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## **KWG GROUP HOLDINGS LIMITED**

**合景泰富集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1813 and Debt Stock Codes: 5008, 5607,  
5811, 40117, 40338, 40465 and 40683)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023**

#### **INTERIM RESULTS**

The board of directors (the “**Board**” or the “**Directors**”) of KWG Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022, the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 together with audited comparative figures as at 31 December 2022. The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

|   | <i>Notes</i> | Six months ended 30 June              |                                       |
|---|--------------|---------------------------------------|---------------------------------------|
|   |              | 2023<br><i>RMB'000</i><br>(Unaudited) | 2022<br><i>RMB'000</i><br>(Unaudited) |
| <b>REVENUE</b>                                  | 4            | <b>7,453,959</b>                      | 8,469,502                             |
| Cost of sales                                   |              | <u>(7,011,552)</u>                    | <u>(7,000,523)</u>                    |
| Gross profit                                    |              | <b>442,407</b>                        | 1,468,979                             |
| Other income and gains, net                     | 4            | <b>881,311</b>                        | 1,121,842                             |
| Selling and marketing expenses                  |              | <b>(590,129)</b>                      | (782,328)                             |
| Administrative expenses                         |              | <b>(733,228)</b>                      | (739,999)                             |
| Other operating expenses                        |              | <b>(2,509,844)</b>                    | —                                     |
| Fair value losses on investment properties, net |              | <b>(1,254,009)</b>                    | (259,977)                             |
| Finance costs                                   | 5            | <b>(1,334,651)</b>                    | (107,750)                             |
| Share of profits and losses of:                 |              |                                       |                                       |
| Associates                                      |              | <b>(43,811)</b>                       | 201,634                               |
| Joint ventures                                  |              | <b>(4,657,991)</b>                    | (153,325)                             |
| <b>(LOSS)/PROFIT BEFORE TAX</b>                 | 6            | <b>(9,799,945)</b>                    | 749,076                               |
| Income tax expenses                             | 7            | <b>(128,990)</b>                      | (244,401)                             |
| <b>(LOSS)/PROFIT FOR THE PERIOD</b>             |              | <b><u>(9,928,935)</u></b>             | <b><u>504,675</u></b>                 |

|                                    |             | <b>Six months ended 30 June</b> |                      |
|------------------------------------|-------------|---------------------------------|----------------------|
|                                    |             | <b>2023</b>                     | <b>2022</b>          |
|                                    | <i>Note</i> | <b>RMB'000</b>                  | <b>RMB'000</b>       |
|                                    |             | <b>(Unaudited)</b>              | <b>(Unaudited)</b>   |
| Attributable to:                   |             |                                 |                      |
| Owners of the Company              |             | <b>(9,888,712)</b>              | 435,000              |
| Non-controlling interests          |             | <b>(40,223)</b>                 | 69,675               |
|                                    |             | <u><b>(9,928,935)</b></u>       | <u>504,675</u>       |
| <br>                               |             |                                 |                      |
| <b>(LOSS)/EARNINGS PER SHARE</b>   |             |                                 |                      |
| <b>ATTRIBUTABLE TO OWNERS</b>      |             |                                 |                      |
| <b>OF THE COMPANY</b>              |             |                                 |                      |
|                                    | 9           |                                 |                      |
| <br>                               |             |                                 |                      |
| <b>Basic</b>                       |             |                                 |                      |
| — For (loss)/profit for the period |             | <u><b>RMB(289.3) cents</b></u>  | <u>RMB13.7 cents</u> |
| <br>                               |             |                                 |                      |
| <b>Diluted</b>                     |             |                                 |                      |
| — For (loss)/profit for the period |             | <u><b>RMB(289.2) cents</b></u>  | <u>RMB13.7 cents</u> |

Details of the dividends declared for the reporting period are disclosed in note 8.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2023</b>                     | <b>2022</b>        |
|  | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|  | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>(LOSS)/PROFIT FOR THE PERIOD</b>  | <b>(9,928,935)</b>              | <b>504,675</b>     |
| <b>OTHER COMPREHENSIVE LOSS</b>  |                                 |                    |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:         |                                 |                    |
| Exchange differences on translation into presentation currency                                     | <b>(528,161)</b>                | <b>(850,055)</b>   |
| Share of exchange differences on translation of joint ventures                                     | <b>(52,054)</b>                 | <b>(23,652)</b>    |
| Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods      | <b>(580,215)</b>                | <b>(873,707)</b>   |
| Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:    |                                 |                    |
| Exchange differences on translation into presentation currency                                     | <b>(488,615)</b>                | <b>(657,786)</b>   |
| Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods | <b>(488,615)</b>                | <b>(657,786)</b>   |
| <b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>   | <b>(1,068,830)</b>              | <b>(1,531,493)</b> |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>   | <b>(10,997,765)</b>             | <b>(1,026,818)</b> |
| Attributable to:   |                                 |                    |
| Owners of the Company  | <b>(10,957,542)</b>             | <b>(1,096,493)</b> |
| Non-controlling interests  | <b>(40,223)</b>                 | <b>69,675</b>      |
|  | <b>(10,997,765)</b>             | <b>(1,026,818)</b> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|   | As at                                       |   |
|---|---|---|
|   | 30 June<br>2023                             | 31 December<br>2022                       |
| <i>Notes</i>                                    | <b><i>RMB'000</i></b><br><b>(Unaudited)</b> | <b><i>RMB'000</i></b><br><b>(Audited)</b> |
| <b>NON-CURRENT ASSETS</b>                       |   |   |
| Property, plant and equipment                   | 9,720,375                                   | 9,721,419                                 |
| Investment properties                           | 27,014,267                                  | 28,618,674                                |
| Land use rights                                 | 3,720,774                                   | 3,762,850                                 |
| Interests in associates                         | 8,444,705                                   | 9,772,013                                 |
| Interests in joint ventures                     | 35,614,387                                  | 35,717,694                                |
| Deferred tax assets                             | 3,682,488                                   | 3,537,738                                 |
|   | <u>88,196,996</u>                           | <u>91,130,388</u>                         |
| <b>CURRENT ASSETS</b>                           |   |   |
| Properties under development                    | 62,277,854                                  | 62,607,658                                |
| Completed properties held for sale              | 12,294,551                                  | 15,696,914                                |
| Trade receivables                               | 10 437,913                                  | 491,382                                   |
| Prepayments, other receivables and other assets | 16,925,132                                  | 18,269,059                                |
| Due from a joint venture                        | 22,532                                      | 22,532                                    |
| Tax recoverables                                | 1,322,369                                   | 1,328,260                                 |
| Cash and bank balances                          | 11 5,168,540                                | 10,337,890                                |
|   | <u>98,448,891</u>                           | <u>108,753,695</u>                        |
| <b>CURRENT LIABILITIES</b>                      |   |   |
| Trade and bills payables                        | 12 16,541,594                               | 15,540,743                                |
| Lease liabilities                               | 84,613                                      | 144,326                                   |
| Other payables and accruals                     | 37,426,178                                  | 38,499,237                                |
| Due to joint ventures                           | 8,848,954                                   | 9,996,546                                 |
| Due to associates                               | 2,292,322                                   | 3,328,395                                 |
| Interest-bearing bank and other borrowings      | 27,339,417                                  | 22,245,015                                |
| Tax payables                                    | 13,954,872                                  | 13,509,750                                |
|   | <u>106,487,950</u>                          | <u>103,264,012</u>                        |
| <b>NET CURRENT (LIABILITIES)/ASSETS</b>         | <u>(8,039,059)</u>                          | <u>5,489,683</u>                          |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>    | <u>80,157,937</u>                           | <u>96,620,071</u>                         |

|   | <b>As at</b>       |                    |
|---|--------------------|--------------------|
|   | <b>30 June</b>     | <b>31 December</b> |
|   | <b>2023</b>        | <b>2022</b>        |
|   | <b>RMB'000</b>     | <b>RMB'000</b>     |
|   | <b>(Unaudited)</b> | <b>(Audited)</b>   |
| <b>NON-CURRENT LIABILITIES</b>                      |                    |                    |
| Lease liabilities                                   | <b>542,334</b>     | 751,415            |
| Interest-bearing bank and other borrowings          | <b>48,355,607</b>  | 53,145,577         |
| Deferred tax liabilities                            | <b>2,295,941</b>   | 2,521,742          |
| Deferred revenue                                    | <b>2,042</b>       | 2,042              |
|   | <hr/>              | <hr/>              |
| Total non-current liabilities                       | <b>51,195,924</b>  | 56,420,776         |
|   | <hr/>              | <hr/>              |
| <b>NET ASSETS</b>                                   | <b>28,962,013</b>  | 40,199,295         |
|   | <hr/>              | <hr/>              |
| <b>EQUITY</b>                                       |                    |                    |
| <b>Equity attributable to owners of the Company</b> |                    |                    |
| Issued capital                                      | <b>325,768</b>     | 325,735            |
| Treasury shares                                     | —                  | (8)                |
| Reserves  | <b>20,404,768</b>  | 31,174,049         |
|   | <hr/>              | <hr/>              |
|   | <b>20,730,536</b>  | 31,499,776         |
| <b>Non-controlling interests</b>                    | <b>8,231,477</b>   | 8,699,519          |
|   | <hr/>              | <hr/>              |
| <b>TOTAL EQUITY</b>                                 | <b>28,962,013</b>  | 40,199,295         |
|   | <hr/>              | <hr/>              |

Notes:

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the period, the Group was involved in the following principal activities:

- Property development
- Property investment
- Hotel operation

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

The unaudited condensed consolidated interim financial information was reviewed by the audit committee of the Company and approved by the Board for issue on 30 August 2023.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated interim financial information does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, HKASs and Interpretations).

