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**CONTINUING CONNECTED TRANSACTION
LEASE OF PROPERTIES**

PROPERTY LEASE AND MANAGEMENT AGREEMENTS

The Board announces that on 30 November 2018 and on 6 December 2018, the Group respectively entered into the Property Lease and Management Agreements I and the Property Lease and Management Agreements II with the Lessees, pursuant to which the Group agreed to lease the Properties to the Lessees at an aggregate effective rental and management fee of approximately RMB2,400,000 per month.

LISTING RULES IMPLICATIONS

Mr. Kong is an executive Director and chief executive officer of the Company. Mr. Kong is the ultimate beneficial owner of the Lessees, and therefore the Lessees are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Property Lease and Management Agreements constitutes a continuing connected transaction of the Company.

As all the applicable percentage ratios in respect of the Property Lease and Management Agreements I are less than 0.1%, the Property Lease and Management Agreements I and the transactions contemplated thereunder were fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules at the time of their signing.

As one or more of the applicable percentage ratios in respect of the Property Lease and Management Agreements II and the transactions contemplated thereunder, aggregated with Property Lease and Management Agreements I, exceed 0.1% but are less than 5%, the Property Lease and Management Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

PROPERTY LEASE AND MANAGEMENT AGREEMENTS

The Board hereby announces that on 30 November 2018 and on 6 December 2018, the Group respectively entered into the Property Lease and Management Agreements I and the Property Lease and Management Agreements II with the Lessees, pursuant to which the Group agreed to lease the Properties to the Lessees. The Lessees are also required to pay management fees and other expenses in relation to the above premises to a wholly-owned subsidiary of the Company for the provision of property management services to the Properties. The aggregate effective rental and management fee per month is RMB2,400,000.

Date:	30 November 2018 — Property Lease and Management Agreements I
	6 December 2018 — Property Lease and Management Agreements II
Parties:	(1) Certain wholly-owned subsidiaries of the Company as the Lessors
	(2) Guangzhou Kai Chuang Business Investments Company Limited (廣州凱創商務投資有限公司) and its wholly-owned subsidiaries as the Lessees
Leased Objects:	the Properties, being various commercial properties located at Guangzhou, Shenzhen, Shanghai and Chengdu, with a total gross floor area of approximately 20,462 sq.m.
Term:	as set out below in the section “The Properties”
Effective Monthly Rental and Management Fee:	RMB2,400,000
Usage:	Office space

The Properties

Details on the Properties are set out as follows:

	Location	Lease Term	Effective Monthly Rental and Management Fee
1.	Unit 112, 12 Haile Road, Pearl River New Town, Tianhe District, Guangzhou, Guangdong Province, the PRC	1 December 2018 to 31 December 2020	RMB21,000
2.	Level 66, International Metropolitan Plaza, 68 Huacheng Avenue, Tianhe District, Guangzhou, Guangdong Province, the PRC	1 January 2019 to 31 December 2020	RMB580,000
3.	Levels 1 and 2, Block D2, Kehui Street, International Creative Valley, 99 Science Avenue, Huangpu District, Guangzhou, Guangdong Province, the PRC	1 March 2019 to 31 December 2020	RMB48,000
4.	Level 21, International Commerce Place, 1168 Xingang East Road, Haizhu District, Guangzhou, Guangdong Province, the PRC	1 January 2019 to 31 December 2020	RMB310,000
5.	Level 29, International Commerce Place, 1168 Xingang East Road, Haizhu District, Guangzhou, Guangdong Province, the PRC	16 December 2018 to 15 January 2020	RMB319,000
6.	Level 5, International Finance Place, 8 Huaxia Road, Pearl River New Town, Tianhe District, Guangzhou, Guangdong Province, the PRC	1 January 2019 to 31 December 2020	RMB23,000

	Location	Lease Term	Effective Monthly Rental and Management Fee
7.	Level 2, 2–12 Ying Cai Road, Qinghui Street, Tianhe District, Guangzhou, Guangdong Province, the PRC	1 March 2019 to 31 December 2020	RMB221,000
8.	Portion of Level 1, Block 7, Zhonghao Industrial City, Zhonghao Second Road, Longgang District, Shenzhen, Guangdong Province, the PRC	1 March 2019 to 31 December 2020	RMB20,000
9.	Portion of Level 2, International Metropolis Plaza, 58 Yaoyuan Road, Pudong New District, Shanghai, the PRC	1 March 2019 to 31 December 2020	RMB397,000
10.	Level 7, Block M3, The Cosmos, International Commerce Place, 300 Jiaozi Avenue, Guoxin District, Chengdu, Sichuan Province, the PRC	1 January 2019 to 31 December 2020	RMB148,000
11.	Levels 20 and 21, Block M6, The Cosmos, International Commerce Place, 300 Jiaozi Avenue, Guoxin District, Chengdu, Sichuan Province, the PRC	1 March 2019 to 31 December 2020	RMB313,000
Total:			<u>RMB2,400,000</u>

