

BUILD HOME  
WITH HEART

CREATE FUTURE  
WITH ASPIRATION

INTERIM REPORT  
2023

**KWG GROUP HOLDINGS LIMITED**

Incorporated in the Cayman Islands with limited liability Stock Code : 1813



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# C O N T E N T S

Corporate Information	2
Corporate Profile	3
Management Discussion and Analysis	4
Other Information	18
<b>Condensed Consolidated Interim Financial Information</b>	
Condensed Consolidated Statement of Profit or Loss	25
Condensed Consolidated Statement of Comprehensive Income	26
Condensed Consolidated Statement of Financial Position	27
Condensed Consolidated Statement of Changes in Equity	29
Condensed Consolidated Statement of Cash Flows	30
Notes to Condensed Consolidated Interim Financial Information	32

## CORPORATE INFORMATION

### Directors

#### Executive Directors

KONG Jianmin (*Chairman*)  
KONG Jiantao  
(*Chief Executive Officer*)  
KONG Jiannan  
CAI Fengjia

#### Independent Non-executive Directors

LEE Ka Sze, Carmelo  
TAM Chun Fai  
LAW Yiu Wing, Patrick

### Company Secretary

CHAN Kin Wai

### Authorised Representatives

KONG Jianmin  
CHAN Kin Wai

### Audit Committee

TAM Chun Fai (*Chairman*)  
LEE Ka Sze, Carmelo  
LAW Yiu Wing, Patrick

### Remuneration Committee

TAM Chun Fai (*Chairman*)  
KONG Jianmin  
LAW Yiu Wing, Patrick

### Nomination Committee

KONG Jianmin (*Chairman*)  
TAM Chun Fai  
LAW Yiu Wing, Patrick

### Registered Office

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

### Principal Place of Business in Hong Kong

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

### Principal Share Registrar and Transfer Agent

SMP Partners (Cayman) Limited  
Royal Bank House — 3rd Floor  
24 Shedden Road, P.O. Box 1586  
Grand Cayman, KY1-1110  
Cayman Islands

### Hong Kong Branch Share Registrar

Computershare Hong Kong Investor  
Services Limited  
17M Floor  
Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong

### Principal Bankers

Agricultural Bank of China Limited  
China Construction Bank  
Corporation  
China Minsheng Banking Corp. Ltd.  
Hang Seng Bank (China) Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of  
China (Asia) Limited  
Industrial and Commercial Bank  
of China Limited  
Shanghai Pudong Development  
Bank Co., Ltd.  
Standard Chartered Bank (China)  
Limited  
Standard Chartered Bank  
(Hong Kong) Limited  
The Bank of East Asia, Limited  
The Hongkong and Shanghai  
Banking Corporation Limited

### Auditor

Ernst & Young  
Registered Public Interest Entity  
Auditor

### Legal Advisors

as to Hong Kong law:  
Sidley Austin

as to Cayman Islands law:  
Conyers Dill & Pearman

### Website

[www.kwggroupholdings.com](http://www.kwggroupholdings.com)

### Stock Code

1813 (Main Board of The Stock  
Exchange of Hong Kong Limited)

## CORPORATE PROFILE

Founded in 1995, KWG Group Holdings Limited (“KWG” or the “Company”, together with its subsidiaries, collectively the “Group”) was listed on the Main Board of The Stock Exchange of Hong Kong (stock code: 01813.HK) in July 2007. As one of the leading integrated urban operators in China, the Group has always upheld its core philosophy of “Build home with heart, create future with aspiration”. Originated from Guangzhou, KWG has strategically expanded nationwide across China and has been exploring opportunities in Greater-Bay-Area, Yangtze-River-Delta Area, Pan Bohai Rim Region and Western and Central regions with a strong focus on tier-one and tier-two cities, covering more than 40 cities.

Over the past 28 years, the Group has built up a comprehensive property development system well supported by a balanced portfolio offering different types of products, including mid- to high-end residential properties, serviced apartments, villas, offices, hotels and shopping malls. While deepening property development and commercial operation, the Group has also made strategic expansions into a wide range of segments including education and healthcare to gain synergic development with property business.