### Going concern basis

In view of the prevailing slow-down of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its repayment obligations of the bank and other borrowings of the Group including debt securities.

As of 30 June 2023, the Group recorded a net current liabilities of approximately RMB8,039 million, and the Group’s current portion of interest-bearing bank and other borrowings amounted to approximately RMB27,339 million, while its cash and bank balances amounted to approximately RMB5,169 million including cash and cash equivalents amounted to approximately RMB586 million.

On 14 May 2023, the Company has not made the redemption payment for a principal amount of US\$119,238,870 and the interest thereon in respect of the 6.0% senior notes due 2024 (ISIN: XS2530437172/Common Code: 253043717) (the “**January 2024 Notes**”). Under the terms of the January 2024 Notes, failure to pay such part of the principal on the mandatory redemption date (being 14 May 2023) and the interest upon expiration of the 30-day grace period after the mandatory redemption date will constitute an event of default. As disclosed in the 2022 annual report of the Company published on 28 April 2023, in which the auditor’s report issued by the auditor of the Company contained a disclaimer of opinion in view of multiple uncertainties relating to going concern, the Group’s default in payment of principal of RMB212 million of interest-bearing bank and other borrowings according to their scheduled repayment date on 28 April 2023 (the “**Defaulted Borrowings**”) had triggered cross default of certain long term interest-bearing bank and other borrowings, including the January 2024 Notes and certain debt securities of the Company denominated in USD (the “**Cross Defaulted Borrowings**”). These debt securities have been suspended from trading on the Stock Exchange since 16 May 2023. No repayment has been made by the Group in respect of the outstanding amounts of the Defaulted Borrowings and the Cross Defaulted Borrowings since 28 April 2023 up to the date of this announcement.

The above conditions indicate the existence of material uncertainties which cast significant doubt over the Group’s ability to continue as a going concern. The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings.
- (ii) The Group will negotiate with the Group’s existing lenders for the Defaulted Borrowings and Cross Defaulted Borrowings in order to reach agreements with them for not taking any actions against the Group to exercise their right to demand immediate payment of the principals and interest of these borrowings.
- (iii) the Group has been exploring a holistic solution to the current offshore debts situation to secure the sustainable operations of the Group for the benefit of all of its stakeholders, and has engaged financial advisor and legal advisor on the matter. The Group has been working diligently with its advisers on the preparatory work for a holistic solution to the current offshore debts situation.
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group is also negotiating with various interested parties on the disposal of en-bloc commercial properties and non-core property projects to further improve the cash position of the Group.
- (v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.
- (vi) The Group will continue to seek suitable opportunities to dispose of its equity interests in joint ventures or associates which are engaged in property development in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 30 June 2023. They are of the opinion that, taking into account the abovementioned plans and measures (in particular, the successful negotiation with the Group's existing lenders of the Defaulted Borrowings and Cross Defaulted Borrowings to reach agreements with them for not taking any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings), the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2023. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (i) The successful obtaining of additional new sources of financing as and when needed.
- (ii) The successful negotiation with banks and financial institutions on the extension for repayments of borrowings.
- (iii) The successful negotiation with the Group's existing lenders for the Defaulted Borrowings and Cross Defaulted Borrowings and reaching agreements with them for not taking any actions against the Group to exercise their right to demand immediate payment of the principals and interest of these borrowings.
- (iv) The successful conclusion of the holistic solution and restructuring to the offshore debts situation of the Group.
- (v) The successful and timely implementation of the plans to accelerate the pre-sales and sales of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs and contain capital expenditure so as to generate adequate net cash inflows.
- (vi) The successful disposal of the Group's equity interests in certain joint ventures or associates which are engaged in property development when suitable.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### 3. CHANGES TO THE GROUP'S ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

|  |  |
|--|--|
| HKFRS 17   | Insurance Contracts and the related Amendments                                   |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies  |
| HKAS 8 (Amendments)                                | Definition of Accounting Estimates   |
| HKAS 12 (Amendments)                               | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| HKAS 12 (Amendments)                               | International Tax Reform — Pillar Two Model Rules                                |

The adoption of the above revised standards has had no significant financial effect on the Group's unaudited condensed consolidated interim financial information and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated interim financial information.

### 4. REVENUE, OTHER INCOME AND GAINS, NET AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the gross proceeds from the sale of properties, gross rental income received and receivable from investment properties and gross revenue from hotel operation during the period.

An analysis of revenue, other income and gains, net is as follows:

|                                       | Six months ended 30 June |                  |
|---------------------------------------|--------------------------|------------------|
|                                       | 2023                     | 2022             |
|                                       | <i>RMB'000</i>           | <i>RMB'000</i>   |
|                                       | (Unaudited)              | (Unaudited)      |
| <b>Revenue:</b>                       |                          |                  |
| Revenue from contracts with customers |                          |                  |
| Sale of properties                    | 6,604,073                | 7,724,648        |
| Hotel operation income                | 394,920                  | 273,663          |
| Revenue from other sources            |                          |                  |
| Gross rental income                   | 454,966                  | 471,191          |
|                                       | <u>7,453,959</u>         | <u>8,469,502</u> |
| <b>Other income and gains, net:</b>   |                          |                  |
| Interest income                       | 147,539                  | 255,225          |
| Foreign exchange difference, net      | 210,498                  | 299,989          |
| Others                                | 523,274                  | 566,628          |
|                                       | <u>881,311</u>           | <u>1,121,842</u> |

For management purposes, the Group is organised into three reportable operating segments as follows:

- (a) Property development: Sale of properties
- (b) Property investment: Leasing of properties
- (c) Hotel operation: Operation of hotels

The property development projects undertaken by the Group and its joint ventures and associates during the period are mainly located in Mainland China and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from contracts with customers is derived solely from its operations in Mainland China.

The Group's revenue from contracts with customers for the six months ended 30 June 2023 as follows:

|   | <b>Property<br/>development<br/>RMB'000<br/>(Unaudited)</b> | <b>Hotel<br/>operation<br/>RMB'000<br/>(Unaudited)</b> | <b>Total<br/>RMB'000<br/>(Unaudited)</b> |
|---|---|--|--|
| <i>Type of revenue recognition:</i>         |   |  |  |
| Sales of properties                         | 6,604,073   | —  | 6,604,073                                |
| Provision of services                       | —   | 394,920  | 394,920                                  |
|   | <u>6,604,073</u>  | <u>394,920</u>   | <u>6,998,993</u>                         |
| Total revenue from contracts with customers | <u>6,604,073</u>  | <u>394,920</u>   | <u>6,998,993</u>                         |
| <i>Timing of revenue recognition:</i>       |   |  |  |
| Recognised at a point in time               | 5,804,060   | —  | 5,804,060                                |
| Recognised over time                        | 800,013   | 394,920  | 1,194,933                                |
|   | <u>6,604,073</u>  | <u>394,920</u>   | <u>6,998,993</u>                         |
| Total revenue from contracts with customers | <u>6,604,073</u>  | <u>394,920</u>   | <u>6,998,993</u>                         |

The Group's revenue from contracts with customers for the six months ended 30 June 2022 as follows:

|   | Property<br>development<br><i>RMB'000</i><br>(Unaudited) | Hotel<br>operation<br><i>RMB'000</i><br>(Unaudited) | Total<br><i>RMB'000</i><br>(Unaudited) |
|---|--|---|--|
| <i>Type of revenue recognition:</i>         |  |   |  |
| Sales of properties                         | 7,724,648  | —   | 7,724,648                              |
| Provision of services                       | —  | 273,663   | 273,663                                |
|   | <u>7,724,648</u>   | <u>273,663</u>                                      | <u>7,998,311</u>                       |
| Total revenue from contracts with customers | <u>7,724,648</u>   | <u>273,663</u>                                      | <u>7,998,311</u>                       |
| <i>Timing of revenue recognition:</i>       |  |   |  |
| Recognised at a point in time               | 6,386,214  | —   | 6,386,214                              |
| Recognised over time                        | 1,338,434  | 273,663   | 1,612,097                              |
|   | <u>7,724,648</u>   | <u>273,663</u>                                      | <u>7,998,311</u>                       |
| Total revenue from contracts with customers | <u>7,724,648</u>   | <u>273,663</u>                                      | <u>7,998,311</u>                       |

