
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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

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

28 June 2022

To the Shareholders

Dear Sir or Madam,

**SCRIP DIVIDEND ARRANGEMENT IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2021**

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Introduction

On 28 March 2022, the board of directors (the “**Board**”) of KWG Living Group Holdings Limited (the “**Company**”) had resolved to recommend that a final dividend of RMB12 cents per ordinary share in the share capital of the Company (the “**Share(s)**”) (payable in cash in Hong Kong dollars (“**HK\$**”), i.e. HK\$0.14 per Share) for the year ended 31 December 2021 (the “**Final Dividend**”) be paid on or around Friday, 5 August 2022 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company (the “**Register of Members**”) as at the close of business on Friday, 17 June 2022 (the “**Record Date**”). An ordinary resolution to approve the Final Dividend was passed by the Shareholders at the annual general meeting of the Company held on Thursday, 2 June 2022. Subject to the terms set out in this circular, the eligible Shareholders have the right to elect to receive the Final Dividend in new fully paid Share(s) (the “**New Shares**”) to be allotted and issued under the Scrip Dividend Arrangement (as defined below) instead of in cash, or partly in the form of the New Shares and partly in cash (the “**Scrip Dividend Arrangement**”).

The purpose of this circular is to set out the procedures and conditions which apply in relation to the Scrip Dividend Arrangement and the action which should be taken by the Shareholders in relation thereto.

Particulars of the Scrip Dividend Arrangement

Under the Scrip Dividend Arrangement, Shareholders have the following choices to receive the Final Dividend:

- (i) a cash dividend of HK\$0.14 per Share held on the Record Date; or
- (ii) an allotment of New Shares at the Market Value (as defined below) equal to the total amount of the Final Dividend that such Shareholders would otherwise be entitled to receive in cash, subject to any fractional entitlement being disregarded as mentioned below; or
- (iii) partly in cash and partly in the form of the New Shares.

There were outstanding options for subscription of 513,000 Shares under the share option scheme of the Company approved by the Shareholders on 3 June 2021 and subject to the relevant vesting period, 128,250 outstanding options are convertible into the Shares as at 17 June 2022 (being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular, the “**Latest Practicable Date**”). Save as disclosed above, as at the Latest Practicable Date, the Company had no other outstanding options, warrants or other securities in issue which are convertible into or give rights to subscribe for, convert or exchange into, any Shares, as the case may be.

Basis of Allotment of the New Shares

For the purpose of calculating the number of New Shares to be allotted and issued to the Shareholders pursuant to the Scrip Dividend Arrangement, the market value of each New Share (the “**Market Value**”) will be HK\$2.212, which is the average closing price per Share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) for the five consecutive trading days commencing on Monday, 13 June 2022 (being the first day on which the Shares were traded ex-dividend). Accordingly, the number of New Shares which the Shareholders electing for the New Shares will receive in respect of the Final Dividend will be calculated as follows:

$$\text{Number of New Shares to be received} = \text{Number of existing Shares held on the Record Date for which election for the New Shares is made} \times \frac{\text{HK\$0.14 (Final Dividend per Share)}}{\text{HK\$2.212 (Market Value per Share)}}$$

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

No Shareholder will be entitled to receive any fraction of a Share under the Scrip Dividend Arrangement and the number of New Shares to be allotted and issued to the Shareholders will be rounded down to the nearest whole number. Fractional entitlements to the New Shares will be disregarded. The New Shares to be allotted and issued pursuant to the Scrip Dividend Arrangements will rank *pari passu* in all respects with the existing issued Shares, except that such New Shares themselves will not rank for the Final Dividend.

Advantage of the Scrip Dividend Arrangement

The Scrip Dividend Arrangement will give the Shareholders the opportunity to increase their investment in the Company without incurring brokerage fees, dealing costs or stamp duty. To the extent that the Shareholders elect to receive the New Shares, in whole or in part in lieu of cash dividend, the Company will be benefited by retaining the cash as general working capital which would otherwise be payable by way of cash dividend.

Effect of the Scrip Dividend Arrangement

Based on 2,017,110,233 Shares in issue as at the Record Date, if no election to receive the Final Dividend in the form of the New Shares was received, the total cash dividend payable by the Company would be approximately HK\$282,395,432.62. The New Shares will be allotted and issued by way of capitalisation of the Company's reserves or profits and are not renounceable.

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

Election Form

An election form (the "Election Form") is enclosed with this circular. Please read carefully the instructions below and the instructions printed on the Election Form.

No action is required if you wish to receive the Final Dividend wholly in cash. Otherwise, if you wish to receive the Final Dividend wholly in the form of the New Shares in lieu of cash, or partly in the form of the New Shares and partly in cash, you must COMPLETE, SIGN AND RETURN the Election Form 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 (the "Share Registrar") not later than 4:30 p.m. on Thursday, 14 July 2022.

If you complete the Election Form but do not specify the number of Shares in respect of which you wish to receive the Final Dividend in the form of the New Shares, or if you elect to receive the Final Dividend in the form of the New Shares in respect of a greater number of Shares than your registered holding as at the Record Date, you will be deemed to have elected to receive New Shares only in respect of all the Shares registered in your name on the Record Date. No acknowledgement of receipt of the Election Form will be issued.

