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合景泰富集團

KWG GROUP HOLDINGS

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)

**CONNECTED TRANSACTION
IN RELATION TO
THE SALE OF A RESIDENTIAL APARTMENT IN THE PRC**

THE SALE

The Board announces that on 27 September 2018, the Seller, a wholly-owned subsidiary of the Company, entered into the Property Sale and Purchase Agreement with the Purchasers, being Mr. Kong, an executive Director and the chief executive officer of the Company, and Mrs. Kong, the spouse of Mr. Kong, pursuant to which the Seller agreed to sell, and the Purchasers agreed to purchase, the Target Property at a consideration of RMB38,115,562.

LISTING RULES IMPLICATIONS

Mr. Kong is an executive Director and the chief executive officer of the Company and the Purchasers are therefore connected persons of the Company under the Listing Rules. Accordingly, the Sale contemplated under the Property Sale and Purchase Agreement constitutes a connected transaction of the Company as defined under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Sale exceed 0.1% but are less than 5%, the Sale is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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THE PROPERTY SALE AND PURCHASE AGREEMENT

The principal terms of the Property Sale and Purchase Agreement are set out as follows:

- Date: 27 September 2018
- Parties: (i) Guangzhou Hejing, a wholly-owned subsidiary of the Company, as the Seller; and
- (ii) Mr. Kong, an executive Director and the chief executive officer of the Company, and Mrs. Kong, the spouse of Mr. Kong, as the Purchasers.
- Assets to be sold: The Target Property is a residential apartment within a residential property development project in Guangzhou, namely the Cosmos, developed by the Seller. It is located on 41th Floor, Building No. A8, 715 Jinsui Road, Tianhe District, Guangzhou, the PRC with a gross floor area of approximately 643.98 sq.m.
- No operating revenue and profit were generated from the Target Property for the two financial years ended 31 December 2016 and 2017.
- Consideration: RMB38,115,562, determined after arm's length negotiation between the Seller and the Purchasers with reference to the valuation of the Target Property as assessed by an independent professional valuer adopting the market comparison approach.
- Payment: The consideration shall be payable by the Purchasers in cash to the Seller in accordance with the following manner:
- (i) RMB3,811,556, being 10% of the consideration, shall be payable within five days upon signing of the Property Sale and Purchase Agreement;
- (ii) RMB11,434,669, being 30% of the consideration, shall be payable before 27 October 2018; and

(iii) RMB22,869,337, being 60% of the consideration, shall be payable before 27 December 2018.

Delivery of the Target Property: The Seller shall deliver the Target Property to the Purchasers before 26 January 2019. At the time of delivery, the Target Property shall have passed verification and acceptance for project completion, and obtained the project completion filing schedule from the construction department.

FINANCIAL EFFECTS OF THE SALE

As at the date of this announcement, the book value of the Target Property is approximately RMB6,096,351. The Company expects to realise profits before tax of approximately RMB32,019,211 from the Sale, which is calculated based on the book value of the Target Property and the consideration for the Target Property determined according to the appraised value. The proceeds from the Sale will be used as the general working capital of the Company.

REASONS FOR AND BENEFITS OF THE SALE

Given that the Purchasers have shown interest in purchasing the Target Property in view of their personal need and the consideration for the Target Property reflects market rate, the Board considers that the Sale represents a good opportunity for the Group to realise its investment in the Target Property. Having considered the reasons for and benefits of the Sale, the Board (including the independent non-executive Directors) is of the view that the terms of the Property Sale and Purchase Agreement, which have been reached after arm's length negotiation between the Seller and the Purchasers, are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, and the Sale is in the ordinary and usual course of business of the Group.

Since Mr. Kong has a material interest in the Sale, he had abstained from voting on the relevant Board resolutions to approve the Property Sale and Purchase Agreement and the Sale contemplated thereunder. Save as disclosed, none of the Directors has a material interest in the Sale or is required to abstain from voting on the relevant Board resolutions.

INFORMATION ON THE PARTIES INVOLVED

The Group is a large-scale property developer in the PRC with a leadership position in Guangzhou and an established presence in Suzhou, Chengdu, Beijing, Tianjin, Shanghai, Nanning, Hangzhou, Hainan, Foshan, Nanjing and Hefei. The Seller is a wholly-owned subsidiary of the Company and is principally engaged in property development in the PRC.

Mr. Kong is an executive Director and the chief executive officer of the Company and Mrs. Kong is the spouse of Mr. Kong.

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DEFINITIONS

“Board”	the board of directors of the Company
“Company”	KWG Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Kong”	Mr. Kong Jiantao, an executive Director and chief executive officer of the Company
“Mrs. Kong”	Ms. Zhang Xin, the spouse of Mr. Kong
“PRC”	the People's Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Sale and Purchase Agreement”	the property sale and purchase agreement entered into between the Seller and the Purchasers on 27 September 2018 in relation to the Sale

“Purchasers”	collectively, Mr. Kong and Mrs. Kong
“RMB”	Renminbi, the lawful currency of the PRC
“Sale”	the sale of the Target Property by the Seller to the Purchasers pursuant to the Property Sale and Purchase Agreement
“Seller” or “Guangzhou Hejing”	Guangzhou Hejing Real Estate Development Limited* (廣州合景房地產開發有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“Shareholder(s)”	the holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the capital of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Property”	Flat 4101, 41th Floor, Building No. A8, 715 Jinsui Road, Tianhe District, Guangzhou, the PRC with a gross floor area of approximately 643.98 sq.m., which is owned by the Seller as at the date of this announcement
“%”	per cent

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

Hong Kong, 27 September 2018

As at the date of this announcement, the Board comprises eight Directors, of which Mr. Kong Jianmin (Chairman), Mr. Kong Jiantao, Mr. Kong Jiannan, Mr. Tsui Kam Tim and Mr. Cai Fengjia are executive Directors; and Mr. Lee Ka Sze, Carmelo JP, Mr. Tam Chun Fai and Mr. Li Binhai are independent non-executive Directors.

* *For identification purpose only*