The segment results for the six months ended 30 June 2023 are as follows:

|   | Property<br>development<br><i>(Note)</i><br><i>RMB'000</i><br>(Unaudited) | Property<br>investment<br><i>RMB'000</i><br>(Unaudited) | Hotel<br>operation<br><i>RMB'000</i><br>(Unaudited) | Total<br><i>RMB'000</i><br>(Unaudited) |
|---|---|---|---|--|
| <b>Segment revenue:</b>                 |   |   |   |  |
| Sales to external customers and revenue | <u>6,604,073</u>  | <u>454,966</u>  | <u>394,920</u>                                      | <u>7,453,959</u>                       |
| <b>Segment results</b>                  | <b>(7,821,818)</b>  | <b>(995,563)</b>  | <b>128,556</b>                                      | <b>(8,688,825)</b>                     |
| <i>Reconciliation:</i>                  |   |   |   |  |
| Interest income and unallocated income  |   |   |   | 881,311                                |
| Unallocated expenses                    |   |   |   | (657,780)                              |
| Finance costs                           |   |   |   | <u>(1,334,651)</u>                     |
| (Loss)/profit before tax                |   |   |   | (9,799,945)                            |
| Income tax expenses                     |   |   |   | <u>(128,990)</u>                       |
| (Loss)/profit for the period            |   |   |   | <u>(9,928,935)</u>                     |

The segment results for the six months ended 30 June 2022 are as follows:

|  | Property<br>development<br>(Note)<br>RMB'000<br>(Unaudited) | Property<br>investment<br>RMB'000<br>(Unaudited) | Hotel<br>operation<br>RMB'000<br>(Unaudited) | Total<br>RMB'000<br>(Unaudited) |
|--|---|--|--|---------------------------------|
| <b>Segment revenue:</b>                    |   |  |  |                                 |
| Sales to external customers and<br>revenue | <u>7,724,648</u>  | <u>471,191</u>                                   | <u>273,663</u>                               | <u>8,469,502</u>                |
| <b>Segment results</b>                     | 319,230   | 81,724   | 41,202                                       | 442,156                         |
| <i>Reconciliation:</i>                     |   |  |  |                                 |
| Interest income and unallocated<br>income  |   |  |  | 1,121,842                       |
| Unallocated expenses                       |   |  |  | (707,172)                       |
| Finance costs                              |   |  |  | <u>(107,750)</u>                |
| Profit before tax                          |   |  |  | 749,076                         |
| Income tax expenses                        |   |  |  | <u>(244,401)</u>                |
| Profit for the period                      |   |  |  | <u><u>504,675</u></u>           |

*Note:* The segment results include share of profits and losses of joint ventures and associates.

## 5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

|                                       | <b>Six months ended 30 June</b> |                    |
|---------------------------------------|---------------------------------|--------------------|
|                                       | <b>2023</b>                     | <b>2022</b>        |
|                                       | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|                                       | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Interest on bank and other borrowings | <b>3,026,854</b>                | 2,560,565          |
| Interest on lease liabilities         | <b>24,457</b>                   | 38,463             |
| Less: Interest capitalised            | <u><b>(1,716,660)</b></u>       | <u>(2,491,278)</u> |
|                                       | <u><b>1,334,651</b></u>         | <u>107,750</u>     |

## 6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

|   | <b>Six months ended 30 June</b> |                    |
|---|---------------------------------|--------------------|
|   | <b>2023</b>                     | <b>2022</b>        |
|   | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| Cost of properties sold   | <b>6,809,100</b>                | 6,791,516          |
| Less: Government grant released   | <b>(3,534)</b>                  | —                  |
|   | <b>6,805,566</b>                | 6,791,516          |
| Cost of services provided   | <b>205,986</b>                  | 209,007            |
| Depreciation  | <b>165,068</b>                  | 189,379            |
| Amortisation of land use rights   | <b>40,954</b>                   | 35,975             |
| Less: Amount capitalised in assets under construction   | <b>(25,190)</b>                 | (20,156)           |
|   | <b>15,764</b>                   | 15,819             |
| Gain on disposal of items of property, plant and equipment  | <b>(203)</b>                    | (1,558)            |
| Employee benefit expense (excluding Directors' and chief executive's remuneration):   |                                 |                    |
| Wages and salaries  | <b>361,758</b>                  | 506,242            |
| Share based compensation expenses   | <b>459</b>                      | 1,950              |
| Pension scheme contributions (defined benefit plans)  | <b>18,843</b>                   | 30,151             |
|   | <b>381,060</b>                  | 538,343            |
| Less: Amount capitalised in assets under construction, properties under development and investment properties under development | <b>(86,720)</b>                 | (167,511)          |
|   | <b>294,340</b>                  | 370,832            |
| Impairment losses recognised for properties under development and completed properties held for sales*                          | <b>2,509,844</b>                | —                  |

\* The item is included in "Other operating expenses" in the condensed consolidated statement of profit or loss.

## 7. INCOME TAX EXPENSES

|   | Six months ended 30 June |                |
|---|--------------------------|----------------|
|   | 2023                     | 2022           |
|   | <i>RMB'000</i>           | <i>RMB'000</i> |
|   | (Unaudited)              | (Unaudited)    |
| Current – in the People’s Republic of China (“PRC”) |                          |                |
| Corporate income tax (“CIT”)                        | 314,443                  | 485,349        |
| Land appreciation tax (“LAT”)                       | 185,098                  | 241,585        |
|   | <u>499,541</u>           | <u>726,934</u> |
| Deferred  | (370,551)                | (482,533)      |
|   | <u>128,990</u>           | <u>244,401</u> |
| Total tax charge for the period                     |                          |                |

### Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2023 and 2022.

### PRC CIT

PRC CIT in respect of operations in the PRC have been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2023 and 2022, based on existing legislation, interpretations and practices in respect thereof.

### PRC LAT

PRC LAT are levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

## 8. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (2022: Nil).

## 9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic (loss)/earnings per share amounts for the six months ended 30 June 2023 is based on the (loss)/profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,418,602,066 (2022: 3,182,918,363) in issue during the period.

For the six months ended 30 June 2023, the calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic (loss)/earnings per share calculation of 3,418,602,066 (2022: 3,182,918,363) plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 293,213 (2022: 1,233,075).

The calculations of the basic and diluted (loss)/earnings per share amounts are based on:

|   | <b>Six months ended 30 June</b> |                       |
|---|---------------------------------|-----------------------|
|   | <b>2023</b>                     | <b>2022</b>           |
|   | <b>RMB'000</b>                  | <b>RMB'000</b>        |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| <b>(Loss)/earnings</b>                              |                                 |                       |
| (Loss)/profit attributable to owners of the Company | <u><b>(9,888,712)</b></u>       | <u><b>435,000</b></u> |

|   | <b>Number of shares</b>         |                             |
|---|---------------------------------|-----------------------------|
|   | <b>Six months ended 30 June</b> |                             |
|   | <b>2023</b>                     | <b>2022</b>                 |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>          |
| <b>Shares</b>   |                                 |                             |
| Weighted average number of ordinary shares in issue during the period used in basic (loss)/earnings per share calculation | <b>3,418,602,066</b>            | 3,182,918,363               |
| Effect of dilution — share options  | —                               | —                           |
| Effect of dilution — awarded shares   | <u><b>293,213</b></u>           | <u><b>1,233,075</b></u>     |
| Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation                          | <u><b>3,418,895,279</b></u>     | <u><b>3,184,151,438</b></u> |

## 10. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

|                 | As at  |  |
|-----------------|--|--|
|                 | 30 June<br>2023<br><i>RMB'000</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
| Within 3 months | 285,141  | 260,735  |
| 7 to 12 months  | 33,977   | 2,667  |
| Over 1 year     | 118,795  | 227,980  |
|                 | <u>437,913</u>                                   | <u>491,382</u>                                     |

## 11. CASH AND BANK BALANCES

|                           | As at  |  |
|---------------------------|--|--|
|                           | 30 June<br>2023<br><i>RMB'000</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
| Cash and bank balances    | 5,168,540  | 10,337,890   |
| Less: Restricted cash     | <u>(4,582,641)</u>                               | <u>(6,981,786)</u>                                 |
| Cash and cash equivalents | <u>585,899</u>                                   | <u>3,356,104</u>                                   |

## 12. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period is as follows:

|               | As at  |  |
|---------------|--|--|
|               | 30 June<br>2023<br><i>RMB'000</i><br>(Unaudited) | 31 December<br>2022<br><i>RMB'000</i><br>(Audited) |
| Within 1 year | 4,059,782  | 6,343,606  |
| Over 1 year   | 12,481,812                                       | 9,197,137  |
|               | <u>16,541,594</u>                                | <u>15,540,743</u>                                  |

The trade and bills payables are non-interest-bearing and are normally settled on demand.