In the future, the Group will focus on the development of residential properties and commercial properties, and we are also committed to attach great importance to “environmental, social and governance (the “ESG”)” to fully promote the Company’s environmental, social and governance practices in a sustainable way.



# 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 an 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

**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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### (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.



## MANAGEMENT DISCUSSION AND ANALYSIS

**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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 Metropolitan 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

## 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 Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
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
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

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Major Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
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
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

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Major Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
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
63	Moon Bay	Wenchang	Residential/villa/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 apartment/office/ commercial/hotel	27	50
67	Vision of World	Shanghai	Residential/serviced apartment/commercial/ 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/ commercial/hotel	227	25
71	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	200	100
72	Tianjin Apex	Tianjin	Residential/office/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 apartment/commercial/ hotel	242	100

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Major Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
76	International Finance Place	Nanning	Office/commercial	56	100
77	Top of World	Nanning	Residential/villa/serviced apartment/commercial/ hotel	80	100
78	Fragrant Season	Nanning	Residential/villa/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 apartment/commercial	405	100
82	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
83	The Moon Mansion	Hangzhou	Residential/villa	3	100
84	Sky Ville	Hangzhou	Residential/villa	1	100
85	Puli Oriental	Hangzhou	Residential/commercial	8	50
86	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
87	Oriental Dawn	Hangzhou	Residential/commercial	9	50
88	Precious Mansion	Hangzhou	Residential/villa/office/ commercial	87	100
89	Season Mix	Hangzhou	Residential/commercial/hotel	28	25
90	Shine City	Nanjing	Residential/office/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 apartment/commercial/ hotel	844	50
94	The Riviera	Foshan	Residential/commercial	30	51
95	One Palace	Foshan	Residential/serviced apartment/commercial	7	33.3
96	Foshan Apex	Foshan	Residential/serviced 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/commercial	9	100
102	The Buttonwood Season II	Wuhan	Residential/villa/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



## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Major Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
109	International Commercial Plaza	Jiaxing	Residential/serviced apartment/office/ 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
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
138	KWG Topchain City Center	Shenzhen	Serviced apartment/office/ commercial	28	51
139	Grand Oasis	Shenzhen	Serviced apartment/office/ commercial/hotel	18	55

## MANAGEMENT DISCUSSION AND ANALYSIS

No.	Major Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <sup>'000</sup> sq.m.)	Interest Attributable to the Group (%)
140	Shenzhen Longhua Project	Shenzhen	Residential/office/ commercial/industrial/ educational	79	50
141	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
142	Skyline Seasons	Huizhou	Residential/commercial	215	100
143	Huizhou Longmen Project- Educational#[2019]011	Huizhou	Educational	11	100
144	Huizhou Longmen Project- Educational#[2019]014	Huizhou	Educational	61	100
145	The Horizon	Jiangmen	Residential	1	100
146	Jiangmen Apex International	Jiangmen	Residential/serviced 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/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 Project	Chenzhou	Residential/villa	71	50
157	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	211	75
158	Meet	Xi'an	Serviced apartment/ commercial/hotel	27	100
159	Salar de Uyuni	Kunming	Residential/commercial/hotel	259	67.11
160	Salar de Uyuni Guan Lake [Phase 2]	Kunming	Residential/Commercial	87	70.56
161	Salar de Uyuni Guan Lake [Phase 1]	Kunming	Residential/Commercial	112	70.56
162	KWG Haya City	Yancheng	Residential/serviced apartment/commercial/ hotel	659	100
163	Phoenix International	Fuzhou	Serviced apartment/office/ 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

## MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

## OTHER INFORMATION

### Interests of the Directors and Chief Executive in Securities

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) which were required to be (i) notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

