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If you have sold or transferred all your shares in KWG Living Group Holdings Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).



KWG Living Group Holdings Limited

合景悠活集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3913)

**(1) CONTINUING CONNECTED TRANSACTIONS —
REVISION OF ANNUAL CAPS
UNDER THE RELEVANT FRAMEWORK AGREEMENTS;
(2) PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 6 to 19 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 20 to 21 of this circular. A letter from Yue Xiu Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 42 of this circular.

A notice convening the EGM of the Company to be held at Infinity Room, 3rd Floor, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, People’s Republic of China on Friday, 12 November 2021 at 3:00 p.m. is set out on pages EGM-1 to EGM-4 of this circular. A proxy form for use at the meeting is enclosed. Whether or not you are able to attend the EGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the appointed time for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (i) Compulsory body temperature checks
- (ii) Wearing of surgical face masks
- (iii) No provision of refreshments and corporate gifts

Any attendee who does not comply with the precautionary measures (i) and (ii) above may be denied entry to the EGM venue.

For the health and safety of the shareholders, Shareholders are strongly encouraged to appoint the chairman of the EGM as their proxy instead of attending the EGM in person. If any Shareholders wishes to attend in person, the Shareholder is advised to pay attention to the latest epidemic-control and protection arrangements implemented by the Central Government of the People’s Republic of China and the Government of the Hong Kong Special Administrative Region.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements at short notice. Shareholders shall check the Company’s website (www.kwgliving.com) and/or the HKEXnews website (www.hkexnews.hk) for future announcements and updates on the EGM arrangements.

26 October 2021

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DEFINITIONS

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

“Articles”	the articles of association of the Company, as amended from time to time
“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“Commercial Pre-sale Management Services”	the pre-sale management services to be provided by the Group to KWG Group and its associates under the Commercial Property Management Services Framework Agreement, such as cleaning, security and maintenance services for pre-sale display units and sales offices of commercial properties owned by KWG Group and its associates
“Commercial Property Management Services”	the commercial property management services to be provided by the Group to KWG Group and its associates under the Commercial Property Management Services Framework Agreement, such as file management, cleaning, security, gardening, and repair and maintenance services for commercial properties developed by KWG Group and its associates which are (a) unsold or sold but not yet delivered to the new owners; (b) pending to be leased out; or (c) owned by KWG Group and its associates for their own use
“Commercial Property Management Services Framework Agreement”	the commercial property management services framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Company”	KWG Living Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 11 September 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 3913)
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“controlling shareholder(s)”	shall have the same meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company (or any adjournment thereof) to be convened and held at Infinity Room, 3rd Floor, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, People’s Republic of China on Friday, 12 November 2021 at 3:00 p.m. or any adjournment thereof (as the case may be), the notice of which is set out on pages EGM-1 to EGM-4 of this circular
“Excel Wave”	Excel Wave Investments Limited (卓濤投資有限公司), a company incorporated in the British Virgin Islands with limited liability on 10 April 2008, which is wholly-owned by Mr. KONG Jiantao
“GFA”	gross floor area
“Group”	the Company and its subsidiaries
“Hero Fine”	Hero Fine Group Limited (英明集團有限公司), a company incorporated in the British Virgin Islands with limited liability on 25 October 2007, which is wholly-owned by Mr. KONG Jianmin
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee established by the Board, comprising all the independent non-executive Directors, namely Ms. LIU Xiaolan, Mr. FUNG Che Wai, Anthony and Ms. NG Yi Kum, to advise the Independent Shareholders in respect of the proposed revised annual caps for the Relevant Supplemental Agreements
“Independent Financial Adviser” or “Yue Xiu Capital”	Yue Xiu Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed revised annual caps for the Relevant Supplemental Agreements
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolutions with respect to the Relevant Supplemental Agreements
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates

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“KWG Group”	KWG Holdings and its subsidiaries
“KWG Holdings”	KWG Group Holdings Limited (合景泰富集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2006, the shares of which are listed on the Stock Exchange (stock code: 1813)
“Latest Practicable Date”	18 October 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Peace Kind”	Peace Kind Investments Limited (和康投資有限公司), a company incorporated in the British Virgin Islands with limited liability on 10 October 2018, which is wholly-owned by Mr. KONG Jiannan
“Plus Earn”	Plus Earn Consultants Limited (晉得顧問有限公司), a company incorporated in the British Virgin Islands with limited liability on 18 May 2006, which is wholly-owned by Mr. KONG Jianmin
“PRC”	the People’s Republic of China
“Property Agency Services”	the property agency services to be provided by the Group to KWG Group and its associates under the Property Agency Services Framework Agreement for properties developed by KWG Group and its associates
“Property Agency Services Framework Agreement”	the property agency services framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Prospectus”	the prospectus of the Company dated 19 October 2020
“Relevant Framework Agreements”	refers to the (i) Residential Property Management Services Framework Agreement; (ii) Property Agency Services Framework Agreement; and (iii) Commercial Property Management Services Framework Agreement collectively
“Relevant Supplemental Agreements”	refers to the (i) Supplemental Residential Property Management Services Framework Agreement; (ii) Supplemental Property Agency Services Framework Agreement; and (iii) Supplemental Commercial Property Management Services Framework Agreement collectively

DEFINITIONS

“Residential Pre-sale Management Services”	the pre-sale management services to be provided by the Group to KWG Group and its associates under the Residential Property Management Services Framework Agreement, such as cleaning, security and maintenance services for pre-sale display units and sales offices owned by KWG Group and its associates
“Residential Property Management Services”	the property management services to be provided by the Group to KWG Group and its associates under the Residential Property Management Services Framework Agreement, such as cleaning, security, gardening and repair and maintenance services for residential properties developed by KWG Group and its associates which are unsold or sold but not yet delivered to the property owners
“Residential Property Management Services Framework Agreement”	the residential property management services framework agreement entered into between the Company and KWG Holdings on 14 October 2020
“Right Rich”	Right Rich Consultants Limited (正富顧問有限公司), a company incorporated in the British Virgin Islands with limited liability on 21 April 2006, which is wholly-owned by Mr. KONG Jiantao
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary shares with nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Commercial Property Management Services Framework Agreement”	the supplemental agreement to the Commercial Property Management Services Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Commercial Property Management Services Framework Agreement
“Supplemental Property Agency Services Framework Agreement”	the supplemental agreement to the Property Agency Services Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Property Agency Services Framework Agreement

DEFINITIONS

“Supplemental Residential Property Management Services Framework Agreement”	the supplemental agreement to the Residential Property Management Services Framework Agreement dated 29 September 2021 and entered into between the Company and KWG Holdings, which amended and supplemented the Residential Property Management Services Framework Agreement
“Wealth Express”	Wealth Express Investments Limited (富迅投資有限公司), a company incorporated in the British Virgin Islands with limited liability on 3 October 2012, which is wholly owned by Mr. KONG Jiantao



KWG Living Group Holdings Limited

合景悠活集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3913)

Executive Directors:

KONG Jiannan (*Chief Executive Officer*)
YANG Jingbo
WANG Yue

Non-executive Director:

KONG Jianmin (*Chairman*)

Independent Non-executive Directors:

LIU Xiaolan
FUNG Che Wai, Anthony
NG Yi Kum

Registered Office:

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

*Principal Place of Business
in Hong Kong:*

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

26 October 2021

To the Shareholders

Dear Sir or Madam,

**(1) CONTINUING CONNECTED TRANSACTIONS —
REVISION OF ANNUAL CAPS UNDER
THE RELEVANT FRAMEWORK AGREEMENTS;
(2) PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION;
AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 29 September 2021 in relation to, among others, the Relevant Supplemental Agreements and the proposed amendments to the Articles.

LETTER FROM THE BOARD

The purposes of this circular are to provide the Shareholders with, among other things, (i) further information on the Relevant Supplemental Agreements and the transactions contemplated thereunder, and details of the proposed amendments to the Articles; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Relevant Supplemental Agreements and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Relevant Supplemental Agreements and the transactions contemplated thereunder; and (iv) a notice of the EGM to consider and, if thought fit, to approve the Relevant Supplemental Agreements and the transactions contemplated thereunder and the proposed amendments to the Articles.

THE RELEVANT SUPPLEMENTAL AGREEMENTS

In light of the business expansion of KWG Group and its associates, the Group has been providing additional services to KWG Group and its associates. The Board found that the respective transaction amounts under the Relevant Framework Agreements are approaching their respective existing annual caps for the year ending 31 December 2021.

On 29 September 2021 (after trading hours), the Company entered into, among others, the Relevant Supplemental Agreements with KWG Holdings to revise the existing annual caps under each of the Relevant Framework Agreements for the two years ending 31 December 2022.