### 13. SUBSEQUENT EVENTS

On August 15, 2023, the Company entered into an agreement to dispose of 50% of the equity of its subsidiary Hangzhou Zhiyan Investment Co., Ltd. with the consideration approximately of RMB1,176,611,000.

On August 15, 2023, the Company entered into an agreement to dispose of 50% of the equity of its subsidiary Suzhou Jingyu Real Estate Development Co., Ltd. with the consideration of approximately RMB517,352,000.

On August 15, 2023, the Company entered into an agreement to dispose of 51% of the equity of its subsidiary Suzhou Zhuoyu Real Estate Development Co., Ltd. with the consideration of approximately RMB378,000,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### *Revenue*

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered. The revenue is primarily generated from its three business segments: property development, property investment and hotel operation.

The revenue amounted to approximately RMB7,454.0 million in the first half of 2023, representing a decrease of 12.0% from approximately RMB8,469.5 million for the corresponding period in 2022.

The revenue generated from property development, property investment and hotel operation were approximately RMB6,604.1 million, RMB455.0 million and RMB394.9 million, respectively, during the six months ended 30 June 2023.

Proportionate revenue amounted to approximately RMB14,446.8 million in the first half of 2023, representing a increase of 2.6% from approximately RMB14,075.9 million for the corresponding period in 2022.

#### *Property development*

Revenue generated from property development decreased by 14.5% to approximately RMB6,604.1 million for the six months ended 30 June 2023 from approximately RMB7,724.6 million for the corresponding period in 2022, primarily due to a decrease in the total gross floor area (“GFA”) delivered to 371,835 sq.m. in the first half of 2023 from 514,285 sq.m. for the corresponding period in 2022. Despite the decrease in GFA delivered, the average selling price (“ASP”) increased from RMB15,020 per sq.m. for the corresponding period in 2022 to RMB17,761 per sq.m. for the six months ended 30 June 2023, reflecting a change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2022.

Proportionate revenue generated from property development increased by 1.9% to approximately RMB13,413.4 million for the six months ended 30 June 2023 from approximately RMB13,169.4 million for the corresponding period in 2022.

#### *Property investment*

Revenue generated from property investment decreased by 3.4% to approximately RMB455.0 million for the six months ended 30 June 2023 from approximately RMB471.2 million for the corresponding period in 2022.

### *Hotel operation*

Revenue generated from hotel operation increased by 44.3% to approximately RMB394.9 million for the six months ended 30 June 2023 from approximately RMB273.7 million for the corresponding period in 2022, primarily due to an increase in occupancy rate of the hotels.

### ***Cost of Sales***

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct costs of construction, costs of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales increased by 0.2% to approximately RMB7,011.6 million for the six months ended 30 June 2023 from approximately RMB7,000.5 million for the corresponding period in 2022.

Land cost per sq.m. increased from RMB5,457 for the corresponding period in 2022 to RMB8,153 for the six months ended 30 June 2023.

Construction cost per sq.m. increased from RMB5,142 for the corresponding period in 2022 to RMB5,229 for the six months ended 30 June 2023, due to the change in delivery portfolio with different city mix compared with that in 2022.

### ***Gross Profit***

Gross profit of the Group decreased by 69.9% to approximately RMB442.4 million for the six months ended 30 June 2023 from approximately RMB1,469.0 million for the corresponding period in 2022. The decrease of gross profit was principally due to the decrease in the total sales in the first half of 2023. The Group reported gross profit margin of 5.9% for the six months ended 30 June 2023 (2022: 17.3%).

Proportionate core gross profit of the Group decreased by 62.9% to approximately RMB980.2 million for the six months ended 30 June 2023 from approximately RMB2,645.6 million for the corresponding period in 2022. The Group reported proportionate core gross profit margin of 6.8% for the six months ended 30 June 2023 (2022: 18.8%).

### ***Other Income and Gains, Net***

Other income and gains decreased by 21.4% to approximately RMB881.3 million for the six months ended 30 June 2023 from approximately RMB1,121.8 million for the corresponding period in 2022, and mainly comprised interest income and foreign exchange gain of approximately RMB147.5 million and RMB210.5 million respectively.

### ***Selling and Marketing Expenses***

Selling and marketing expenses of the Group decreased by 24.6% to approximately RMB590.1 million for the six months ended 30 June 2023 from approximately RMB782.3 million for the corresponding period in 2022.

### ***Administrative Expenses***

Administrative expenses of the Group decreased by 0.9% to approximately RMB733.2 million for the six months ended 30 June 2023 from approximately RMB740.0 million for the corresponding period in 2022.

### ***Other Operating Expenses***

The Group reported other operating expenses of approximately RMB2,509.8 million for the six months ended 30 June 2023 (2022: Nil). This is attributable to impairment losses made on properties developed by the Group.

### ***Fair Value Losses on Investment Properties, Net***

The Group reported fair value losses on investment properties of approximately RMB1,254.0 million for the six months ended 30 June 2023 (2022: approximately RMB260.0 million).

### ***Finance Costs***

Finance costs of the Group being approximately RMB1,334.7 million for the six months ended 30 June 2023 (2022: approximately RMB107.8 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, they have not been capitalised.

### ***Share of Profits and Losses of Joint Ventures***

The Group recorded a share of losses of joint ventures of approximately RMB4,658.0 million for the six months ended 30 June 2023 (For the six months ended 30 June 2022: share of losses of approximately RMB153.3 million).

This is mainly attributable to impairment losses made on properties under development and completed properties held for sale of approximately RMB2,758.5 million, fair value losses on investment properties of approximately RMB59.0 million and write-off of deferred tax assets of approximately RMB346.7 million.

### ***Income Tax Expenses***

Income tax expenses decreased by 47.2% to approximately RMB129.0 million for the six months ended 30 June 2023 from approximately RMB244.4 million for the corresponding period in 2022.

### ***(Loss)/profit for the Period***

The Group reported loss for the period of approximately RMB9,928.9 million for the six months ended 30 June 2023 (2022: profit approximately RMB504.7 million).

### **Liquidity, Financial and Capital Resources**

#### ***Cash Position***

As at 30 June 2023, the carrying amounts of the Group's cash and bank balances were approximately RMB5,168.5 million (31 December 2022: approximately RMB10,337.9 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties.

#### ***Borrowings and Charges on the Group's Assets***

As at 30 June 2023, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB44,481.8 million, RMB28,114.4 million and RMB3,098.8 million respectively. Amongst the bank and other loans, approximately RMB13,182.4 million will be repayable within 1 year, approximately RMB20,103.5 million will be repayable between 2 and 5 years and approximately RMB11,195.9 million will be repayable over 5 years. Amongst the senior notes, approximately RMB12,512.5 million will be repayable within 1 year, and approximately RMB15,601.9 million will be repayable between 2 and 5 years. Amongst the domestic corporate bonds, approximately RMB1,644.5 million will be repayable within 1 year, approximately RMB1,454.3 million will be repayable between 2 and 5 years.

As at 30 June 2023, the Group's bank and other loans of approximately RMB41,485.6 million were secured by buildings, land use rights, investment properties, properties under development, completed properties held for sale and time deposits of the Group with total carrying value of approximately RMB65,535.4 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB2,024.4 million and RMB1,308.9 million as at 30 June 2023 which were denominated in Hong Kong dollar and U.S. dollar respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB9,874.0 million which were charged at fixed interest rates as at 30 June 2023. The Group's senior notes and domestic corporate bonds were denominated in U.S. dollar and RMB respectively and charged at fixed interest rates as at 30 June 2023.

### ***Gearing Ratio***

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 30 June 2023, the gearing ratio was 243.5% (31 December 2022: 161.8%).

### ***Risk of Exchange Rate Fluctuation***

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

In the first half of 2023, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operations of the Group.

### ***Financial Guarantees***

- (i) As at 30 June 2023, the Group had the contingent liabilities relating to guarantees given to banks in respect of mortgage facilities for certain purchasers amounting to approximately RMB14,922.9 million (31 December 2022: approximately RMB15,499.0 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provisions have been made in the financial information as at 30 June 2023 and the financial statements as at 31 December 2022 for the guarantees.