#### (i) Long positions in shares and underlying shares of the Company

Name of Director	Number of Shares held				Total	Approximate percentage of the issued share capital <sup>(1)</sup>
	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests		
KONG Jianmin	—	—	1,594,749,652 <sup>(3)</sup>	399,053,500 <sup>(2)(3)</sup>	1,993,803,152	58.32%
KONG Jiantao	—	—	256,804,687 <sup>(4)</sup>	1,443,385,000 <sup>(2)(4)</sup>	1,700,189,687	49.73%
KONG Jiannan	—	—	144,338,500 <sup>(5)</sup>	1,553,761,500 <sup>(2)(5)</sup>	1,698,100,000	49.67%
CAI Fengjia	347,222 <sup>(6)</sup>	112,000 <sup>(7)</sup>	—	—	459,222	0.01%
LEE Ka Sze, Carmelo	30,000	—	—	—	30,000	0.00%
TAM Chun Fai	30,000	—	—	—	30,000	0.00%



## OTHER INFORMATION

## Notes:

- (1) The approximate percentages were calculated based on 3,418,883,945 ordinary shares of the Company in issue as at 30 June 2023.
- (2) On 30 December 2018, Plus Earn Consultants Limited ("Plus Earn"), a company wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 shares of the Company; Right Rich Consultants Limited ("Right Rich"), a company wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 shares of the Company; and Peace Kind Investments Limited ("Peace Kind"), a company wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 shares of the Company, entered into a shareholders' agreement (the "Shareholders' Agreement") to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.
- (3) Mr. KONG Jianmin is deemed to be interested in a total of 1,993,803,152 shares of the Company including (i) 1,299,046,500 shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 295,703,152 shares held by Hero Fine Group Limited ("Hero Fine") which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 shares of the Company including (i) 254,715,000 shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 shares held by Excel Wave Investments Limited ("Excel Wave") which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 shares held by Wealth Express Investments Limited ("Wealth Express") which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich pursuant to the Shareholders' Agreement.
- (6) During the period, a total of 32,000 awarded shares granted to Mr. CAI Fengjia by the Company were vested, of which 1,406 awarded shares were sold by the trustee for the purpose of covering the PRC withholding tax, pursuant to the Share Award Scheme. Further details of awarded shares are set out in the section headed "Share Award Scheme" in this report.
- (7) These shares were held by Mr. CAI Fengjia's spouse.

## OTHER INFORMATION

## (ii) Interests in debentures of the Company

Name of Director	Capacity/Nature of Interests	Amount of Debentures Interested
KONG Jiantao	Interest of a controlled corporation <sup>(1)</sup>	US\$2,000,000
	Interest of spouse <sup>(2)</sup>	US\$9,650,000
KONG Jianmin	Interest of a controlled corporation <sup>(3)</sup>	US\$6,650,000

Notes:

- (1) Excel Wave, a company wholly-owned by Mr. KONG Jiantao, held US\$2,000,000 of US\$300,000,000 7.40% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior notes held by Excel Wave under the SFO.
- (2) The spouse of Mr. KONG Jiantao held totally US\$9,650,000 senior notes including (i) US\$3,000,000 of US\$300,000,000 7.40% senior notes of the Company due 2024 and (ii) US\$6,650,000 of US\$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior notes held by his spouse under the SFO.
- (3) Hero Fine, a company wholly-owned by Mr. KONG Jianmin, held US\$6,650,000 of US\$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jianmin is deemed to be interested in the said amount of senior note held by Hero Fine under the SFO.

## (iii) Long positions in shares of associated corporations

Name of Director	Name of Associated Corporation	Number of shares held	Percentage of the issued voting shares
KONG Jianmin	Plus Earn	1,000	100%

Save as disclosed above, as at 30 June 2023, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

## Interests of Substantial Shareholders

As at 30 June 2023, to the knowledge of the Directors, the following entities (other than the Directors or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

## Long positions in shares and underlying shares of the Company:

Name of Substantial Shareholder	Number of Shares held			Approximate percentage of the issued share capital <sup>(1)</sup>
	Beneficial Owner	Other Interests	Total	
Plus Earn <sup>(2)</sup>	1,299,046,500	399,053,500 <sup>(6)</sup>	1,698,100,000	49.67%
Hero Fine <sup>(3)</sup>	295,703,152	—	295,703,152	8.65%
Right Rich <sup>(4)</sup>	254,715,000	1,443,385,000 <sup>(6)</sup>	1,698,100,000	49.67%
Peace Kind <sup>(5)</sup>	144,338,500	1,553,761,500 <sup>(6)</sup>	1,698,100,000	49.67%

