living Shares on the Main Board of the Stock Exchange constitutes a spin-off of KWG Living by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 24 June 2020, KWG Living, through its appointed joint sponsors, ABCI Capital Limited and Huatai Financial Holdings (Hong Kong) Limited, submitted a listing application form (Form A1) to the Stock Exchange to apply for the approval of the listing of, and permission to deal in, the KWG Living Shares on the Main Board of the Stock Exchange.

THE PROPOSED SPIN-OFF

The Proposed Spin-off involves the spin-off and separate listing of the KWG Living Shares on the Main Board of the Stock Exchange by way of the Distribution and the Global Offering of the new KWG Living Shares, which includes the preferential offering. The record date for the Distribution and the details of the Global Offering have yet to be finalized.

As at the date of this announcement, the Company indirectly holds approximately 97.22% shareholding of KWG Living. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will not retain any interest in the issued share capital of KWG Living and KWG Living will no longer be a subsidiary of the Company.

THE SPIN-OFF GROUP

KWG Living was incorporated in the Cayman Islands on 11 September 2019. The Spin-off Group is principally engaged in the provision of residential property management services and commercial property management and operational services.

RATIONALE AND BENEFITS OF THE PROPOSED SPIN-OFF

The business of the Spin-off Group has grown to a size sufficient to command a separate listing and the Board considers that the Proposed Spin-off will be beneficial to the Group for the following reasons:

- (a) the Proposed Spin-off will allow the Shareholders an opportunity to realize the value of investment in the Spin-off Group under a separate standalone platform for the Spin-off Group's business;

- (b) the Proposed Spin-off will enable the Spin-off Group to build its identity as a separately listed group, to have a separate fund-raising platform and to broaden its investor base through the Global Offering. The Proposed Spin-off would allow the Spin-off Group to gain direct access to the capital market for equity and/or debt financing to fund its existing operations and future expansion without reliance on the Company, thereby improving its operating and financial management efficiencies;
- (c) as a separately listed group, the Spin-off Group will be able to build on its reputation further and be in a better position to negotiate and solicit more business;
- (d) the Proposed Spin-off will enable the Spin-off Group to enhance its corporate profile, thereby increasing its ability to attract strategic investors, which could provide synergy for the Spin-off Group, for investment in and forming strategic partnerships directly with the Spin-off Group; and
- (e) the Proposed Spin-off will enable more focused development, strategic planning and better allocation of resources for the Retained Group and the Spin-off Group with respect to the business of each group. Both the Retained Group and the Spin-off Group will benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for the Spin-off Group to focus on its development and its business.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

The Board will give due regard to the interests of the Shareholders by providing the Qualifying Shareholders with an assured entitlement to KWG Living Shares under the Global Offering, subject to certain conditions, if the Board and the board of directors of KWG Living decide to proceed with the Proposed Spin-off and the Global Offering, and the Listing Committee has given its approval to the Listing. Details of such assured entitlement have not yet been finalized. The Company will make further announcement(s) in this regard as and when appropriate.

INFORMATION ON THE GROUP

The Group is a large-scale property developer in the PRC with a leadership position in Guangzhou and an established presence in various major cities in the PRC and Hong Kong.

LISTING RULES IMPLICATIONS

The Proposed Spin-off will be effected by way of the Distribution and the Global Offering. Under Listing Decision HKEx-LD75-4, the Distribution would not constitute a transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

A redacted form of the application proof of KWG Living's listing document (the "**Application Proof**") is expected to be available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Listing Committee will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Listing Committee, the final decision of the Board and the board of directors of KWG Living, market conditions and other considerations, the Proposed Spin-off may or may not occur. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Board"	the board of Directors
"Company"	KWG Group Holdings Limited (合景泰富集團控股有限公司) (stock code: 1813), an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2006, the Shares of which are listed on the Main Board of the Stock Exchange
"Directors"	directors of the Company
"Distribution"	a distribution in specie of KWG Living Shares to the Qualifying Shareholders by way of conditional special dividend declared by the Board, subject to the satisfaction of certain conditions

“Global Offering”	the offering to the public in Hong Kong for subscription, and the international offering to certain professional and institutional investors and other investors (including the preferential offering to the Qualifying Shareholder(s)), of the KWG Living Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“KWG Living”	KWG Living Group Holdings Limited (合景悠活集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 11 September 2019
“KWG Living Shares”	ordinary shares with nominal value of HK\$0.01 each in the share capital of KWG Living
“Listing”	the listing of the KWG Living Shares on the Main Board of the Stock Exchange
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China
“Proposed Spin-off”	the proposed spin-off and separate listing of the KWG Living Shares on the Main Board of the Stock Exchange
“Qualifying Shareholders”	Shareholders whose names appear in the register of members of the Company on the Record Date, other than Shareholders whose names appear in the register of members of the Company on the Record Date and whose addresses as shown in such register are in any of the specified territories and any Shareholders or beneficial Shareholders at that time who are otherwise known by the Company to be resident in any of the specified territories
“Record Date”	the record date for ascertaining the Qualifying Shareholders who shall be entitled to assured entitlements
“Retained Group”	the Company and its subsidiaries, excluding the Spin-off Group
“Shares”	ordinary shares with nominal value of HK\$0.10 each in the share capital of the Company

“Shareholders”	shareholders of the Company
“Spin-off Group”	KWG Living and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

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

Hong Kong, 24 June 2020

As at the date of this announcement, the Board comprises seven Directors, of which Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao, Mr. KONG Jiannan and Mr. CAI Fengjia are executive Directors; and Mr. LEE Ka Sze, Carmelo JP, Mr. TAM Chun Fai and Mr. LI Binhai are independent non-executive Directors.