- (ii) As at 30 June 2023 and 31 December 2022, the Group had provided guarantees in respect of certain bank loans for its joint ventures and associates.
- (iii) As at 30 June 2023, the domestic corporate bonds issued by certain subsidiaries of approximately RMB1,355,059,000 (31 December 2022: approximately RMB1,365,591,000) were guaranteed by the Company.

## **Market Review**

Throughout the first half of the year, the real estate industry was highly consistent with the overall trend of the national economy. In the first quarter, driven by the release of pent-up demand due to the pandemic and the overall easing of policies, the economy stabilized and rebounded, and the industry ushered in a wave of “short boom”. However, after the recovery, the market fell again. Overall, market recovery remained limited. The overall real estate policy environment has continued the easing trend since the end of last year to actively guide the recovery of market expectations and promote the stabilization of the real estate industry.

According to the statistical data of the National Bureau of Statistics of China, from January to June 2023, the nationwide property development investment decreased by 7.9% year-on-year to RMB5,855.0 billion; the sales area of commodity properties decreased by 5.3% year-on-year to 595.15 million sq.m.; the sales of commodity properties increased by 1.1% year-on-year to RMB6,309.2 billion. Since the macro economy is under pressure and the prevailing industry risk remains to be fully clear, the market still needs a relatively long period of time to restore confidence. Overall, although the government has shown support with various policies, the real estate industry is still facing unprecedented challenges and pressures, in particular, private enterprises are still facing relatively significant liquidity pressure.

In this new era, real estate enterprises had better to make scientific decisions, seize opportunities, continuously improve their product and service capabilities, proactively manage cash flows and debts, and strengthen their resilience against industry risks, thereby achieving steady and quality development.

## **Business Review**

At present, the real estate industry is undergoing in-depth adjustment. The market environment would continue to be in downturn with complexity and fluctuations. Since its establishment 28 years ago, the Group has been focusing on the real estate market and established itself as an integrated urban operator with integrated development of segments including real estate development, commercial asset management, hotels and light assets. The Group focuses on core areas and new economic development zones of first- and second-tier cities in the Greater Bay Area, Yangtze River Delta, Bohai Rim and Central and Western China. As of 30 June 2023, the Group had 165 projects in 44 cities such as Guangzhou, Shenzhen, Hong Kong, Chongqing, Chengdu, Hangzhou, Shanghai and Beijing, and owned attributable land bank of approximately 13.81 million sq.m. in aggregate (excluding residual projects), representing an attributable ratio of approximately 74%.

In the first half of 2023, the Group's gross pre-sales amounted to RMB19.072 billion with the pre-sales area of 1,022,000 sq.m. The average pre-selling price stood at RMB18,660 per sq.m. Among the 94 projects for sale, in terms of contribution to pre-sales amount, 50% were from the Greater Bay Area and 25% were from the Yangtze River Delta Region; and in terms of city tiers, 92% were from first- and second-tier cities, and the Group continued its efforts in the in-depth development in core regions and cities.

During the reporting period, the Group focused on launching key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Canton Financial Center, Hong Kong The Corniche, Foshan Oriental Bund, Shenzhen Grand Oasis, Yancheng KWG Haya City and Jiaxing International Commercial Plaza, many of which were high-end projects. The projects gained market recognition with their superior locations and excellent product capabilities. Under the policies of “ensuring delivery” and “protecting people’s livelihood”, the Group launched the sale of its existing completed properties and ready-to-use properties in various regions, with the focus on the completion of construction and procedures for filing as well as the improvement of delivery quality, making every effort to ensure delivery. In the first half of 2023, KWG delivered a total of nearly 10,000 units of properties with a delivered area of 852,400 sq.m., ranking among the TOP 50 in the EHConsulting’s List of Delivery Performance of China’s Typical Real Estate Enterprises for January-June 2023.

## Investment Properties

As an integrated urban operator in China, the Group adheres to diversified development. Up to now, the Group has developed 47 investment properties, including 11 shopping malls, 10 office buildings and 26 hotels.

With the completely easing of the pandemic prevention measures, the Group's business for shopping malls gradually recovered in the first half of the year. The Group created a diversified shopping experience and attracted customer traffic through its anniversary celebrations for the stores of its shopping malls as well as various cultural activities. "M • Cube" and "U Fun" in Chengdu were awarded the 2022 Benchmark Commercial Projects and the Most Popular Commercial Complex in the Enjoy a Harmonious Southern Chengdu 2023 — Hi-Tech 66 Consumption Festival by Linkshop.com.

The Group's office buildings are located in the core business areas of first- and second-tier cities such as Guangzhou, Shanghai, Chengdu, Suzhou and Nanning. With its superior geographical location, excellent product development capabilities and in-depth cooperation with KWG Living, the Group has successfully created three high-end office building brands, namely ifp (International Finance Place), imp (International Metropolitan Plaza) and icp (International Commerce Place), building a quality office and living ecosystem and becoming a long-term partner of many Fortune Global 500 companies.

Currently, the Group has 10 office buildings that have commenced operation: the operating office buildings in Guangzhou include International Finance Place and International Metropolitan Plaza in Pearl River New Town, International Commerce Place in Pazhou, KWG Flourishing Biotech Square in Guangzhou Biological Island, Technology Commerce Centre in Guangzhou Science City and Colorland Centre in Nansha, and those in Shanghai, Chengdu, Suzhou and Nanning include International Metropolis Plaza in Pudong Bund, Chengdu International Commerce Place in the Financial High-tech District in southern Chengdu, Leader Plaza in Suzhou Industrial Park Area and Guangxi International Finance Place at the headquarters base in Nanning Wuxiang New District, respectively. In the first half of the year, some office buildings recorded a declining occupancy rate and therefore, rental income decreased.

In terms of hotels, the Group currently has a total of 26 hotels that have commenced operation, including hotels that are operated under cooperation with international hotel management groups and those under self-owned brands of the Group, which are spread in core cities such as Beijing, Shanghai, Guangzhou, Chengdu, Suzhou, Hangzhou and Chongqing.

After years of development and in-depth cooperation with international hotel management groups, The Mulian Hotel, a self-owned brand of the Group, has become increasingly mature in terms of product positioning and service capability. This year, The Mulian, a brand new cutting-edge medical center in Chengdu, was launched in June, and the MUSTEL Hotel in Hongyadong in Chongqing and the MUSTEL Hotel in Mentougou in Beijing were launched successively in July, marking the entrance of the Group's self-operated brand hotels into new cities. After the lifting of epidemic control measures, the occupancy rate of the Group's hotels has shown a recovery trend.

### **Strengthening ESG Management and Fulfilling Corporate Social Responsibilities**

KWG Group incorporates ESG-related strategic considerations into the whole cycle and process of design, planning and construction, and has established an ESG committee and a working group. The Group has actively explored the direction of sustainable urban construction and operation in the future, actively responded to the national goal of double carbon, attached importance to green development, focused on the control of property quality and strictly followed high standards, thereby actively exploring the direction of sustainable urban development in the future.

In terms of green building, the Group adheres to the philosophy of environmental symbiosis led by green practices in its project development and operation. The Group has a total of 109 certified green building projects and 46 projects which were undergoing the certification process in Mainland China. The Group was awarded the BEAM Plus New Buildings (HKGBC BEAM Plus) Provisional Gold Rating by the Hong Kong Green Building Council for a project in Hong Kong.

In terms of corporate performance, the Group actively explores and understands social welfare topics and the needs of social development, and has created a digitalized charity platform for everyone's participation in public welfare issues with easy access via mobile devices under a new and innovative public welfare model.

At present, MSCI, the world's largest index company, has assigned an ESG rating of "BBB" to the Group. In the past two years, the Group has received recognition on ESG for many times, reflecting that the Group's outstanding achievements in exploring sustainable development have been well recognized by the international capital market. In 2023, the Group received the 10th ESG Excellent Enterprise Award of Top 100 Hong Kong Listed Companies granted by the Top 100 Hong Kong Listed Companies Research Center. This achievement is in line with the Group's long-term commitment to sustainable development and highlights its implementation of sustainable development strategies in its products.

Looking ahead, KWG will continue to establish a sound and comprehensive ESG management system to enhance its ESG governance standard, reinforcing its ESG development philosophy. As always, KWG will demonstrate its responsibility practice of exploring the path of green and sustainable development under the requirements of the new cycle, and increase its efforts in the aspects of low-carbon, green and health to facilitate the high-quality development of urban residences, striving to achieve harmonious coexistence with the environment, society and enterprises.

## **Market Outlook**

Looking forward, with the orderly economic recovery and the promotion of various policies, the domestic real estate market is expected to gradually recover.