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

- i. at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 14 July 2022. The latest time for the return of the Election Form will be extended to 5:00 p.m. on the same business day; or
- ii. at any local time between 12:00 noon and 4:30 p.m. on Thursday, 14 July 2022. The latest time for the return of the Election Form will be extended to 4:30 p.m. on the next business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

No election in respect of the Final Dividend may, after the relevant Election Form is signed and returned to the Share Registrar, be in any way withdrawn, revoked, superseded or altered.

Shareholders Resident Outside Hong Kong

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

This circular and the Election Form will not be registered in Hong Kong or any other jurisdiction. The Shares have not been registered under the applicable securities legislation of any jurisdictions other than Hong Kong. The Company has made enquiries with legal advisers where its overseas Shareholders are based regarding legal restrictions and regulatory requirements on the election of Shareholders resident outside Hong Kong to receive the Final Dividend in the form of New Shares arrangements as required by Rule 13.36(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

According to the Register of Members, as at the Record Date, there were Shareholders whose registered addresses were outside Hong Kong in the People’s Republic of China (“**PRC**”) and Republic of China (Taiwan) (the “**Overseas Shareholders**”). Based on the advices of legal advisers where such Overseas Shareholders were based, the Overseas Shareholders are allowed to participate in the Scrip Dividend Arrangement. It is the responsibility of any Overseas Shareholder who wishes to receive the New Shares under the Scrip Dividend Arrangement to comply with the laws of the relevant jurisdictions including obtaining all necessary governmental or other regulatory consents and compliance with any other similar formalities. It is also the responsibility of any Overseas Shareholder who receives the New Shares to comply with any restrictions on the resale of the Shares which may apply outside Hong Kong.

PRC

The distribution of the Final Dividend with scrip arrangements to be made by the Company to the Shareholders residing in the PRC (which for the purpose of this circular only, excludes Hong Kong Special Administrative Region, Macao Special Administrative Region and Taiwan) (the “**PRC Shareholders**”) does not constitute the public offering in the PRC as defined by the PRC Securities Law. Further, the Company is not prohibited from making the distribution of the Final Dividend with scrip arrangements to the PRC Shareholders under the PRC laws and regulations provided that the subscription of or receiving the New Shares by the PRC Shareholders is in compliance with the relevant applicable PRC laws and regulations.

As at the Latest Practicable Date, an aggregate of 25,876,410 Shares, representing approximately 1.28% of the entire issued share capital of the Company, were held through the China Securities Depository and Clearing Corporation Limited (“**ChinaClear**”) as nominee under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect (the “**PRC Southbound Trading Investors**”).

Pursuant to the Frequently Asked Questions Series 29 issued by the Stock Exchange on 17 November 2014 and updated on 4 November 2016 and 13 July 2018 on the interpretation of the Listing Rules, investors from the PRC who are the PRC Southbound Trading Investors can participate in the Scrip Dividend Arrangement through ChinaClear.

ChinaClear will provide nominee services for the PRC Southbound Trading Investors to elect to receive the New Shares in respect of all or part of his/her holding of Shares in accordance with the relevant laws and regulations.

The PRC Southbound Trading Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear participants) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the election to receive the New Shares.

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Republic of China (Taiwan)

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

Condition of the Scrip Dividend Arrangement

The Scrip Dividend Arrangement is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares. If this condition is not satisfied, the Scrip Dividend Arrangement described in this circular will not become effective, the Election Forms will be void and the Final Dividend will then be paid wholly in cash.

Listing and Dealings

Application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the New Shares. Subject to the said application being granted by the Stock Exchange, it is expected that dividend warrants for cash dividends and/or share certificates in respect of such New Shares will be sent by ordinary mail to the Shareholders at their own risk on or around Friday, 5 August 2022 and dealings in the New Shares are expected to commence on Monday, 8 August 2022.

The Shares are only listed on the Stock Exchange. No part of the share capital of the Company is listed or dealt in on any other stock exchange and the Company is not currently seeking to list the Shares on any other stock exchange.

Dealings in the New Shares may be settled through the Central Clearing and Settlement System and you should seek the advice of your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests.

Recommendation and Advice

Whether or not it is to your advantage to elect to receive the New Shares in lieu of cash will depend upon your own individual circumstances and the decision in this regard, and all effects resulting therefrom, must be solely the responsibility of each Shareholder. The effect on the tax position of any Shareholder will depend on such Shareholder's particular circumstances.

If you are in any doubt as to what to do, you should consult your professional advisers. Shareholders who are trustees are recommended to take professional advice as to whether the choice to receive cash or the New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument.

This circular and the accompanying Election Form have been prepared in both English and Chinese versions. In the event of discrepancies, the English version of these documents shall prevail.

Yours faithfully,
For and on behalf of the Board
KWG Living Group Holdings Limited
KONG Jianmin
Chairman

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

TIMETABLE OF EVENTS

Events	Time/Date (Hong Kong Time)
Ex-dividend date	Monday, 13 June 2022
Latest time to lodge transfer documents for registration with the Share Registrar	4:30 p.m. on Tuesday, 14 June 2022
Closure of the Register of Members for the purpose of ascertaining Shareholders' entitlement to the Final Dividend	Wednesday, 15 June 2022 to Friday, 17 June 2022 (both days inclusive)
Record Date	Friday, 17 June 2022
Latest time for the return of the Election Form to the Share Registrar	4:30 p.m. on Thursday, 14 July 2022
Expected date of despatch of dividend warrants and/or share certificates by ordinary mail at the risk of recipients.	on or around Friday, 5 August 2022
Expected first day of dealings in the New Shares	9:00 a.m. on Monday, 8 August 2022