Residential Property Management Services Framework Agreement

Under the Residential Property Management Services Framework Agreement, the Group has agreed to provide KWG Group and its associates with residential property management services, including but not limited to Residential Pre-sale Management Services and Residential Property Management Services. The approximate historical aggregate transaction amounts for the year ended 31 December 2020 and the six months ended 30 June 2021 are as follows:

	Year ended 31 December 2020 <i>RMB'000</i> (Audited)	Six months ended 30 June 2021 <i>RMB'000</i> (Unaudited)
Historical aggregate transaction amount		
Residential Pre-sale Management Services	244,866	163,039
Residential Property Management Services	57,246	58,785

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The existing annual caps for the two years ending 31 December 2022 under the Residential Property Management Services Framework Agreement are revised as per below:

	Year ending 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Original annual caps under the Residential Property Management Services Framework Agreement		
Residential Pre-sale Management Services	306,400	383,000
Residential Property Management Services	71,800	89,700
Total	378,200	472,700
Revised annual cap under the Supplemental Residential Property Management Services Framework Agreement		
Residential Pre-sale Management Services		
— to KWG Group	248,300	298,000
— to KWG Group's associates	110,400	132,500
	358,700	430,500
Residential Property Management Services		
— to KWG Group	111,900	134,300
— to KWG Group's associates	26,000	31,200
	137,900	165,500
Total	496,600	596,000

Save for such revision in the annual caps, the scope of services and other terms of the Residential Property Management Services Framework Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the six months ended 30 June 2021, the total actual transaction in respect of the Residential Pre-sale Management Services and Residential Property Management Services amounted to approximately RMB163.0 million and RMB58.8 million respectively, representing approximately 53.2% and 81.9% of the respective existing annual caps for the year ending 31 December 2021. The Board confirms that as at the Latest Practicable Date, the total actual transaction amount for the Residential Property Management Services Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

LETTER FROM THE BOARD

The revised annual caps under the Supplemental Residential Property Management Services Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the Residential Pre-sale Management Services and Residential Property Management Services in the respective amount of approximately RMB163.0 million and RMB58.8 million for the six months ended 30 June 2021, respectively;
- (2) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide the Residential Pre-sale Management Services and Residential Property Management Services; and
- (3) the expected increase in the GFA under management for which the Group anticipates that it may be engaged by KWG Group and its associates to provide the Residential Pre-sale Management Services and Residential Property Management Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022.

Reasons for and benefits of entering into the Supplemental Residential Property Management Services Framework Agreement

The Group has been engaged by KWG Group and its associates to provide additional residential property management services. As the scale of sale, GFA and number of the residential properties developed by KWG Group and its associates has increased due to the business expansion, more Residential Pre-sale Management Services and Residential Property Management Services have been provided to KWG Group and its associates since the first half of 2021. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 in respect of the Residential Pre-sale Management Services and Residential Property Management Services are not sufficient. In order for the Group to provide management services to KWG Group and its associates continuously, the Company has entered into the Supplemental Residential Property Management Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Residential Property Management Services Framework Agreement.

As mentioned in the Prospectus, the Group is making continuous effort to further diversify its revenue source and reduce reliance on KWG Group. The Group has been increasing and diversifying its GFA under management through acquisitions from Independent Third Parties, including the acquisitions as disclosed in the announcements of the Company dated 18 January 2021 and 29 June 2021, respectively. Such acquisitions from Independent Third Parties represent the primary driver of the growth in the Group's total GFA under management and are expected to increase the Group's revenue to be derived from Independent Third Parties. Therefore, the revision of annual caps pursuant to the Supplemental Residential Property Management Services Framework Agreement is corresponding to the overall business expansion of the Group and does not increase the Group's reliance on KWG Group. Having considered the foregoing, the Directors (including the independent non-executive Directors, after considering the advice from the

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Independent Financial Adviser) are of the view that the terms of the Supplemental Residential Property Management Services Framework Agreement and the transactions contemplated thereunder (including the revised annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Property Agency Services Framework Agreement

Under the Property Agency Services Framework Agreement, the Group has agreed to provide KWG Group and its associates with Property Agency Services. The approximate historical aggregate transaction amounts for the year ended 31 December 2020 and six months ended 30 June 2021 are as follows:

	Year ended	Six months
	31 December	ended
	2020	30 June
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Unaudited)
Historical aggregate transaction amount	225,460	262,390

The existing annual caps for the two years ending 31 December 2022 under the Property Agency Services Framework Agreement are revised as per below:

	Year ending 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Original annual caps under the Property Agency Services Framework Agreement	356,800	470,600
Revised annual cap under the Supplemental Property Agency Services Framework Agreement		
— to KWG Group	540,800	649,000
— to KWG Group's associates	94,500	113,400
Total	635,300	762,400

Save for such revision in the annual caps, the scope of services and other terms of the Property Agency Services Framework Agreement shall remain valid and in full force and effect.

Based on the Company's management accounts for the six months ended 30 June 2021, the total actual transaction under the Property Agency Services Framework Agreement amounted to approximately RMB262.4 million, representing approximately 73.5% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at

LETTER FROM THE BOARD

the Latest Practicable Date, the transaction amount for the Property Agency Services Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Property Agency Services Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount under the Property Agency Services Framework Agreement in the amount of approximately RMB262.4 million for the six months ended 30 June 2021;
- (2) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide the Property Agency Services; and
- (3) the expected increase in the number of projects for which the Group anticipates that it may be engaged by KWG Group and its associates to provide the Property Agency Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022.

Reasons for and benefits of entering into the Supplemental Property Agency Services Framework Agreement

The Supplemental Property Agency Services Framework Agreement would (i) further strengthen the Group's capabilities in Property Agency Services for provision of integrated and customised marketing solutions; and (ii) boost the sales volume and amounts for the properties developed by KWG Group and its associates, and therefore increase the commission income of the Group. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 are not sufficient. In order for the Group to provide Property Agency Services to KWG Group and its associates continuously, the Company has entered into the Supplemental Property Agency Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Property Agency Services Framework Agreement.

As mentioned in the Prospectus, the Group is making continuous effort to further diversify its revenue source and reduce reliance on KWG Group. The Group has been increasing and diversifying its GFA under management through acquisitions from Independent Third Parties, including the acquisitions as disclosed in the announcements of the Company dated 18 January 2021 and 29 June 2021, respectively. Such acquisitions from Independent Third Parties represent the primary driver of the growth in the Group's total GFA under management and are expected to increase the Group's revenue to be derived from Independent Third Parties. Therefore, the revision of annual caps pursuant to the Supplemental Property Agency Services Framework Agreement is corresponding to the overall business expansion of the Group and does not increase the Group's reliance on KWG Group. Having considered the foregoing, the Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Supplemental Property Agency Services Framework Agreement and the transactions contemplated thereunder (including the revised

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annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Commercial Property Management Services Framework Agreement

Under the Commercial Property Management Services Framework Agreement, the Group has agreed to provide KWG Group and its associates with commercial property management services, including but not limited to Commercial Pre-sale Management Services and Commercial Property Management Services. The approximate historical aggregate transaction amounts in respect of the Commercial Property Management Services for the year ended 31 December 2020 and the six months ended 30 June 2021 are as follows:

	Year ended	Six months
	31 December	ending
	2020	30 June
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Unaudited)
Historical aggregate transaction amount		
Commercial Property Management Services	97,195	65,573

The existing annual caps for the two years ending 31 December 2022 in respect of the Commercial Property Management Services under the Commercial Property Management Services Framework Agreement are revised as per below:

	Year ending 31 December	
	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Original annual caps under the Commercial Property Management Services Framework Agreement		
Commercial Property Management Services	124,400	145,700
Revised annual cap under the Supplemental Commercial Property Management Services Framework Agreement		
Commercial Property Management Services		
— to KWG Group	153,700	184,500
— to KWG Group's associates	3,700	4,400
Total	157,400	188,900

Save for such revision in the annual caps, the scope of services and other terms of the Commercial Property Management Services Framework Agreement shall remain valid and in full force and effect.

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Based on the Company's management accounts for the six months ended 30 June 2021, the total actual transaction in respect of the Commercial Property Management Services under the Commercial Property Management Services Framework Agreement amounted to approximately RMB65.6 million, representing approximately 52.7% of the existing annual cap for the year ending 31 December 2021. The Board confirms that as at the Latest Practicable Date, the transaction amount (including both Commercial Pre-sale Management Services and Commercial Property Management Services) for the Commercial Property Management Services Framework Agreement has not exceeded the original annual cap for the year ending 31 December 2021.

The revised annual caps under the Supplemental Commercial Property Management Services Framework Agreement were determined after taking into consideration the following principal factors:

- (1) the actual transaction amount in respect of the Commercial Property Management Services in the amount of approximately RMB65.6 million for the six months ended 30 June 2021;
- (2) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide the Commercial Property Management Services; and
- (3) the expected increase in the GFA under management for which the Group anticipate it may be engaged by KWG Group and its associates to provide the Commercial Property Management Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022.

Reasons for and benefits of entering into the Supplemental Commercial Property Management Services Framework Agreement

The Group has been engaged by KWG Group and its associates to provide additional commercial property management services. As the scale of sale, area and number of the commercial properties developed by KWG Group and its associates has increased due to the business expansion, more Commercial Property Management Services have been provided to KWG Group and its associates since the first half of 2021. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 in respect of the Commercial Property Management Services under the Commercial Property Management Services Framework Agreement are not sufficient. In order for the Group to provide management services to KWG Group and its associates continuously, the Company has entered into the Supplemental Commercial Property Management Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Commercial Property Management Services Framework Agreement.

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As mentioned in the Prospectus, the Group is making continuous effort to further diversify its revenue source and reduce reliance on KWG Group. The Group has been increasing and diversifying its GFA under management through acquisitions from Independent Third Parties, including the acquisitions as disclosed in the announcements of the Company dated 18 January 2021 and 29 June 2021, respectively. Such acquisitions from Independent Third Parties represent the primary driver of the growth in the Group's total GFA under management and are expected to increase the Group's revenue to be derived from Independent Third Parties. Therefore, the revision of annual caps pursuant to the Supplemental Commercial Property Management Services Framework Agreement is corresponding to the overall business expansion of the Group and does not increase the Group's reliance on KWG Group. Having considered the foregoing, the Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Supplemental Commercial Property Management Services Framework Agreement and the transactions contemplated thereunder (including the revised annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

PRICING POLICY AND INTERNAL CONTROL MEASURES

Pricing policies

During the term of each of the Relevant Framework Agreements, members of the Group may from time to time enter into individual agreements with members or associates (as the case may be) of KWG Group for the transactions contemplated under each Relevant Framework Agreement in accordance with the principal terms thereof.