At the beginning of July, the People's Bank of China and the National Administration of Financial Regulation jointly issued a notice to postpone the policies on the extension of the stock financing of real estate enterprises in the "16 financial policies", which will help alleviate the liquidity pressure of real estate enterprises and promote the "ensuring property delivery" and "ensuring delivery". On 24 July 2023, the meeting of the Political Bureau of the Central Committee of the Communist Party of China clearly pointed out that it was necessary to effectively prevent and resolve risks in key areas, adapt to the new situation of significant changes in the supply and demand of China's real estate market, adjust and optimize real estate policies in a timely manner, and implement city-specific policies by making good use of the policies available to better meet the basic and upgrading housing needs of residents, thereby promoting the stable and healthy development of the real estate market.

Recently, the central government and various ministries and commissions have frequently provided their opinions, helping drive the recovery of expectations and confidence in the real estate market. However, it usually takes a process from policy improvement to market effectiveness. It is believed that local governments will continue to accelerate the implementation of specific policies through various combinations of policies in the future. The relatively stringent policies in first- and second-tier core cities will also continue to be optimized.

In the second half of the year, the Group will actively manage its debts and cash flows. The Group is undergoing a comprehensive restructuring of its offshore debts. Currently, the Group has appointed Alvarez & Marsal Corporate Finance Limited to assess the capital structure of the Group, evaluate the Group's liquidity and explore all feasible solutions to mitigate the current liquidity issues as soon as possible and achieve the best holistic solution for all stakeholders. At the same time, the Group will continue to "focus on sales and procure cash collection" to accelerate the destocking of projects, while promoting cash inflows through en-bloc sales.

In the second half of the year, the Group will invest more efforts and funds into "ensuring property delivery" and "protecting people's livelihood" to safeguard the rights and interests of customers. The Group will focus on the completion of procedures for filing for key construction projects and launch existing completed properties and ready-to-use properties to stabilize market confidence.

Under the new environment, the Group will actively embrace changes in the real estate industry cycle and respond to market demand with high-quality products. KWG Group will constantly strengthen its corporate management and continue to adhere to the philosophy of "building home with heart, creating future with aspiration", thereby creating value for its customers on an on-going basis, promoting sustainable operation, and adhering to long-termism.

## Overview of the Group's Property Development

As at 30 June 2023, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Changshu, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Shenzhen, Huizhou, Jiangmen, Wenzhou, Dongguan, Xi'an, Yancheng and Hong Kong.

| No. | Major Project   | District  | Type of Product  | Total GFA                            | Interest                  |
|-----|---|-----------|--|--------------------------------------|---------------------------|
|     |   |           |  | Attributable to the Group's Interest | Attributable to the Group |
|     |   |           |  | ('000 sq.m.)                         | (%)                       |
| 1   | The Summit  | Guangzhou | Residential/villa/serviced apartment/office/commercial/hotel | 918                                  | 100                       |
| 2   | International Metropolitan Plaza                                | Guangzhou | Office/commercial  | 40                                   | 50                        |
| 3   | Tian Hui Plaza (including The Riviera and Top Plaza)            | Guangzhou | Serviced apartment/office/commercial/hotel                   | 44                                   | 33.33                     |
| 4   | KWG Flourishing Biotech Square                                  | Guangzhou | Office/commercial  | 84                                   | 100                       |
| 5   | KWG Skysite   | Guangzhou | Villa/serviced apartment/office/commercial/hotel             | 297                                  | 100                       |
| 6   | The Eden  | Guangzhou | Residential/commercial                                       | 2                                    | 50                        |
| 7   | Paradise by Moony Sky   | Guangzhou | Villa/hotel  | 40                                   | 100                       |
| 8   | Essence of City   | Guangzhou | Residential/villa/commercial                                 | 15                                   | 100                       |
| 9   | International Commerce Place                                    | Guangzhou | Office/commercial  | 50                                   | 50                        |
| 10  | CFC (including Mayfair and IFE (International Finance Edifice)) | Guangzhou | Serviced apartment/office/commercial                         | 16                                   | 33.33                     |
| 11  | The Horizon   | Guangzhou | Residential/villa/serviced apartment/office/commercial/hotel | 10                                   | 50                        |
| 12  | Blooming River  | Guangzhou | Residential/villa/commercial                                 | 65                                   | 50                        |
| 13  | Nansha River Paradise   | Guangzhou | Residential/commercial                                       | 8                                    | 50                        |
| 14  | V-city  | Guangzhou | Serviced apartment/commercial                                | 137                                  | 70                        |
| 15  | Montkam   | Guangzhou | Residential/villa  | 11                                   | 30                        |
| 16  | E-city  | Guangzhou | Serviced apartment/commercial                                | 448                                  | 67                        |
| 17  | Guangzhou Luogang M • Cube                                      | Guangzhou | Commercial/hotel   | 2                                    | 10                        |
| 18  | Technology Commerce Center                                      | Guangzhou | Office/commercial  | 6                                    | 50                        |

| No. | Major Project  | District  | Type of Product  | Total GFA   | Interest                      |
|-----|--|-----------|--|---|-------------------------------|
|     |  |           |  | Attributable to the Group's Interest ('000 sq.m.) | Attributable to the Group (%) |
| 19  | The Beryl (Guangzhou Development Area Hotel A Project) | Guangzhou | Villa/serviced apartment/commercial/hotel              | 11  | 60                            |
| 20  | The Beryl (Guangzhou Development Area Hotel B Project) | Guangzhou | Villa/serviced apartment/office/commercial             | 16  | 60                            |
| 21  | Landmark Arte Masterpiece                              | Guangzhou | Residential/serviced apartment/commercial              | 95  | 100                           |
| 22  | Clover Shades  | Guangzhou | Residential/commercial                                 | 60  | 62.5                          |
| 23  | The Emerald  | Guangzhou | Residential  | 62  | 100                           |
| 24  | KWG Biovalley  | Guangzhou | Villa/serviced apartment/office/commercial             | 192   | 80                            |
| 25  | Longyatt Mansion                                       | Guangzhou | Residential/commercial                                 | 90  | 100                           |
| 26  | Dreams Garden  | Guangzhou | Residential/commercial                                 | 266   | 100                           |
| 27  | Lakeside Mansion                                       | Guangzhou | Residential/commercial                                 | 320   | 100                           |
| 28  | Richmond Greenville                                    | Guangzhou | Residential  | 89  | 100                           |
| 29  | Guangzhou Nansha Project                               | Guangzhou | Educational  | 89  | 60                            |
| 30  | The Star Garden  | Guangzhou | Residential/commercial                                 | 194   | 87.5                          |
| 31  | ONE68  | Guangzhou | Serviced apartment/office/commercial/hotel             | 69  | 100                           |
| 32  | IFP  | Guangzhou | Office/commercial                                      | 61  | 100                           |
| 33  | Four Points by Sheraton Guangzhou, Dongpu              | Guangzhou | Hotel  | 35  | 100                           |
| 34  | The Mulian Huadu                                       | Guangzhou | Hotel  | 25  | 100                           |
| 35  | W Hotel/W Serviced Apartments                          | Guangzhou | Hotel/serviced apartment                               | 80  | 100                           |
| 36  | The Mulian Guangzhou                                   | Guangzhou | Hotel  | 8   | 100                           |
| 37  | The Sapphire   | Suzhou    | Residential/serviced apartment/office/commercial/hotel | 37  | 100                           |
| 38  | Suzhou Apex  | Suzhou    | Residential/serviced apartment/commercial/hotel        | 127   | 100                           |
| 39  | Suzhou Emerald   | Suzhou    | Residential/commercial                                 | 1   | 100                           |
| 40  | Leader Plaza   | Suzhou    | Serviced apartment/office/commercial                   | 21  | 100                           |
| 41  | Fortune Plaza  | Suzhou    | Office/commercial/hotel                                | 21  | 100                           |
| 42  | Suzhou Jade Garden                                     | Suzhou    | Residential/commercial                                 | 2   | 100                           |
| 43  | Orient Aesthetics                                      | Suzhou    | Residential/commercial                                 | 3   | 20                            |