PROPOSED ANNUAL CAP

The annual caps for the transactions contemplated under the Property Lease and Management Agreements for each of the year(s) ending 31 December 2018, 2019 and 2020 are set out below:

	For the year ending 31 December 2018 <i>(RMB)</i>	For the year ending 31 December 2019 <i>(RMB)</i>	For the year ending 31 December 2020 <i>(RMB)</i>
Annual Cap	<u>186,000</u>	<u>26,802,000</u>	<u>25,126,000</u>

The annual caps were calculated based on the annual rental and management fees pursuant to the Property Lease and Management Agreements. The rental and management fees were determined after arm's length negotiations between the Company and the Lessees with reference to the prevailing market rates for comparable properties in the PRC as of the dates of the Property Lease and Management Agreements, as well as the rental valuation conducted by an independent professional valuer based on comparisons to transacted rental fees or asking rental fees of comparable properties.

The Directors (including the independent non-executive Directors) considered that the annual caps are fair and reasonable and in the interests of the Group and its Shareholders as a whole.

REASONS AND BENEFITS FOR LEASE

The Company believes that it will benefit from the transactions under the Property Lease and Management Agreements due to the following reasons: (1) the Company will earn rental and management fee income; and (2) all the costs and risks relating to the operation of the business in the Properties will be borne by the Lessees. To the Company's awareness, the Lessees intend to provide the Properties to third parties as co-working spaces and serviced offices, to be used as offices and meeting venues, which will cater to entrepreneurs, start-up businesses, branches of large enterprises and professional services. The Properties are mainly located in first tier cities in the PRC, and there is a growing market in the PRC for co-working spaces.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the Property Lease and Management Agreements and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms in the Property Lease and Management Agreements, including the relevant annual caps, are fair and reasonable and are in the interest of the Company and its Shareholders as a whole.

Since Mr. Kong has a material interest in the Property Lease and Management Agreements and the transactions contemplated thereunder, he had abstained from voting on the relevant board resolutions approving the Property Lease and Management Agreements and the transactions contemplated thereunder.

INFORMATION ON THE GROUP AND THE PARTIES TO THE PROPERTY LEASE AND MANAGEMENT AGREEMENTS

The Group

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.

Lessees

The Lessees are companies incorporated under the laws of the PRC. The Lessees are principally engaged in providing business services, including the provision of properties to third parties as co-working space and serviced offices.

LISTING RULES IMPLICATIONS

Mr. Kong is an executive Director and chief executive officer of the Company. Mr. Kong is the ultimate beneficial owner of the Lessees, and therefore the Lessees are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Property Lease and Management Agreements constitutes a continuing connected transaction of the Company.

As all the applicable percentage ratios in respect of the Property Lease and Management Agreements I are less than 0.1%, the Property Lease and Management Agreements I and the transactions contemplated thereunder were fully exempt from independent Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules at the time of their signing.

As one or more of the applicable percentage ratios in respect of the Property Lease and Management Agreements II and the transactions contemplated thereunder, aggregated with Property Lease and Management Agreements I, exceed 0.1% but are less than 5%, the Property Lease and Management Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“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), a limited company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lessees”	the lessees in the Property Lease and Management Agreements, being Guangzhou Kai Chuang Business Investments Company Limited* (廣州凱創商務投資有限公司) and its wholly owned subsidiaries
“Lessors”	the lessors and property manager in the Property Lease and Management Agreements, being various wholly-owned subsidiaries of the Company
“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
“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
“Properties”	the properties located at Guangzhou, Shanghai, Shenzhen and Chengdu with a total gross floor area of approximately 20,462 sq.m.
“Property Lease and Management Agreements I”	the agreements entered into between the Group and the Lessees on 30 November 2018 for the leasing and management of the Property numbered 1 set out in the section “The Properties” of this announcement

“Property Lease and Management Agreements II”	the agreements entered into between the Group and the Lessees on 6 December 2018 for the leasing and management of the Properties numbered 2 to 11 set out in the section “The Properties” of this announcement
“Property Lease and Management Agreements”	Property Lease and Management Agreements I and Property Lease and Management Agreements II
“RMB”	Renminbi, the lawful currency of China
“Share(s)”	ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company
“sq.m.”	square metres
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *For identification purposes only*

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

Hong Kong, 6 December 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.