The prices for the transactions contemplated thereunder are determined based on the unified pricing procedures compiled by the Group for the services offered to all its customers including Independent Third Parties and KWG Group and its associates determined by taking into account the nature, size and location of the properties, the scope of services and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to rates generally offered by our Group to Independent Third Parties and the fees for similar services and type of properties in the market. Such prices offered to both KWG Group and its associates and Independent Third Parties will also take into consideration the market conditions at the relevant time, the size of orders and the technical conditions, subject to the principles of fairness and reasonableness. The final prices will be ultimately approved by the senior management of the Company or its subsidiaries. Hence, the terms of the services offered by the Group to KWG Group and its associates are no less favourable to the Group than those offered to Independent Third Parties.

Internal control measures

The Company has also established procedures for monitoring its continuing connected transactions in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated

LETTER FROM THE BOARD

under the Relevant Framework Agreements are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the Relevant Framework Agreements and the auditors of the Company will also conduct an annual review on the pricing terms and annual cap of the relevant continuing connected transactions thereof.

INFORMATION ON THE PARTIES TO THE RELEVANT FRAMEWORK AGREEMENTS

The Group is a comprehensive property management service provider in the PRC, providing comprehensive property management services for both residential properties and non-residential properties.

KWG Group is a large-scale property developer in the PRC with a leading position in the Greater Bay Area and is principally engaged in property development, property investment, and hotel operation. KWG Holdings is an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2006, the shares of which are listed on the Stock Exchange (Stock Code: 1813).

LISTING RULES IMPLICATIONS

Pursuant to a shareholders' agreement dated 30 December 2018 entered into between Plus Earn, Right Rich and Peace Kind, each of Plus Earn, Right Rich and Peace Kind was deemed to have interest in the shares and/or underlying shares in KWG Holdings held by the other parties under Section 317(1)(a) of the SFO. As at the Latest Practicable Date, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are deemed to be interested in approximately 62.64%, 53.42% and 53.35% of the issued share capital of KWG Holdings, respectively. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are the controlling shareholders of the Company. Therefore, KWG Holdings, as an associate of the controlling shareholders of the Company, is a connected person of the Company. The transactions contemplated under the Relevant Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements.

As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the proposed revised annual caps for each of Relevant Supplemental Agreements, on an annual basis, is expected to be more than 5%, each of the Relevant Supplemental Agreements and the transactions contemplated respectively thereunder (including the proposed revised annual caps therefor) will be subject to the

LETTER FROM THE BOARD

reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

At the Board meeting held to approve the Relevant Supplemental Agreements, each of Mr. KONG Jianmin and Mr. KONG Jiannan is considered as having a material interest in the transactions contemplated under the Relevant Supplemental Agreements. Accordingly, each of Mr. KONG Jianmin and Mr. KONG Jiannan has abstained from voting on the Board resolution for approving the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps therefor). Save as disclosed, none of the Directors was required to abstain from voting on the relevant Board resolution.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee (comprising all the independent non-executive Directors) has been established to advise the Independent Shareholders on the proposed revised annual caps for the Relevant Supplemental Agreements and the transactions contemplated respectively thereunder. Yue Xiu Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board also proposes to make the following amendments to Articles 134 and 136 of the existing Articles for the purpose of allowing the Company to declare and pay interim and final dividends out of share premium account of the Company without the sanction of an ordinary resolution, and giving greater flexibility to the Board to declare and pay interim dividends:

No. of articles	Original articles	Amended articles
134.	Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.	Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Law.

LETTER FROM THE BOARD

No. of articles	Original articles	Amended articles
136.	<p>The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits, in the opinion of the Board, justifies such payment.</p>	<p>The Board may from time to time pay to the Members such interim dividends as appear to the Board to be justified by the profits of the Company <u>the financial conditions and the net realisable value of the assets of the Company</u> and in particular (but without prejudice to the generality of the foregoing) if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferential rights and may also pay any fixed dividend which is payable on any shares of the Company half-yearly or on any other dates, whenever such profits <u>the financial conditions and the net realisable value of the assets of the Company</u>, in the opinion of the Board, justifies such payment.</p>

Save for the above proposed amendments, all other provisions of the Articles shall remain unchanged. The proposed amendments to the Articles are subject to the approval by the Shareholders by way of a special resolution at the EGM.

EXTRAORDINARY GENERAL MEETING

The EGM which will be held at Infinity Room, 3rd Floor, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, People's Republic of China on Friday, 12 November 2021 at 3:00 p.m. Notice of the EGM is set out on pages EGM-1 to EGM-4 of this circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Under Article 66 of the Articles, a resolution put to the vote at the EGM shall be decided by way of a poll, save that the chairman of the EGM may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The results of the poll will be published on the Company's website (www.kwgliving.com) and the HKEXnews website (www.hkexnews.hk) pursuant to Rule 13.39(5) of the Listing Rules.

LETTER FROM THE BOARD

A proxy form for use at the EGM is enclosed. It can also be downloaded from the Company's website (www.kwgliving.com) and the HKEXnews website (www.hkexnews.hk). Whether or not you are able to attend the EGM in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time for holding the EGM or any adjournment thereof (as the case may be). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the EGM or at any adjournment thereof if you so wish.

On 14 October 2020, Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind entered into a shareholders' agreement (the "**Shareholders' Agreement**"), pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express, Peace Kind, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are a group of persons who are together entitled to exercise or control the exercise of 30% or more of the voting rights at general meetings of the Company and therefore are a group of controlling shareholders of the Company under the Listing Rules. As at the Latest Practicable Date, each of Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind are deemed to be interested in 1,066,354,546 Shares, while Mr. KONG Jianmin, Mr. KONG Jiannan and Mr. KONG Jiantao are deemed to be interested in 1,068,654,546 Shares, 1,067,805,546 Shares and 1,066,354,546 Shares, respectively. Accordingly, each of Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express, Peace Kind, Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan and their respective associates shall abstain from voting on the proposed resolutions approving the Relevant Supplemental Agreements and the transactions contemplated thereunder.

Save for the above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, (i) none of the other Shareholders is required to abstain from voting on the resolutions in respect of the Relevant Supplemental Agreements to be proposed at the EGM; and (ii) none of the Shareholders is required to abstain from voting on the resolution in respect of the proposed amendments to the Articles to be proposed at the EGM.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM (or at any adjournment thereof), the register of members of the Company will be closed from Tuesday, 9 November 2021 to Friday, 12 November 2021 (both dates inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 8 November 2021.

LETTER FROM THE BOARD

RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee as set out on pages 20 to 21 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders regarding the proposed resolutions to approve the Relevant Supplemental Agreements and the transactions contemplated thereunder; and (ii) the letter from the Independent Financial Adviser as set out on pages 22 to 42 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the proposed revised annual caps for the Relevant Supplemental Agreements and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account, among other things, the advice of the Independent Financial Adviser, is of the view that the terms of the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps) are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM in respect of the approval of the Relevant Supplemental Agreements and the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors, after considering the advice from the Independent Financial Adviser) are of the view that the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole and therefore recommends you to vote in favour of the ordinary resolution to be proposed at the EGM.

The Directors also believe that the proposed amendments to the Articles are in the best interest of the Company and its Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the special resolution to be proposed at the EGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendix headed “General Information” to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders in respect of approving the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the revised annual caps therefor).



KWG Living Group Holdings Limited

合景悠活集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3913)

26 October 2021

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION REVISION OF ANNUAL CAPS UNDER THE RELEVANT FRAMEWORK AGREEMENTS

We refer to the circular dated 26 October 2021 (the “**Circular**”) issued by the Company to the Shareholders of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the terms of the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group and in the interests of the Group and the Shareholders as a whole, and how the Independent Shareholders should vote at the EGM, after taking into account the recommendation of the Independent Financial Adviser.

Yue Xiu Capital has been appointed by the Board as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in connection with each of the Relevant Supplemental Agreements and the transactions contemplated thereunder. Details of the advice from the Independent Financial Adviser, together with the reasons for its opinion, the key assumptions made and the factors taken into consideration in forming its opinion, are set out in its letter on pages 22 to 42 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Your attention is also drawn to the letter from the Board set out on pages 6 to 19 of the Circular and the general information set out in the appendix of the Circular.

Having considered the information as set out in the letter from the Board, the terms and conditions of the Relevant Supplemental Agreements and the transactions contemplated thereunder, the factors and reasons considered by, and the opinion of the Independent Financial Adviser as set out in its letter of advice, we are of the view that the terms of the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps) are fair and reasonable, on normal commercial terms or better and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the approval of Relevant Supplemental Agreements and the transactions contemplated thereunder to be proposed at the EGM.

Yours faithfully
For and on behalf of the
the Independent Board Committee
KWG Living Group Holdings Limited

LIU Xiaolan
Independent
Non-executive Director

FUNG Che Wai, Anthony
Independent
Non-executive Director

NG Yi Kum
Independent
Non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Yue Xiu Capital, 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 to the Independent Board Committee and the Independent Shareholders in respect of the proposed revised annual caps for the Relevant Supplemental Agreements and the transactions contemplated thereunder.