| No. | Major Project   | District | Type of Product  | Total GFA   | Interest                      |
|-----|---|----------|--|---|-------------------------------|
|     |   |          |  | Attributable to the Group's Interest ('000 sq.m.) | Attributable to the Group (%) |
| 44  | Swan Harbor Park  | Suzhou   | Residential/serviced apartment/office/commercial/hotel | 122   | 50                            |
| 45  | Lunar River   | Suzhou   | Residential/commercial                                 | 7   | 51                            |
| 46  | Blessedness Seasons                                     | Suzhou   | Residential/commercial                                 | 23  | 49                            |
| 47  | Moonlit River   | Suzhou   | Residential  | 31  | 50                            |
| 48  | The Vision of the World                                 | Chengdu  | Residential/serviced apartment/commercial              | 39  | 100                           |
| 49  | Chengdu Cosmos  | Chengdu  | Residential/serviced apartment/office/commercial/hotel | 234   | 100                           |
| 50  | Yunshang Retreat  | Chengdu  | Residential/villa/serviced apartment/commercial/hotel  | 577   | 55                            |
| 51  | The Jadeite   | Chengdu  | Residential/villa/commercial/hotel                     | 45  | 100                           |
| 52  | Fragrant Seasons  | Beijing  | Residential/villa/serviced apartment/commercial        | 1   | 100                           |
| 53  | La Villa  | Beijing  | Residential/villa/commercial                           | 8   | 50                            |
| 54  | Beijing Apex  | Beijing  | Residential/villa/serviced apartment/commercial        | 2   | 50                            |
| 55  | M • Cube  | Beijing  | Commercial   | 16  | 100                           |
| 56  | Uptown Riverside I                                      | Beijing  | Serviced apartment/office/commercial                   | 128   | 100                           |
| 57  | Uptown Riverside II                                     | Beijing  | Serviced apartment/office/commercial                   | 63  | 100                           |
| 58  | Rose and Ginkgo Mansion                                 | Beijing  | Residential/villa/office/commercial                    | 27  | 33                            |
| 59  | The Core of Center (Beijing Niulanshan Complex Project) | Beijing  | Residential/villa/commercial/hotel                     | 190   | 100                           |
| 60  | The Core of Center (Beijing Niulanshan 1107# Project)   | Beijing  | Residential  | 2   | 100                           |
| 61  | New Chang'an Mansion                                    | Beijing  | Residential/office/commercial/hotel                    | 31  | 100                           |
| 62  | Pearl Coast   | Lingshui | Residential/villa/commercial/hotel                     | 95  | 100                           |

| No. | Major Project                  | District | Type of Product   | Total GFA   | Interest                      |
|-----|--------------------------------|----------|---|---|-------------------------------|
|     |                                |          |   | Attributable to the Group's Interest ('000 sq.m.) | Attributable to the Group (%) |
| 63  | Moon Bay                       | Wenchang | Residential/villa/<br>commercial/hotel                        | 339   | 100                           |
| 64  | The Cloud World                | Wenchang | Villa/commercial  | 76  | 100                           |
| 65  | International Metropolis Plaza | Shanghai | Office/commercial   | 30  | 75.5                          |
| 66  | Amazing Bay                    | Shanghai | Residential/serviced<br>apartment/office/<br>commercial/hotel | 27  | 50                            |
| 67  | Vision of World                | Shanghai | Residential/serviced<br>apartment/commercial/<br>hotel        | 55  | 51                            |
| 68  | Glory Palace                   | Shanghai | Residential   | 3   | 100                           |
| 69  | KWG Biovalley                  | Shanghai | Office/commercial   | 121   | 90                            |
| 70  | Jinnan New Town                | Tianjin  | Residential/office/<br>commercial/hotel                       | 227   | 25                            |
| 71  | Tianjin The Cosmos             | Tianjin  | Residential/villa/<br>commercial                              | 200   | 100                           |
| 72  | Tianjin Apex                   | Tianjin  | Residential/office/<br>commercial                             | 32  | 100                           |
| 73  | Beautiful and Happy Life       | Tianjin  | Residential/commercial  | 94  | 100                           |
| 74  | Joy Fun City                   | Tianjin  | Residential/commercial  | 173   | 60                            |
| 75  | The Core of Center             | Nanning  | Residential/villa/serviced<br>apartment/commercial/<br>hotel  | 242   | 100                           |
| 76  | International Finance Place    | Nanning  | Office/commercial   | 56  | 100                           |
| 77  | Top of World                   | Nanning  | Residential/villa/serviced<br>apartment/commercial/<br>hotel  | 80  | 100                           |
| 78  | Fragrant Season                | Nanning  | Residential/villa/<br>commercial                              | 9   | 100                           |
| 79  | Impression Discovery Bay I     | Nanning  | Residential/commercial  | 1   | 34                            |
| 80  | Impression Discovery Bay II    | Nanning  | Residential/commercial  | 3   | 34                            |
| 81  | Emerald City                   | Nanning  | Residential/serviced<br>apartment/commercial                  | 405   | 100                           |
| 82  | The Mulian Hangzhou            | Hangzhou | Commercial/hotel  | 18  | 100                           |
| 83  | The Moon Mansion               | Hangzhou | Residential/villa   | 3   | 100                           |

| No. | Major Project                  | District | Type of Product   | Total GFA   |  |
|-----|--------------------------------|----------|---|---|--|
|     |                                |          |   | Attributable to the Group's Interest ('000 sq.m.) | Interest Attributable to the Group (%) |
| 84  | Sky Ville                      | Hangzhou | Residential/villa   | 1   | 100                                    |
| 85  | Puli Oriental                  | Hangzhou | Residential/commercial  | 8   | 50                                     |
| 86  | Malus Moon                     | Hangzhou | Residential/villa/<br>commercial                              | 4   | 100                                    |
| 87  | Oriental Dawn                  | Hangzhou | Residential/commercial  | 9   | 50                                     |
| 88  | Precious Mansion               | Hangzhou | Residential/villa/office/<br>commercial                       | 87  | 100                                    |
| 89  | Season Mix                     | Hangzhou | Residential/commercial/<br>hotel                              | 28  | 25                                     |
| 90  | Shine City                     | Nanjing  | Residential/office/<br>commercial                             | 1   | 50                                     |
| 91  | South Bank Palace              | Nanjing  | Residential/commercial  | 1   | 19.75                                  |
| 92  | Ruyi Palace                    | Nanjing  | Residential/commercial  | 1   | 50                                     |
| 93  | Oriental Bund                  | Foshan   | Residential/villa/serviced<br>apartment/commercial/<br>hotel  | 844   | 50                                     |
| 94  | The Riviera                    | Foshan   | Residential/commercial  | 30  | 51                                     |
| 95  | One Palace                     | Foshan   | Residential/serviced<br>apartment/commercial                  | 7   | 33.3                                   |
| 96  | Foshan Apex                    | Foshan   | Residential/serviced<br>apartment/commercial                  | 6   | 50                                     |
| 97  | China Image                    | Foshan   | Residential/commercial  | 4   | 34                                     |
| 98  | City Moon                      | Hefei    | Residential/commercial  | 1   | 100                                    |
| 99  | The One                        | Hefei    | Residential/commercial  | 85  | 100                                    |
| 100 | Park Mansion                   | Hefei    | Residential   | 2   | 50                                     |
| 101 | The Buttonwood Season I        | Wuhan    | Residential/villa/<br>commercial                              | 9   | 100                                    |
| 102 | The Buttonwood Season II       | Wuhan    | Residential/villa/<br>commercial                              | 129   | 100                                    |
| 103 | Exquisite Bay                  | Xuzhou   | Residential/commercial  | 6   | 100                                    |
| 104 | Fragrant Season                | Xuzhou   | Residential/commercial  | 11  | 50                                     |
| 105 | Oriental Milestone             | Xuzhou   | Residential   | 137   | 100                                    |
| 106 | Majestic Mansion               | Jiaxing  | Residential/commercial  | 3   | 100                                    |
| 107 | Star City                      | Jiaxing  | Residential   | 1   | 25                                     |
| 108 | Noble Peak                     | Jiaxing  | Residential   | 2   | 100                                    |
| 109 | International Commercial Plaza | Jiaxing  | Residential/serviced<br>apartment/office/<br>commercial/hotel | 359   | 100                                    |
| 110 | Top of World Residence I       | Taizhou  | Residential   | 2   | 100                                    |
| 111 | Top of World Residence II      | Taizhou  | Residential/commercial  | 4   | 100                                    |