Notes:

- (1) The approximate percentage was calculated based on 3,418,883,945 ordinary shares of the Company in issue as at 30 June 2023.
- (2) Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. Pursuant to the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 1,299,046,500 shares directly held by it; and (ii) 254,715,000 shares held by Right Rich and 144,338,500 shares held by Peace Kind, pursuant to the Shareholders' Agreement.
- (3) Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.
- (4) Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. Pursuant to the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 254,715,000 shares directly held by it; and (ii) 1,299,046,500 shares held by Plus Earn and 144,338,500 shares held by Peace Kind, pursuant to the Shareholders' Agreement.
- (5) Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. Pursuant to the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 shares of the Company including (i) 144,338,500 shares directly held by it; and (ii) 1,299,046,500 shares held by Plus Earn and 254,715,000 shares held by Right Rich, pursuant to the Shareholders' Agreement.
- (6) On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders' Agreement to regulate their dealings in the shares of the Company. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.
- (7) Mr. KONG Jianmin is the sole director of Plus Earn and Hero Fine, Mr. KONG Jiantao is the sole director of Right Rich and Mr. KONG Jiannan is the sole director of Peace Kind.

Save as disclosed above, as at 30 June 2023, no other person (other than the Directors or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

## OTHER INFORMATION

## Share Option Scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted a new share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who will contribute and had contributed to the success of the Group's operations.

During the six months ended 30 June 2023, no share options were granted, exercised, lapsed or outstanding.

## Share Award Scheme

The share award scheme (the "Share Award Scheme") was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognize and motivate the contributions by certain employees of the Company and/or any member of the Group (the "Eligible Participant(s)") and to give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Participants. Pursuant to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant"), and determine the number of shares to be granted to the Selected Participant.

During the six months ended 30 June 2023, details of the awarded shares under the Share Award Scheme are set out below:

Awardees	Date of grant	Vesting date	Number of awarded shares				Unvested as at 30 June 2023
			Unvested as at 1 January 2023	Awarded during the period	Vested during the period	Lapsed during the period	
CAI Fengjia (Executive Director)	14.04.2020	(1)	32,000	—	(32,000) <sup>(2)</sup>	—	—
Directors of certain subsidiaries of the Company	14.04.2020	(1)	96,500	—	(96,500) <sup>(3)</sup>	—	—
Other Selected Participants	14.04.2020	(1)	26,000	—	(26,000)	—	—
Other independent Selected Participants	14.04.2020	(1)	333,000	—	(319,500) <sup>(3)</sup>	(13,500)	—
<b>Total</b>			487,500	—	(474,000)	(13,500)	—

## Notes:

- (1) The awarded shares granted on 14 April 2020 shall be vested in three tranches with the vesting date on 14 April of each year from 2021 to 2023, or an earlier date as approved by the Board, pursuant to the Scheme Rules.
- (2) A total of 32,000 awarded shares granted to Mr. CAI Fengjia by the Company are vested during the period, of which 1,406 awarded shares were sold by the trustee at an average price of HK\$1.1815, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.
- (3) For the 416,000 awarded shares granted by the Company to directors of certain subsidiaries of the Company and other independent Selected Participants vested during the period, 357,000 awarded shares were awarded to PRC residents awardees, of which 4,564 awarded shares and 14,038 awarded shares were sold by the trustee at an average price of HK\$1.1815, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.



## OTHER INFORMATION

## Corporate Governance Code

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.

## Change in Information of Director

Mr. KONG Jiannan has stepped down as the chief executive officer of KWG Living Group Holdings Limited (a company listed in the Hong Kong Stock Exchange) with effect from 2 June 2023 whilst remaining his role as an executive director.