28/F., Siu On Centre,
188 Lockhart Road, Wanchai, Hong Kong

26 October 2021

*To: the Independent Board Committee and the Independent Shareholders of
KWG Living Group Holdings Limited*

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS UNDER THE RELEVANT FRAMEWORK AGREEMENTS

I. INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed revised annual caps for the Relevant Supplemental Agreements and the transactions contemplated thereunder, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 26 October 2021 issued by the Company to the Shareholders (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.

Prior to the Company’s listing on the Main Board of the Stock Exchange, on 14 October 2020, the Company and KWG Holdings entered into the Relevant Framework Agreements pursuant to which the Company provides Residential Pre-sale Management Services, Residential Property Management Services, Property Agency Services, Commercial Pre-sale Management Services and Commercial Property Management Services to KWG Group and its associates. In light of the business expansion of KWG Group and its associates, the Group has been providing additional services to KWG Group and its associates. The Board found that the respective transaction amounts under the Relevant Framework Agreements are approaching their respective existing annual caps for the year ending 31 December 2021. Therefore, on 29 September 2021, the Company entered into, among others, the Relevant Supplemental Agreements with KWG Holdings to revise the existing annual caps for the two years ending 31 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, Mr. Kong Jianmin, Mr. Kong Jiantao and Mr. Kong Jiannan, the controlling shareholders of the Company, are deemed to be interested in approximately 62.64%, 53.42% and 53.35% of the issued share capital of KWG Holdings, respectively. Therefore, KWG Holdings, as an associate of the controlling shareholders of the Company, is a connected person of the Company. The transactions contemplated under the Relevant Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for its continuing connected transactions, the Company will be required to re-comply with the announcement and shareholders' approval requirements of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules in respect of the proposed revised annual caps for each of the Relevant Supplemental Agreements, on an annual basis, is expected to be more than 5%, each of the Relevant Supplemental Agreements and the transactions contemplated respectively thereunder (including the proposed revised annual caps therefor) will be subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Kong Jianmin, Mr. Kong Jiantao and Mr. Kong Jiannan and their respective associates shall abstain from voting on the proposed resolutions approving the Relevant Supplemental Agreements and the transactions contemplated thereunder at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Liu Xiaolan, Mr. Fung Che Wai, Anthony and Ms. Ng Yi Kum, has been established to advise the Independent Shareholders in respect of the proposed revised annual caps for the Relevant Supplemental Agreements 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 at the Latest Practicable Date, Yue Xiu Capital did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to the independence of Yue Xiu Capital. In the last two years, there was no engagement between the Group and Yue Xiu Capital. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the proposed revised annual caps for the Relevant Supplemental Agreements and the transactions contemplated thereunder.

II. 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 Prospectus, the announcement of the Company dated 29 September 2021 in relation to the proposed revised annual caps for the Relevant Supplemental Agreements and the Circular; (ii) the information provided by the Group and its advisers; (iii) the annual report of the Company for the year ended 31 December

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2020 (the “**2020 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”); (iv) the annual reports of KWG Holdings for the years ended 31 December 2019 and 2020, and the interim report of KWG Holdings for the six months ended 30 June 2021; (v) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (vi) 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 material 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 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, and/or the advisers of the Company. The Directors have confirmed 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 Company and/or Directors and the Management are true, accurate, complete and not misleading in all material respects at the time they were made and continued to be so until the date of the EGM.

The 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. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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 Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group or any of its subsidiaries or associates.

III. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Background information on the Group

The Group is a comprehensive property management service provider in the PRC, providing comprehensive property management services for both residential properties and non-residential properties. The Group’s residential property management service segment comprises (i) pre-sale management services; (ii) property management services; and (iii) community value-added services, including (a) property agency services to property developers and property owners; (b) home-living services to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

property owners and residents; and (c) common area value-added services. The Group's commercial property management and operational service segment comprises (i) pre-sale management services; (ii) commercial property management services; (iii) commercial operational services; and (iv) other value-added services, primarily including common area value-added services.

2. Financial information of the Group

Set out below is the selected financial information of the Group for the years ended 31 December 2019 and 2020 extracted from the 2020 Annual Report and for the six months ended 30 June 2020 and 2021 extracted from the 2021 Interim Report:

	For the year ended		For the six months	
	31 December		ended 30 June	
	2019	2020	2020	2021
	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>	<i>RMB'</i>
	<i>million</i>	<i>million</i>	<i>million</i>	<i>million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	1,124.9	1,517.2	670.9	1,228.6
Gross profit	419.8	638.5	261.8	543.4
Profit attributable to the Shareholders	184.9	323.1	124.0	315.2

For the years ended 31 December 2019 and 2020

Total revenue of the Group increased by approximately RMB392.3 million, or approximately 34.9%, from approximately RMB1,124.9 million for the year ended 31 December 2019 to approximately RMB1,517.2 million for the year ended 31 December 2020. The increase in revenue of the Group for the year ended 31 December 2020 was mainly attributable to the increase in GFA under management during the year.

Gross profit of the Group increased from approximately RMB419.8 million for the year ended 31 December 2019 to approximately RMB638.5 million for the year ended 31 December 2020, with gross profit margin improving from approximately 37.3% for the year ended 31 December 2019 to approximately 42.1% for the year ended 31 December 2020. The improvement in gross profit margin was mainly attributable to improved efficiency and cost control of the Group.

Profit attributable to the Shareholders was approximately RMB323.1 million for the year ended 31 December 2020, representing a significant increase of approximately 74.7% from approximately RMB184.9 million for the year ended 31 December 2019. Such increase was mainly due to the increase in both revenue and gross profit as mentioned above.

For the six months ended 30 June 2020 and 2021

The Group's revenue increased by approximately RMB557.7 million or approximately 83.1%, from approximately RMB670.9 million for the six months ended 30 June 2020 to approximately RMB1,228.6 million for the six months ended 30 June 2021. Similar to the year ended 31 December 2020, the increase in revenue during the six months ended 30 June 2021 was mainly attributable to the increase in GFA under management.

Gross profit of the Group increased from approximately RMB261.8 million for the six months ended 30 June 2020 to approximately RMB543.4 million for the six months ended 30 June 2021, with gross profit margin improving from approximately 39.0% for the six months ended 30 June 2020 to approximately 44.2% for the six months ended 30 June 2021. The increase in gross profit margin was mainly attributable to the effective cost control and improved efficiency of the Group.

Profit attributable to the Shareholders increased substantially by approximately RMB191.2 million or 154.2%, from approximately RMB124.0 million for the six months ended 30 June 2020 to approximately RMB315.2 million for the six months ended 30 June 2021. Such increase was mainly driven by the increases in revenue and gross profit as mentioned above.

3. Information on KWG Group

KWG Group is a large-scale property developer in the PRC with a leading position in the Greater Bay Area and is principally engaged in property development, property investment and hotel operation. KWG Holdings is an exempted company incorporated in the Cayman Islands with limited liability on 28 July 2006, the shares of which are listed on the Stock Exchange (stock code: 1813).

According to the annual report of KWG Holdings for the year ended 31 December 2020, revenue of KWG Group amounted to approximately RMB23,942.0 million and RMB29,742.1 million for the years ended 31 December 2019 and 2020, respectively, representing a year-on-year increase of approximately 24.2%. Such increase in revenue was primarily attributable to an increase in GFA delivered from approximately 1.8 million sq.m. in 2019 to approximately 2.2 million sq.m. in 2020. Also, proportionate revenue of KWG Group increased by approximately 20.2% to approximately RMB46,813.9 million for the year ended 31 December 2020 from approximately RMB38,954.1 million for the year ended 31 December 2019. As set out in the interim report of KWG Holdings for the six months ended 30 June 2021, revenue of KWG Group remained stable at approximately RMB12,936.0 million and RMB12,973.8 million for the six months ended 30 June 2020 and 2021, respectively. Further, proportionate revenue of KWG Group increased by approximately 10.8% to approximately RMB22,222.1 million for the six months ended 30 June 2021 from approximately RMB20,055.6 million for the corresponding period in 2020.

As disclosed in the annual report of KWG Holdings for the year ended 31 December 2020 and interim report of KWG Holdings for the six months ended 30 June 2021, the “Fourteenth Five-year Plan for National Economic and Social Development and Long-Range Objectives for 2035”* (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要, the “**14th Five-year Plan**”) puts forward the implementation of urban redevelopment action, which is expected to benefit from the adjustment and optimisation of urban structure, improving the development of cities and transforming the urban development and construction. In addition, the implementation of the 14th Five-Year Plan places emphasis towards comprehensively improving the quality of urban development, continuously meeting the people’s ever-growing needs for a better life, and promoting sustained and sound economic and social development. KWG Group has been following the general trend to set its development direction, implementing balanced and stable asset management strategy, and placing high importance to high-quality land reserve. KWG Group has been exploring opportunities in the Greater-Bay-Area and Yangtze-River Delta Area with strong focuses on tier-one and tier-two cities. KWG Group’s pre-sale target for 2021 has been set at RMB124 billion, representing a year-on-year increase of 20%. The stable land investment and expansion, high-quality land reserve, sellable resources and accelerated transformation of urban redevelopment projects of KWG Group is expected to support KWG Group’s future sales scale to continue to grow steadily.