| No. | Major Project            | District  | Type of Product  | Total GFA   |  |
|-----|--------------------------|-----------|--|---|--|
|     |                          |           |  | Attributable to the Group's Interest ('000 sq.m.) | Interest Attributable to the Group (%) |
| 112 | Linhai Mansion           | Taizhou   | Residential/commercial                                 | 2   | 100                                    |
| 113 | Star Mansion             | Taizhou   | Residential/commercial                                 | 2   | 33                                     |
| 114 | Lead Peak Mansion        | Taizhou   | Residential/commercial                                 | 1   | 100                                    |
| 115 | Emerald the Bay          | Taizhou   | Residential/serviced apartment/office/commercial       | 255   | 50                                     |
| 116 | Jinan Capital of Phoenix | Jinan     | Residential/commercial                                 | 1   | 20                                     |
| 117 | Jinan Tianchen           | Jinan     | Residential/commercial                                 | 26  | 20                                     |
| 118 | Fragrant Season          | Changshu  | Residential  | 6   | 40                                     |
| 119 | The Inherited Villa      | Changshu  | Residential  | 1   | 25                                     |
| 120 | Liu Xiang Mansion        | Lishui    | Residential/commercial                                 | 8   | 49                                     |
| 121 | The Riviera Chongqing    | Chongqing | Residential/commercial/hotel                           | 16  | 100                                    |
| 122 | The Cosmos Chongqing     | Chongqing | Residential/serviced apartment/office/commercial/hotel | 213   | 100                                    |
| 123 | The Moon Mansion         | Chongqing | Residential/commercial                                 | 1   | 39                                     |
| 124 | Mansion of Jasper        | Chongqing | Residential/commercial                                 | 1   | 50                                     |
| 125 | Jade Moon Villa          | Chongqing | Residential/commercial                                 | 1   | 50                                     |
| 126 | Jinzhu Tianyi Huayuan    | Taicang   | Residential  | 28  | 100                                    |
| 127 | Oriental Mansion         | Wuxi      | Residential/commercial                                 | 1   | 20                                     |
| 128 | Exquisite Palace         | Wuxi      | Residential/commercial                                 | 3   | 45                                     |
| 129 | Vision of the World      | Zhaoqing  | Residential/commercial                                 | 100   | 100                                    |
| 130 | River View Mansion       | Zhaoqing  | Residential/commercial                                 | 1   | 33                                     |
| 131 | The Moon Mansion         | Zhongshan | Residential/commercial                                 | 31  | 50                                     |
| 132 | Serenity in Prosperity   | Nantong   | Residential/villa/commercial                           | 4   | 51                                     |
| 133 | Oriental Beauty          | Nantong   | Residential  | 1   | 70                                     |
| 134 | Central Mansion          | Nantong   | Residential  | 21  | 70                                     |
| 135 | The Moon Mansion         | Liuzhou   | Residential/villa/commercial                           | 17  | 100                                    |
| 136 | Fortunes Season          | Liuzhou   | Residential/commercial/hotel/educational               | 953   | 100                                    |
| 137 | Shenzhen Bantian Project | Shenzhen  | Serviced apartment/office/commercial/hotel             | 61  | 51                                     |

| No. | Major Project                                     | District | Type of Product  | Total GFA   |  |
|-----|---|----------|--|---|--|
|     |   |          |  | Attributable to the Group's Interest ('000 sq.m.) | Interest Attributable to the Group (%) |
| 138 | KWG Topchain City Center                          | Shenzhen | Serviced apartment/office/<br>commercial                     | 28  | 51                                     |
| 139 | Grand Oasis                                       | Shenzhen | Serviced apartment/office/<br>commercial/hotel               | 18  | 55                                     |
| 140 | Shenzhen Longhua Project                          | Shenzhen | Residential/office/<br>commercial/industrial/<br>educational | 79  | 50                                     |
| 141 | Shaoxing Project                                  | Shaoxing | Residential/villa  | 1   | 24.9                                   |
| 142 | Skyline Seasons                                   | Huizhou  | Residential/commercial                                       | 215   | 100                                    |
| 143 | Huizhou Longmen Project-<br>Educational#[2019]011 | Huizhou  | Educational  | 11  | 100                                    |
| 144 | Huizhou Longmen Project-<br>Educational#[2019]014 | Huizhou  | Educational  | 61  | 100                                    |
| 145 | The Horizon                                       | Jiangmen | Residential  | 1   | 100                                    |
| 146 | Jiangmen Apex International                       | Jiangmen | Residential/serviced<br>apartment/commercial                 | 42  | 100                                    |
| 147 | Cullinan Mansion                                  | Wenzhou  | Residential/commercial                                       | 5   | 100                                    |
| 148 | Art Wanderland                                    | Dongguan | Residential/commercial                                       | 1   | 12.5                                   |
| 149 | Center Mansion                                    | Dongguan | Residential/villa/<br>commercial                             | 6   | 20                                     |
| 150 | Yangzhou Apex                                     | Yangzhou | Residential/commercial                                       | 82  | 100                                    |
| 151 | Ningbo Beilun Project                             | Ningbo   | Residential  | 1   | 49                                     |
| 152 | Parkview Palace                                   | Ningbo   | Residential  | 2   | 49                                     |
| 153 | Cloud Mansion                                     | Ningbo   | Residential  | 2   | 50                                     |
| 154 | Meishan Apex                                      | Meishan  | Residential/commercial                                       | 1   | 100                                    |
| 155 | River State                                       | Meishan  | Residential/commercial                                       | 57  | 34                                     |
| 156 | Chenzhou Wangxian Eco-tourism<br>Project          | Chenzhou | Residential/villa  | 71  | 50                                     |
| 157 | KWG Tusholdings Ice Snow                          | Wuzhou   | Residential/commercial                                       | 211   | 75                                     |
| 158 | Meet  | Xi'an    | Serviced apartment/<br>commercial/hotel                      | 27  | 100                                    |
| 159 | Salar de Uyuni                                    | Kunming  | Residential/commercial/<br>hotel                             | 259   | 67.11                                  |
| 160 | Salar de Uyuni Guan Lake<br>[Phase 2]             | Kunming  | Residential/Commercial                                       | 87  | 70.56                                  |
| 161 | Salar de Uyuni Guan Lake<br>[Phase 1]             | Kunming  | Residential/Commercial                                       | 112   | 70.56                                  |
| 162 | KWG Haya City                                     | Yancheng | Residential/serviced<br>apartment/commercial/<br>hotel       | 659   | 100                                    |

| No. | Major Project  | District  | Type of Product                          | Total GFA   |  |
|-----|--|-----------|--|---|--|
|     |  |           |  | Attributable to the Group's Interest ('000 sq.m.) | Interest Attributable to the Group (%) |
| 163 | Phoenix International                                | Fuzhou    | Serviced apartment/office/<br>commercial | 47  | 22.4                                   |
| 164 | Sanya Haitangwan Project                             | Sanya     | Serviced apartment                       | 8   | 6.72                                   |
| 165 | The Corniche (Formerly known as Ap Lei Chau Project) | Hong Kong | Residential                              | 35  | 50                                     |

### Employees and Emolument Policies

As at 30 June 2023, the Group employed a total of approximately 2,381 employees. The total staff costs incurred were approximately RMB381.1 million during the six months ended 30 June 2023. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share award scheme and the share option scheme in order to recognize and motivate the contributions by the eligible participants of the Group and help in retaining them for the Group's further development.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

### INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2023 (2022: Nil).

### CORPORATE GOVERNANCE

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success, therefore, the Group strives to attain and maintain effective corporate governance practices and procedures.

During the period ended 30 June 2023, the Company complied with the requirements under the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix 14 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules, except for the deviation from Code Provision C.5.7.

Code provision C.5.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

During the period, the leasing of properties to Guangzhou Kai Chuang Business Investments Group Company Limited\* (廣州凱創商務投資集團有限公司) (“**Guangzhou Kai Chuang**”) of which Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also a director and the ultimate beneficial owner of Guangzhou Kai Chuang. Therefore, Mr. KONG Jiantao was regarded as having material interests in those leasing. The aforesaid continuing connected transactions was dealt by written resolutions instead of physical board meeting.

The Board considered that (1) the terms of the above transaction is on normal commercial terms or better, and the relevant terms of the agreement for the transaction (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the shareholders of the Company (the “**Shareholders**”) as a whole; (2) the relevant Director have abstained from voting on the relevant resolutions of the above transaction; and (3) the adoption of written resolutions would facilitate and maximize the effectiveness of decision-making and implementation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure the appropriate action is being taken to comply with the requirements under the CG Code.

## **COMPLIANCE WITH MODEL CODE**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code during the six months ended 30 June 2023.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

\* *For identification purposes only*

## **REVIEW BY AUDIT COMMITTEE**

The audit committee of the Company has reviewed the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2023. The audit committee of the Company comprises three members who are independent non-executive Directors.

## **INTERIM REPORT**

The interim report for the six months ended 30 June 2023 containing all the information required by the Listing Rules will be published on the websites of the Company ([www.kwggroupholdings.com](http://www.kwggroupholdings.com)) and HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)), and despatched to the Shareholders in due course.

By Order of the Board  
**KWG Group Holdings Limited**  
**KONG Jianmin**  
*Chairman*

Hong Kong, 30 August 2023

*As at the date of this announcement, the Board comprises seven Directors, of whom Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia are Executive Directors; and Mr. LEE Ka Sze, Carmelo, Mr. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick are Independent Non-executive Directors.*