Save as disclosed above, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

## Compliance with Model Code

The Company has adopted 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.

## Review by Audit Committee

The audit committee of the Company has reviewed the Company's interim report for the six months ended 30 June 2023. The audit committee of the Company comprises three members who are independent non-executive Directors.

\* For identification purposes only

## OTHER INFORMATION

### 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.

### Disclosures Pursuant to Rule 13.18 of the Listing Rules

#### Facility Agreement dated 23 December 2020

On 23 December 2020, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the "Facility Agreement III") with, among others, The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as the original lenders (the "Original Lenders"), The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited, as the agent, in relation to the granting of transferrable HKD and USD dual currency term loan facility (with a greenshoe option) of up to US\$400 million to the Company for a term of 48 months commencing from the date of the Facility Agreement III.

Pursuant to the terms of the Facility Agreement III, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the Facility Agreement III. Further details of the transaction are disclosed in the announcement of the Company dated 24 December 2020.

### Interim Dividend

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

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>REVENUE</b>	4	7,453,959	8,469,502
Cost of sales		(7,011,552)	(7,000,523)
Gross profit		442,407	1,468,979
Other income and gains, net	4	881,311	1,121,842
Selling and marketing expenses		(590,129)	(782,328)
Administrative expenses		(733,228)	(739,999)
Other operating expenses		(2,509,844)	—
Fair value losses on investment properties, net		(1,254,009)	(259,977)
Finance costs	5	(1,334,651)	(107,750)
Share of profits and losses of:			
Associates		(43,811)	201,634
Joint ventures		(4,657,991)	(153,325)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	(9,799,945)	749,076
Income tax expenses	7	(128,990)	(244,401)
(Loss)/profit for the period		(9,928,935)	504,675
Attributable to:			
Owners of the Company		(9,888,712)	435,000
Non-controlling interests		(40,223)	69,675
		(9,928,935)	504,675
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	9		
<b>Basic</b>			
— For (loss)/profit for the period		RMB(289.3) cents	RMB13.7 cents
<b>Diluted</b>			
— For (loss)/profit for the period		RMB(289.2) cents	RMB13.7 cents

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Comprehensive Income

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



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	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
Total non-current assets		88,196,996	91,130,388
<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	11	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	12	5,168,540	10,337,890
Total current assets		98,448,891	108,753,695
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	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	14	27,339,417	22,245,015
Tax payables		13,954,872	13,509,750
Total current liabilities		106,487,950	103,264,012
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(8,039,059)</b>	5,489,683
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>80,157,937</b>	96,620,071

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>80,157,937</b>	96,620,071
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		542,334	751,415
Interest-bearing bank and other borrowings	14	48,355,607	53,145,577
Deferred tax liabilities		2,295,941	2,521,742
Deferred revenue		2,042	2,042
Total non-current liabilities		51,195,924	56,420,776
<b>NET ASSETS</b>		<b>28,962,013</b>	40,199,295
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	15	325,768	325,735
Treasury shares	15	—	(8)
Reserves		20,404,768	31,174,049
<b>Non-controlling interests</b>		<b>20,730,536</b>	31,499,776
		8,231,477	8,699,519
<b>TOTAL EQUITY</b>		<b>28,962,013</b>	40,199,295