As further disclosed in the interim report of KWG Holdings for the six months ended 30 June 2021, KWG Group owned 177 major projects with total GFA of approximately 23.2 million sq.m. as at 30 June 2021. Over the years, KWG Group has been replenishing its land bank, which was evidenced by KWG Group’s acquisition of projects with gross GFA of approximately 3.7 million sq.m. and 3.3 million sq.m. during the years ended 31 December 2019 and 2020, respectively.

Having considered the foregoing, it appears that the demand from KWG Group for the Group’s services under the Relevant Framework Agreements would continue to grow in future.

4. Reasons for and benefits of entering into the Relevant Supplemental Agreements

(a) The Supplemental Residential Property Management Services Framework Agreement

As set out in the Letter from the Board, the Group has been engaged by KWG Group and its associates to provide additional Residential Property Management Services. As the scale of sale, GFA and number of the residential properties developed by KWG Group and its associates has increased due to business expansion, more Residential Pre-sale Management Services and Residential Property Management Services have been provided to KWG Group and its associates since the first half of 2021. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 in respect of Residential Pre-sale Management Services and Residential Property Management Services are not sufficient. In order for the Group to provide

management services to KWG Group and its associates continuously, the Company has entered into the Supplemental Residential Property Management Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Residential Property Management Services Framework Agreement.

(b) The Supplemental Property Agency Services Framework Agreement

The Supplemental Property Agency Services Framework Agreement would (i) further strengthen the Group's capabilities in Property Agency Services for provision of integrated and customised marketing solutions; and (ii) boost the sales volume and amounts for the properties developed by KWG Group and its associates, and therefore increase the commission income of the Group. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 are not sufficient. In order for the Group to provide Property Agency Services to KWG Group and its associates continuously, the Company has entered into the Supplemental Property Agency Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Property Agency Services Framework Agreement.

(c) The Supplemental Commercial Property Management Services Framework Agreement

The Group has been engaged by KWG Group and its associates to provide additional Commercial Property Management Services. As the scale of sale, area and number of the commercial properties developed by KWG Group and its associates has increased due to business expansion, more Commercial Property Management Services have been provided to KWG Group and its associates since the first half of 2021. Based on the current estimation by the Group, the original caps for the two years ending 31 December 2022 in respect of Commercial Property Management Services under the Commercial Property Management Services Framework Agreement are not sufficient. In order for the Group to provide management services to KWG Group and its associates continuously, the Company has entered into the Supplemental Commercial Property Management Services Framework Agreement to revise the annual caps for the two years ending 31 December 2022 under the Commercial Property Management Services Framework Agreement.

The Directors are of the view that the terms of the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the revised annual caps therefor) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

The Group has been generating its revenue from the provision of Residential Pre-sale Management Services, Residential Property Management Services, Property Agency Services and Commercial Property Management Services to

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

KWG Group and its associates (collectively, the “**Relevant Services**”), which are in the ordinary and usual course of business of the Group as referred to in the section headed “1. Background information on the Group” above in this letter.

The table below sets out a summary of the Group’s revenue derived from the Relevant Services for the recent financial years and period:

<i>In RMB million</i>	For the year ended 31 December				For the six months ended 30 June
	2017	2018	2019	2020	2021
Revenue derived from the Relevant Services:					
— Residential Pre-sale Management Services	75.9	123.6	210.4	244.9	163.0
— Residential Property Management Services	22.8	33.8	34.8	57.2	58.8
— Property Agency Services	—	—	96.2	225.5	262.4
— Commercial Property Management Services	5.9	52.9	116.0	97.2	65.6
Total	<u>104.6</u>	<u>210.3</u>	<u>457.4</u>	<u>624.8</u>	<u>549.8</u>

As set out in the table above, the Relevant Services have been a steady stream of revenue to the Group since the year ended 31 December 2017. Having considered the foregoing, we are of the view that it is reasonable and in the interest of the Company and the Shareholders as a whole to revise the annual caps under the Relevant Supplemental Agreements so as to provide additional and steady revenue stream to the Group.

5. The Relevant Supplemental Agreements

As set out in the Letter from the Board, the Relevant Supplemental Agreements were entered into for the purpose of revising the respective existing annual caps under the Relevant Framework Agreements. Save for such revision in annual caps, the scope of services and other terms of the Relevant Framework Agreements shall remain valid and in full force and effect. For the details of the principal terms of the Relevant Framework Agreements, please refer to the section headed “Connected Transactions — C. Continuing connected transactions subject to reporting, annual review, announcement and independent shareholders’ approval requirements” in the Prospectus.

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We have reviewed the principal terms of the Relevant Framework Agreements and the Relevant Supplemental Agreements, and noted that save for the revision of the annual caps, there is no other change, amendment or revision of the principal terms of the Relevant Framework Agreement by the entering into of the Relevant Supplemental Agreements.

6. Pricing policies and internal control measures of the Group

As stated in the Letter from the Board, during the term of each of the Relevant Framework Agreements, members of the Group may from time to time enter into individual agreements with members or associates (as the case may be) of KWG Group for transactions contemplated under each of the Relevant Framework Agreements in accordance with the principal terms thereof.

The prices for the transactions contemplated thereunder are determined based on the unified pricing procedures compiled by the Group for the services offered to all its customers including Independent Third Parties and KWG Group and its associates determined by taking into account the nature, size and location of the properties, the scope of services and the anticipated operational costs (including labor costs, material costs and administrative costs), with reference to rates generally offered by the Group to Independent Third Parties and the fees for similar services and type of properties in the market. Such prices offered to both KWG Group and its associates and Independent Third Parties will also take into consideration the market conditions at the relevant time, the size of orders and the technical conditions, subject to the principles of fairness and reasonableness. The final prices will be ultimately approved by the senior management of the Company or its subsidiaries. Hence, the terms of the services offered by the Group to KWG Group and its associates are no less favourable to the Group than those offered to Independent Third Parties.

In order to assess the fairness and reasonableness of the pricing terms of the Residential Property Management Services Framework Agreement and the Commercial Property Management Services Framework Agreement, we have reviewed (i) four samples of individual residential property management services agreements entered into between the Group and KWG Group and its associates, and four corresponding samples of agreements entered into between the Group and Independent Third Parties in respect of the same subject residential properties; and (ii) four samples of individual commercial property management services agreements entered into between the Group and KWG Group and its associates, and four corresponding samples of agreements entered into between the Group and Independent Third Parties in respect of the same subject commercial properties. Based on our review of the abovementioned samples of individual residential/commercial property management services agreements, we noted that the management fees charged by the Group to KWG Group and its associates were no less favourable to the Group than those charged by the Group to Independent Third Parties.

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For Residential Pre-sale Management Services under the Residential Property Management Services Framework Agreement, we have reviewed four samples of individual residential pre-sale management services agreements entered into between the Group and KWG Group and its associates, and four corresponding samples of agreements entered into between the Group and Independent Third Parties in respect of the same subject residential properties. We noted that the service fees charged by the Group to KWG Group and its associates and to Independent Third Parties were based on the number of sales personnel assigned to and related materials to be used in the sales offices for the subject residential properties and were no less favourable to the Group than those charged by the Group to Independent Third Parties.

For the Property Agency Services Framework Agreement, as advised by the Management, the Group has not entered into any individual property agency services agreements with property developers other than KWG Group and its associates during the term of the Property Agency Services Framework Agreement and up to the Latest Practicable Date. As such, we have, on best effort basis, identified the circulars published by companies listed on the Main Board of the Stock Exchange which principally engage in the provision of property management services and property agency services in the PRC in relation to, among others, the entering into of similar property agency services agreements between the subject companies and their respective connected persons during the period from 29 September 2020 up to and including 29 September 2021, being approximately one year prior to the date of the Relevant Supplemental Agreements (the “**Comparable Circulars**”). Based on our review on the three Comparable Circulars identified, we noted that the commission rate for property agency services charged by the subject companies to independent third parties ranged from 0.8% to 6.0%. To this basis, we have reviewed four samples of individual property agency service agreements entered into between the Group and KWG Group and its associates during the term of the Property Agency Services Framework Agreement and noted that the commission rates stipulated thereunder fall within the range of those charged by the subject companies to independent third parties as disclosed in the Comparable Circulars.

The Company has also established procedures for monitoring its continuing connected transactions in which various departments of the Group will be responsible for the implementation, monitoring and review of such procedures. Regular checks will be conducted on a quarterly basis to review and assess whether the transactions contemplated under the Relevant Framework Agreements are conducted in accordance with the terms of its respective agreement and the price charged for a specific transaction is fair and reasonable and in accordance with the aforesaid pricing policy.

The independent non-executive Directors will continue to review the transactions contemplated under the Relevant Framework Agreements and the auditors of the Company will also conduct an annual review on the pricing terms and annual caps of the relevant continuing connected transactions thereof.

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7. The revised annual caps under the Relevant Supplemental Agreements

(a) The Supplemental Residential Property Management Services Framework Agreement

As set out in the Letter from the Board, the existing annual caps for the two years ending 31 December 2022 under the Residential Property Management Services Framework Agreement are revised as per below:

	For the year ending 31 December	
	2021	2022
	<i>(RMB 'million)</i>	<i>(RMB 'million)</i>
Existing annual caps:		
— Residential Pre-sale Management Services	306.4	383.0
— Residential Property Management Services	71.8	89.7
Revised annual caps:		
— Residential Pre-sale Management Services	358.7	430.5
— Residential Property Management Services	137.9	165.5

As set out in the Letter from the Board, the revised annual caps under the Supplemental Residential Property Management Services Framework Agreement were determined after taking into consideration the following principal factors: (i) the actual transaction amount in respect of Residential Pre-sale Management Services and Residential Property Management Services for the six months ended 30 June 2021; (ii) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide Residential Pre-sale Management Services and Residential Property Management Services; and (iii) the expected increase in the GFA under management for which the Group anticipates that it may be engaged by KWG Group and its associates to provide Residential Pre-sale Management Services and Residential Property Management Services based on the property development plan and delivery schedule of KWG Group and its associates for the two years ending 31 December 2022 (the “**KWG Group Development Plan and Delivery Schedule**”).

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In order to assess the fairness and reasonableness of the revised annual caps under the Supplemental Residential Property Management Services Framework Agreement, we have considered the following factors:

- (i) *Actual transaction amount of Residential Pre-sale Management Services and Residential Property Management Services*

Set out below are the actual transaction amounts for Residential Pre-sale Management Services and Residential Property Management Services for the year ended 31 December 2020 and for the six months ended 30 June 2021, and the corresponding utilisation rates of the respective existing annual caps for the years ending 31 December 2020 and 2021:

	For the year ended 31 December 2020 (RMB' million)	For the year ending 31 December 2021/ six months ended 30 June 2021 (RMB' million)
Residential Pre-sale Management Services		
Existing annual caps for the year	245.1	306.4
Actual transaction amount	244.9	163.0
Utilisation rate (%)	99.9%	53.2%
Residential Property Management Services		
Existing annual caps for the year	57.4	71.8
Actual transaction amount	57.2	58.8
Utilisation rate (%)	99.7%	81.9%

As set out above, we noted that the existing annual caps under the Residential Property Management Services Framework Agreements for the year ended 31 December 2020 has been substantially utilised as indicated by a utilisation rate of approximately 99.9% and 99.7% for the year ended 31 December 2020 for Residential Pre-sale Management Services and Residential Property Management Services, respectively. Also, the utilisation rate of the existing annual caps for the six months ended 30 June 2021 has reached approximately 53.2% and 81.9% for Residential Pre-sale Management Services and Residential Property Management Services, respectively. On a hypothetical basis, the annualised transaction amount for Residential Pre-sale Management Services and Residential Property Management Services for the year ending 31 December 2021 would be approximately RMB326.0 million and RMB117.6 million,

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respectively, which would exceed the respective existing annual caps by approximately RMB19.6 million and RMB45.8 million. As disclosed in the Letter from the Board, the significantly high utilisation rate was mainly due to the increase in the scale of sale, GFA and number of the residential properties developed by KWG Group and its associates due to the business expansion and more Residential Pre-sale Management Services and Residential Property Management Services having been provided by the Group to KWG Group and its associates since the first half of 2021. Hence, the existing annual caps would not be sufficient to cope with the ordinary and usual course of business of the Group when the Group continues to provide Residential Pre-sale Management Services and Residential Property Management Services to KWG Group during the year. We noted that the actual transaction amount for Residential Pre-sale Management Services and Residential Property Management Services for the six months ended 30 June 2021 represents approximately 45.4% and 42.6% of the revised annual caps for the year ending 31 December 2021, respectively.

(ii) Existing contracts under which the Group has been engaged by KWG Group and its associates

As demonstrated by the above significantly high utilisation rate of the existing annual caps for Residential Pre-sale Management Services and Residential Property Management Services for the year ended 31 December 2020 and the six months ended 30 June 2021, it appears that the existing annual caps for the years ending 31 December 2021 and 2022 may not be sufficient to accommodate the Group's existing contracts on hand in respect of Residential Pre-sale Management Services and Residential Property Management Services. We have reviewed the Company's estimation of the revised annual caps and noted that the Group's existing contracts on hand are expected to utilise approximately 89.3% and 74.4% of the revised annual caps for the years ending 31 December 2021 and 2022, respectively.

(iii) Expected increase in the GFA under management based on the KWG Group Development Plan and Delivery Schedule

We noted from the Company's estimation of the revised annual caps that expected growth in GFA under management by the Group for residential properties of KWG Group and its associates has been considered in determining the upward revision of the revised annual caps for the years ending 31 December 2021 and 2022. As such, we have reviewed the KWG Group Development Plan and Delivery Schedule, and noted that the estimated increase in GFA under management by the Group for residential properties of KWG Group and its associates is substantially consistent with the KWG Group Development Plan and Delivery Schedule. We have also noted from the offering memorandum of KWG Holdings dated 13 September 2021 in relation to the issuance of US\$158.0 million 7.40% senior notes due 2024 that the total GFA for future development of KWG

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Group and its associates as at 30 June 2021 amounted to approximately 7.5 million sq.m. with completion date ranging from 2022 to 2027. Also, KWG Group has been replenishing its land bank by acquiring projects with gross GFA of approximately 3.7 million sq.m. and 3.3 million sq.m. during the years ended 31 December 2019 and 2020, respectively. Having considered the foregoing, it appears that KWG Group and its associate would continue engaging the Group to provide Residential Pre-sale Management Services and Residential Property Management Services, and it is reasonable to expect a further growth in GFA under management for residential properties of KWG Group and its associates in the Company's estimation of the revised annual cap for the year ending 31 December 2022.

In addition to the expected increase in GFA under management, we also noted that the Company's estimation of revised annual caps has taken into consideration an increment in the average monthly management fee for Residential Property Management Services to be charged by the Group to KWG Group and its associates for the year ending 31 December 2022. We have reviewed two samples of individual residential property management services agreements recently entered into by the Group in July 2021 and August 2021, and noted that the monthly management fees stipulated thereunder are generally in line with the expected level of average monthly management fee adopted in the Company's estimation of the revised annual caps.

Having considered the foregoing, it is considered reasonable to determine a higher revised annual cap for the year ending 31 December 2022 than that for the year ending 31 December 2021 in order to accommodate the expected growth in transaction amounts for Residential Pre-sale Management Services and Residential Property Management Services.

(b) The Supplemental Property Agency Services Framework Agreement

As set out in the Letter from the Board, the existing annual caps for the two years ending 31 December 2022 under the Property Agency Services Framework Agreement are revised as per below:

	For the year ending 31 December	
	2021	2022
	<i>(RMB 'million)</i>	<i>(RMB 'million)</i>
Existing annual caps	356.8	470.6
Revised annual caps	635.3	762.4

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As set out in the Letter from the Board, the revised annual caps under the Supplemental Property Agency Services Framework Agreement were determined after taking into consideration the following principal factors: (i) the actual transaction amount under the Property Agency Services Framework Agreement for the six months ended 30 June 2021; (ii) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide Property Agency Services; and (iii) the expected increase in the number of projects which the Group anticipates that it may be engaged by KWG Group and its associates to provide Property Agency Services based on the KWG Group Development Plan and Delivery Schedule.

In order to assess the fairness and reasonableness of the revised annual caps under the Supplemental Property Agency Services Framework Agreement, we have considered the following principal factors:

(i) Actual transaction amount of Property Agency Services

Set out below are the actual transaction amount for Property Agency Services for the year ended 31 December 2020 and for the six months ended 30 June 2021, and the corresponding utilisation rates of the respective existing annual caps for the years ending 31 December 2020 and 2021:

	For the year ended 31 December 2020	For the year ending 31 December 2021/ six months ended 30 June 2021
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
Property Agency Services		
Existing annual caps for the year	225.9	356.8
Actual transaction amount	225.5	262.4
Utilisation rate (%)	99.8%	73.5%

As set out above, we noted that the existing annual caps under the Property Agency Services Framework Agreements for the year ended 31 December 2020 and the six months ended 30 June 2021 have been substantially utilised, with utilisation rate of approximately 99.8% and 73.5%, respectively. On a hypothetical basis, the annualised transaction amount for Property Agency Services for the year ending 31 December 2021 would be approximately RMB524.8 million, which would substantially exceed the existing annual caps by approximately RMB168.0 million. Hence, the existing annual caps would not be sufficient for the Group to continue providing Property Agency Services to KWG Group and its associates during the year.

(ii) Existing contracts under which the Group has been engaged by KWG Group and its associates

Having considered the significantly high utilisation rate of the existing annual caps for Property Agency Services for the year ended 31 December 2020 and the six months ended 30 June 2021, it appears that the existing annual caps for the years ending 31 December 2021 and 2022 may not be sufficient to accommodate the Group's existing contracts on hand in respect of Property Agency Services. We have reviewed the Company's estimation of the revised annual caps and noted that the Group's existing contracts on hand are expected to utilise approximately 82.6% and 68.8% of the revised annual caps for the years ending 31 December 2021 and 2022, respectively.

We noted that the actual transaction amount for the six months ended 30 June 2021 represents approximately 41.3% of the revised annual cap for the year ending 31 December 2021. Based on the interim report of KWG Holdings for the six months ended 30 June 2021, it is noted that KWG Group achieved gross pre-sale value of approximately RMB56.2 billion for the first half of 2021. As advised by the Management, the gross pre-sale value of residential properties in second half of the year is typically higher than that in the first half, which could be evidenced by the fact that gross pre-sale values of KWG Group in the first half of 2019 and 2020 only represented approximately 41.8% and 35.5% of that for the full year in 2019 and 2020, respectively. Therefore, the revised annual cap for the year ending 31 December 2021 appears to be reasonably determined notwithstanding that the actual transaction amount for the six months ended 30 June 2021 only represents approximately 41.3% of the revised annual cap for the year ending 31 December 2021.