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company											
	Issued capital	Treasury shares	Share premium account	Reserve funds	Exchange fluctuation reserve	Employee share based compensation reserve	Asset revaluation reserve	Capital reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At 1 January 2022	304,680	(3,038)	44,410	3,280,068	1,983,371	19,159	92,578	729,495	37,869,813	44,320,536	15,381,397	59,701,933
Profit for the period	—	—	—	—	—	—	—	—	435,000	435,000	69,675	504,675
Other comprehensive income for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	(1,507,841)	—	—	—	—	(1,507,841)	—	(1,507,841)
Share of exchange differences on translation of joint ventures	—	—	—	—	(23,652)	—	—	—	—	(23,652)	—	(23,652)
Total comprehensive income for the period	—	—	—	—	(1,531,493)	—	—	—	435,000	(1,096,493)	69,675	(1,026,818)
Share-based compensation expenses	—	—	—	—	—	2,083	—	—	—	2,083	—	2,083
Vested awarded shares transferred to employees	—	88	9,275	—	—	(9,363)	—	—	—	—	—	—
Transfer to reserves	—	—	—	116,265	—	—	—	—	(116,265)	—	—	—
Issue of treasury shares	89	(89)	—	—	—	—	—	—	—	—	—	—
Cancellation of shares	(48)	3,031	(2,983)	—	—	—	—	—	—	—	—	—
At 30 June 2022	304,721	(8)	50,702*	3,396,333*	451,878*	11,879*	92,578*	729,495*	38,188,548*	43,226,126	15,451,072	58,677,198
At 1 January 2023	325,735	(8)	447,258	3,588,170	(1,785,388)	12,754	92,578	497,585	28,321,092	31,499,776	8,699,519	40,199,295
Profit for the period	—	—	—	—	—	—	—	—	(9,888,712)	(9,888,712)	(40,223)	(9,928,935)
Other comprehensive income for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	(1,016,776)	—	—	—	—	(1,016,776)	—	(1,016,776)
Share of exchange differences on translation of joint ventures	—	—	—	—	(52,054)	—	—	—	—	(52,054)	—	(52,054)
Total comprehensive income for the period	—	—	—	—	(1,068,830)	—	—	—	(9,888,712)	(10,957,542)	(40,223)	(10,997,765)
Share-based compensation expenses	—	—	—	—	—	492	—	—	—	492	—	492
Capital repayment of non-controlling interests	—	—	—	—	—	—	—	—	—	—	(240,009)	(240,009)
Vested awarded shares transferred to employees	—	41	4,872	—	—	(4,913)	—	—	—	—	—	—
Transfer to reserves	—	—	—	105,872	—	—	—	—	(105,872)	—	—	—
Issue of treasury shares	33	(33)	—	—	—	—	—	—	—	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	—	—	187,810	—	187,810	(187,810)	—
Transfer of share option reserve upon the forfeiture or expiry of share options	—	—	—	—	—	(8,333)	—	—	8,333	—	—	—
At 30 June 2023	325,768	—	452,130*	3,694,042*	(2,854,218)*	—	92,578*	685,395*	18,334,841*	20,730,536	8,231,477	28,962,013

\* These reserve accounts comprise the consolidated reserves of approximately RMB20,404,768,000 (31 December 2022: approximately RMB31,174,049,000) in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(9,799,945)	749,076
Adjustments for:			
Finance costs	5	1,334,651	107,750
Foreign exchange gains	4	(210,498)	(299,989)
Share of profits and losses of joint ventures		4,657,991	153,325
Share of profits and losses of associates		43,811	(201,634)
Share-based compensation expenses		492	2,083
Interest income	4	(147,539)	(255,225)
Gain on disposal of items of property, plant and equipment	6	(203)	(1,558)
Gain on disposal of investment properties		(79,964)	—
Gain on lease termination		(129,828)	—
Depreciation	6	165,068	189,379
Amortisation of land use rights	6	15,764	15,819
Fair value losses on investment properties, net		1,254,009	259,977
Impairment losses recognised for properties under developments and completed properties held for sale	6	2,509,844	—
Loss on disposal of joint ventures		3,225	—
Gain on acquisition of subsidiaries		—	(259,575)
Loss on disposal of associates		22,716	—
Cash flows from operations before changes in working capital		(360,406)	459,428
Changes in working capital		907,455	3,396,565
Cash generated from operations		547,049	3,855,993
Interest received		147,539	255,225
Income tax paid		(48,527)	(303,965)
Net cash flows from operating activities		646,061	3,807,253