(iii) Expected increase in the number of projects based on the KWG Group Development Plan and Delivery Schedule

As advised by the Management, the significantly high utilisation rate of the existing annual caps for Property Agency Services for the year ended 31 December 2020 and the six months ended 30 June 2021 was mainly driven by the increase in number of projects and therefore, the increase in contracted sales of KWG Group's property development projects for which the Group was engaged to provide Property Agency Services.

In respect of the estimated increase in number of projects and contracted sales of KWG Group's property development projects, we have reviewed the annual reports of KWG Holdings for the years ended 31 December 2019 and 2020 and noted that its year-on-year growth in gross pre-sale value was approximately 31.5% and 20.3% for 2019 and 2020, respectively, which are higher than or generally in line with (i) the assumption of estimated increase in contracted sales of KWG Group's property development projects adopted in the Company's estimation of revised annual caps for the years ending 31

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December 2021 and 2022 for Property Agency Services; and (ii) the 20% increment of the revised annual cap of RMB762.4 million for the year ending 31 December 2022 as compared to that of RMB635.3 million for the year ending 31 December 2021. It is further noted that KWG Group recorded a period-on-period increase in gross pre-sale value of approximately 53% for the six months ended 30 June 2021 as compared to the corresponding period in 2020 based on its interim report for the six months ended 30 June 2021.

In addition to the expected increase in number of projects to be engaged by KWG Group and its associates, we have also assessed the expected level of commission rate for Property Agency Services to be charged by the Group to KWG Group and its associates for the year for the two years ending 31 December 2022 adopted in the Company's estimation of the revised annual caps by reviewing two samples of latest individual property agency services agreements entered into between the Group and KWG Group and its associates. We noted that the commission rates stipulated thereunder are generally in line with the expected level of commission rate adopted in the Company's estimation of the revised annual caps.

(c) The Supplemental Commercial Property Management Services Framework Agreement

As set out in the Letter from the Board, the existing annual caps in respect of Commercial Property Management Services for the two years ending 31 December 2022 under the Commercial Property Management Services Framework Agreement are revised as per below:

	For the year ending 31 December	
	2021	2022
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
Existing annual caps	124.4	145.7
Revised annual caps	157.4	188.9

As set out in the Letter from the Board, the revised annual caps in respect of Commercial Property Management Services under the Supplemental Commercial Property Management Services Framework Agreement were determined after taking into consideration the following principal factors: (i) the actual transaction amount in respect of Commercial Property Management Services for the six months ended 30 June 2021; (ii) the existing contracts under which the Group has been engaged by KWG Group and its associates to provide Commercial Property Management Services; and (iii) the expected increase in the GFA under management for which the Group anticipate it may be engaged by KWG Group and its associates to provide Commercial Property Management Services based on the KWG Group Development Plan and Delivery Schedule.

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In order to assess the fairness and reasonableness of the revised annual caps for Commercial Property Management Services under the Supplemental Commercial Property Management Services Framework Agreement, we have considered the following principal factors:

(i) *Actual transaction amount of Commercial Property Management Services*

Set out below are the actual transaction amounts for Commercial Property Management Services for the year ended 31 December 2020 and for the six months ended 30 June 2021, and the corresponding utilisation rates of the respective existing annual caps for the years ending 31 December 2020 and 2021:

	For the year ended 31 December 2020	For the year ending 31 December/ six months ended 30 June 2021
	<i>(RMB' million)</i>	<i>(RMB' million)</i>
Commercial Property Management Services		
Existing annual caps for the year	100.2	124.4
Actual transaction amount	97.2	65.6
Utilisation rate (%)	97.0%	52.7%

As set out above, we noted that the existing annual cap for Commercial Property Management Services under the Commercial Property Management Services Framework Agreements for the year ended 31 December 2020 has been substantially utilised as indicated by a utilisation rate of approximately 97.0%. Also, the utilisation rate of the existing annual caps for the six months ended 30 June 2021 has reached approximately 52.7%. On a hypothetical basis, the annualised transaction amount for Commercial Property Management Services for the year ending 31 December 2021 would be approximately RMB131.2 million, which would exceed the existing annual caps by approximately RMB6.8 million. As disclosed in the Letter from the Board, the high utilisation rate was mainly due to the increase in the scale of sale, area and number of the commercial properties developed by KWG Group and its associates due to the business expansion and more Commercial Property Management Services having been provided by the Group to KWG Group and its associates since the first half of 2021. Hence, the existing annual caps would not be sufficient to cope with the ordinary and usual course of business of the Group when the Group continues to provide Commercial Property Management Services to KWG Group during the year. We noted that the actual transaction amount for Commercial

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Property Management Services for the six months ended 30 June 2021 represents approximately 41.7% of the revised annual caps for the year ending 31 December 2021.

(ii) Existing contracts under which the Group has been engaged by KWG Group and its associates

As demonstrated by the above significantly high utilisation rate of the existing annual caps for Commercial Property Management Services for the year ended 31 December 2020 and the six months ended 30 June 2021, it appears that the existing annual caps for the years ending 31 December 2021 and 2022 may not be sufficient to accommodate the Group's existing contracts on hand in respect of Commercial Property Management Services. We have reviewed the Company's estimation of the revised annual caps and noted that the Group's existing contracts on hand are expected to utilise approximately 83.4% and 69.5% of the revised annual caps for the years ending 31 December 2021 and 2022, respectively.

(iii) Expected increase in the GFA under management based on the KWG Group Development Plan and Delivery Schedule

We noted from the Company's estimation of the revised annual caps that expected growth in GFA under management by the Group for commercial properties of KWG Group and its associates has been considered in determining the upward revision of the revised annual caps for the years ending 31 December 2021 and 2022. As such, we have reviewed the KWG Group Development Plan and Delivery Schedule, and noted that the estimated increase in GFA under management by the Group for commercial properties of KWG Group and its associates is substantially consistent with the KWG Group Development Plan and Delivery Schedule. As advised by the Management and based on our review on the 2021 Interim Report, we noted that the Group had been engaged by KWG Group and its associates to provide Commercial Property Management Services to certain shopping malls with GFA of approximately 0.4 million sq.m., with the expected opening dates of the aforementioned shopping malls ranging from August 2021 to October 2022. Having considered the foregoing, it appears to be reasonable to expect a further growth in GFA under management for the commercial properties of KWG Group and its associates in the Company's estimation of the revised annual cap for the year ending 31 December 2022.

In addition to the expected increase in GFA under management, we also noted that the Company's estimation of revised annual caps has taken into consideration an increment in the average monthly management fee for Commercial Property Management Services to be charged by the Group to KWG Group and its associates for the year ending 31 December 2022. We have reviewed two samples of individual commercial property management services agreements recently entered into by the Group in June 2021 and July

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2021, and noted that the monthly management fees stipulated thereunder are generally in line with the expected level of average monthly management fees adopted in the Company's estimation of the revised annual caps.

Having considered the foregoing, it is considered reasonable to determine a higher revised annual cap for the year ending 31 December 2022 than that for the year ending 31 December 2021 in order to accommodate the expected growth in transaction amount for Commercial Property Management Services.

Based on the above assessment and having regard to the revenue nature of the proposed revised annual caps from the perspective of the Group, we are of the view that the proposed revised annual caps under the Relevant Supplemental Agreements are determined on fair and reasonable basis.

As disclosed in the Prospectus, the Group is making continuous effort to further diversify its revenue source and reduce reliance on KWG Group. Notwithstanding the revision of annual caps pursuant to the Relevant Supplemental Agreements, we noted that the Group has been increasing and diversifying its GFA under management through acquisitions from Independent Third Parties, including the acquisitions of companies with GFA under management of approximately 86 million sq.m. and 18 million sq.m. as disclosed in the announcements of the Company dated 18 January 2021 and 29 June 2021, respectively. Such acquisitions from Independent Third Parties represent the primary driver of the growth in the Group's total GFA under management and are expected to increase the Group's revenue to be derived from Independent Third Parties. Having considered the foregoing, we concur with the Directors' view that the revision of annual caps pursuant to the Relevant Supplemental Agreements is corresponding to the overall business expansion of the Group and does not increase the Group's reliance on KWG Group.

IV. RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that (i) the Relevant Supplemental Agreements have been entered into within the ordinary and usual course of the Group's business based on normal commercial terms; and (ii) the proposed revised annual caps for the Relevant Supplemental Agreements are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

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Given that there will be no change, amendment or revision to the principal terms of the Relevant Framework Agreements and on the basis of our assessment on the proposed revised annual caps for the Relevant Supplemental Agreements, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the EGM to approve the Relevant Supplemental Agreements and the transactions contemplated thereunder (including the proposed revised annual caps therefor).

Yours faithfully,
For and on behalf of
YUE XIU CAPITAL LIMITED
Andrew Lau
Executive Director

Mr. Andrew Lau is a licensed person registered with the Securities and Futures Commission and a responsible officer of Yue Xiu Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 13 years of experience in the accounting and corporate finance industries.

** for identification purposes only*

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 enquiries, 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

(a) Interests of Directors and chief executive

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and chief executive are taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares and the underlying Shares

Name of Director	Number of Shares held			Total	% of the issued voting Shares ⁽¹⁾
	Personal Interests (beneficial owner)	Corporate Interests (Interests of controlled corporation)	Other interests		
KONG Jianmin	2,300,000	846,718,661 ⁽²⁾	219,635,885 ⁽⁴⁾	1,068,654,546	52.96
KONG Jiannan	—	81,827,772 ⁽³⁾	985,977,774 ⁽⁴⁾	1,067,805,546	52.92
YANG Jingbo	—	—	134,000 ⁽⁵⁾	134,000	0.00
WANG Yue	—	—	134,000 ⁽⁵⁾	134,000	0.00

Notes:

- (1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 2,017,810,233 Shares) as at the Latest Practicable Date.
- (2) Plus Earn and Hero Fine are wholly-owned and controlled by Mr. KONG Jianmin. By virtue of the SFO, Mr. KONG Jianmin is deemed to be interested in the Shares in which Plus Earn and Hero Fine are interested.
- (3) Peace Kind is wholly-owned and controlled by Mr. KONG Jiannan. By virtue of the SFO, Mr. KONG Jiannan is deemed to be interested in the Shares in which Peace Kind is interested.

- (4) On 14 October 2020, Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind entered into the Shareholders' Agreement, pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, by virtue of the SFO, each of Mr. KONG Jianmin and Mr. KONG Jiannan is deemed to be interested in the total number of Shares directly held by Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind.
- (5) These Shares were awarded pursuant to a share award scheme adopted by the Company on 23 July 2021 which remain unvested.

Long positions in the shares of associated corporation of the Company

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Capacity</u>	<u>Number of shares held</u>	<u>% of the issued voting shares</u>
KONG Jianmin	Plus Earn	Beneficial owner	1,000	100

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware of, persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to 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, were as follows:

<u>Name of substantial Shareholder</u>	<u>Number of Shares held</u>			<u>Total</u>	<u>% of the issued voting Shares⁽¹⁾</u>
	<u>Personal Interests (beneficial owner)</u>	<u>Corporate Interests (Interests of controlled corporation)</u>	<u>Other interests</u>		
Plus Earn ⁽⁴⁾	678,390,949	—	387,963,597 ⁽³⁾	1,066,354,546	52.85
Hero Fine ⁽⁴⁾	168,327,712	—	898,026,834 ⁽³⁾	1,066,354,546	52.85
Peace Kind ⁽⁴⁾	80,376,772	—	985,977,774 ⁽³⁾	1,066,354,546	52.85
KONG Jiantao	—	139,259,113 ⁽²⁾	927,095,433 ⁽³⁾	1,066,354,546	52.85
Right Rich	136,667,833	—	929,686,713 ⁽³⁾	1,066,354,546	52.85
Excel Wave	2,079,450	—	1,064,275,096 ⁽³⁾	1,066,354,546	52.85
Wealth Express	511,830	—	1,065,842,716 ⁽³⁾	1,066,354,546	52.85

Notes:

- (1) The approximate percentage was calculated based on the total number of issued Shares (i.e. 2,017,810,233 Shares) as at the Latest Practicable Date.
- (2) Right Rich, Excel Wave and Wealth Express are wholly-owned and controlled by Mr. KONG Jiantao. By virtue of the SFO, Mr. KONG Jiantao is deemed to be interested in the Shares in which Right Rich, Excel Wave and Wealth Express are interested.

- (3) On 14 October 2020, Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind entered into the Shareholders' Agreement, pursuant to which, among other things, the parties thereto shall vote at general meetings of the Company according to the instruction of whichever party thereto holds the most Shares from time to time. As such, by virtue of the SFO, each of Mr. KONG Jianmin and Mr. KONG Jiannan is deemed to be interested in the total number of Shares directly held by Plus Earn, Hero Fine, Right Rich, Excel Wave, Wealth Express and Peace Kind.
- (4) Mr. KONG Jiannan is a director of Peace Kind and Mr. KONG Jianmin is a director of Plus Earn and Hero Fine.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which would fall to be disclosed to the Company under 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.

3. DIRECTOR'S INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

4. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which had been acquired or disposed of by, or leased to, any member of the Group or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not expiring or determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made.

9. EXPERT AND CONSENT

The following is the qualification of the expert or professional adviser who has given its opinion or advice contained in this circular:

Name	Qualification
Yue Xiu Capital	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name, in the form and context in which it appears;
- (b) did not have 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
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2020 (the date to which the latest published audited consolidated financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the Company's website (www.kwgliving.com) and the HKEXnews website (www.hkexnews.hk) from the date of this circular up to and including the date of the EGM:

- (a) the Residential Property Management Services Framework Agreement and the Supplemental Residential Property Management Services Framework Agreement;
- (b) the Property Agency Services Framework Agreement and the Supplemental Property Agency Services Framework Agreement;
- (c) the Commercial Property Management Services Framework Agreement and the Supplemental Commercial Property Management Services Framework Agreement;
- (d) the letter from the Independent Board Committee as set out on pages 20 and 21 of this circular;
- (e) the letter of advice from Yue Xiu Capital as set out on pages 22 to 42 of this circular;
- (f) the written consent of Yue Xiu Capital as referred to in the section headed "Expert and Consent" in this appendix; and
- (g) this circular.

11. MISCELLANEOUS

This circular and the accompanying proxy form have been prepared in both English and Chinese. In the event of discrepancies, the English text of this circular shall prevail over the Chinese text.



KWG Living Group Holdings Limited

合景悠活集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3913)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of KWG Living Group Holdings Limited (the “Company”) will be convened and held at Infinity Room, 3rd Floor, W Guangzhou, 26 Xian Cun Road, Pearl River New Town, Tianhe District, Guangzhou, People’s Republic of China on Friday, 12 November 2021 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** the supplemental residential property management services framework agreement dated 29 September 2021 and entered into between the Company and KWG Holdings (the “**Supplemental Residential Property Management Services Framework Agreement**”) and the transactions contemplated thereunder (including the proposed revised annual caps therefor) be and are hereby confirmed and approved and the directors of the Company (the “**Directors**”) be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Supplemental Residential Property Management Services Framework Agreement and the transactions contemplated thereunder.”
2. **“THAT** the supplemental property agency services framework agreement dated 29 September 2021 and entered into between the Company and KWG Holdings (the “**Supplemental Property Agency Services Framework Agreement**”) and the transactions contemplated thereunder (including the proposed revised annual caps therefor) be and are hereby confirmed and approved and the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Supplemental Property Agency Services Framework Agreement and the transactions contemplated thereunder.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

3. “**THAT** the supplemental commercial property management services framework agreement dated 29 September 2021 and entered into between the Company and KWG Holdings (the “**Supplemental Commercial Property Management Services Framework Agreement**”) and the transactions contemplated thereunder (including the proposed revised annual caps therefor) be and are hereby confirmed and approved and the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the Supplemental Commercial Property Management Services Framework Agreement and the transactions contemplated thereunder.”

SPECIAL RESOLUTION

4. “**THAT**
- (a) the articles of association of the Company (the “**Articles**”) be amended in the following manner:
- (i) by deleting the words “With the sanction of an ordinary resolution dividends” at the beginning of the second sentence in existing article 134 and replacing therewith the word “Dividends”; and
- (ii) by deleting the words “the profits of the Company” in the second line of the existing article 136 and replacing therewith the words “the financial conditions and the net realisable value of the assets of the Company”, and by deleting the words “such profits” in the last line of the existing article 136 and replacing therewith the words “the financial conditions and the net realisable value of the assets of the Company”; and
- (b) the Directors be and are hereby authorised to do all such acts, deeds and things and to sign, execute and deliver all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect, determine, revise, supplement or complete any matters relating to or in connection with the above amendments to the Articles.”

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

Hong Kong, 26 October 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any Shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her, a proxy need not be a shareholder of the Company.
2. In case of joint registered holders of any shares of the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint persons be present at the EGM personally or by proxy, then one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. To be valid, the Proxy Form duly completed and signed in accordance with the instructions printed hereon together with the power of attorney or other authority, if any, under which it is signed or a notarized copy thereof must be delivered to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof (as the case may be).
4. Completion and delivery of the Proxy Form will not preclude you from attending and voting in person at the EGM or any adjourned thereof if you so wish. In such event, the Proxy Form shall be deemed to be revoked.
5. For the purpose of ascertaining Shareholders' entitlement to attend and vote at the EGM (or at any adjournment thereof), the register of members of the Company will be closed from Tuesday, 9 November 2021 to Friday, 12 November 2021 (both days inclusive) during which period no transfer of shares will be registered. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 8 November 2021.
6. Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the shareholders at the EGM must be taken by poll. Under Article 66 of the Articles, a resolution put to the vote at the EGM shall be decided by way of a poll, save that the chairman of the EGM may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
7. The Chinese version of this notice is for reference only. Should there be any discrepancies, the English version shall prevail.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of the shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the EGM:

- (i) Compulsory body temperature checks
- (ii) Wearing of surgical face masks
- (iii) No provision of refreshments and corporate gifts

Any attendee who does not comply with the precautionary measures (i) and (ii) above may be denied entry to the EGM venue.

For the health and safety of the shareholders, Shareholders are strongly encouraged to appoint the chairman of the EGM as their proxy instead of attending the EGM in person. If any Shareholders wishes to attend in person, the Shareholder is advised to pay attention to the latest epidemic-control and protection arrangements implemented by the Central Government of the People's Republic of China and the Government of the Hong Kong Special Administrative Region.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements at short notice. Shareholders shall check the Company's website (www.kwgliving.com) and/or the HKEXnews website (www.hkexnews.hk) for future announcements and updates on the EGM arrangements.