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net cash flows from operating activities	646,061	3,807,253
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	(17,240)	(16,536)
Purchases of items of investment properties	(68,444)	(324,208)
Proceeds from disposal of property, plant and equipment	762	445
Proceeds from disposal of investment properties	498,806	—
Investments in and amounts with joint ventures	(6,255,409)	(2,465,035)
Investments in associates	(82,375)	—
Disposal of joint ventures	25,901	—
Disposal of associates	2,449	—
Repayments from associates	761,643	63,347
Acquisition of subsidiaries	—	(19,910)
Decrease in restricted cash	4,193,244	3,221,813
Dividends received from joint ventures	497,855	211,371
Dividend received from an associate	—	7,500
Net cash flows (used in)/generated from investing activities	(442,808)	678,787
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment to senior notes	—	(1,643,675)
Net repayment to bank and other borrowings	(788,838)	(2,214,650)
Increase in restricted cash	(186,000)	(297,000)
Interest paid	(2,001,920)	(2,411,881)
Dividend paid	—	(539,289)
Net cash flows used in financing activities	(2,976,758)	(7,106,495)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(2,773,505)	(2,620,455)
Cash and cash equivalents at beginning of the period	3,356,104	7,715,390
Effect of foreign exchange rate changes, net	3,300	28,908
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	585,899	5,123,843
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	585,899	5,123,843
Non-pledged time deposits with original maturity of less than three months when acquired	—	—
Cash and cash equivalents	585,899	5,123,843

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## Notes to Condensed Consolidated Interim Financial Information

### 1. Corporate Information

KWG Group Holdings Limited (“KWG” or 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 Company and its subsidiaries (collectively referred to as the “Group”) were 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 of directors of the Company (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 Listing Rules on 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.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2. Basis of Preparation (Continued)

### Going concern basis (Continued)

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 report.

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.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2. Basis of Preparation (Continued)

### Going concern basis (Continued)

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.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 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 RMB'000 (Unaudited)	2022 RMB'000 (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
	<b>7,453,959</b>	<b>8,469,502</b>
<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
	<b>881,311</b>	<b>1,121,842</b>

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### 4. Revenue, Other Income and Gains, Net and Operating Segment Information (Continued)

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 development RMB'000 (Unaudited)</b>	<b>Hotel operation RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<i>Type of revenue recognition:</i>			
Sales of properties	6,604,073	—	6,604,073
Provision of services	—	394,920	394,920
<b>Total revenue from contracts with customers</b>	<b>6,604,073</b>	<b>394,920</b>	<b>6,998,993</b>
<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
<b>Total revenue from contracts with customers</b>	<b>6,604,073</b>	<b>394,920</b>	<b>6,998,993</b>

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### 4. Revenue, Other Income and Gains, Net and Operating Segment Information (Continued)

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

	Property development RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<i>Type of revenue recognition:</i>			
Sales of properties	7,724,648	—	7,724,648
Provision of services	—	273,663	273,663
<b>Total revenue from contracts with customers</b>	<b>7,724,648</b>	<b>273,663</b>	<b>7,998,311</b>
<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
<b>Total revenue from contracts with customers</b>	<b>7,724,648</b>	<b>273,663</b>	<b>7,998,311</b>

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

	Property development (Note) RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Segment revenue:</b>				
Sales to external customers and revenue	6,604,073	454,966	394,920	7,453,959
<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				(1,334,651)
(Loss)/profit before tax				(9,799,945)
Income tax expenses				(128,990)
<b>(Loss)/profit for the period</b>				<b>(9,928,935)</b>

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### 4. Revenue, Other Income and Gains, Net and Operating Segment Information (Continued)

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

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

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:

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



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6. (Loss)/Profit Before Tax

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

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

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

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**7. Income Tax Expenses**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(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
	<b>499,541</b>	726,934
Deferred	<b>(370,551)</b>	(482,533)
Total tax charge for the period	<b>128,990</b>	244,401

For the six months ended 30 June 2023, the share of CIT expense and LAT expense attributable to the joint ventures amounting to approximately RMB632,836,000 (2022: approximately RMB42,609,000) and approximately RMB317,823,000 (2022: approximately RMB82,154,000), respectively, are included in “Share of profits and losses of joint ventures” in the unaudited condensed consolidated statement of profit or loss.

For the six months ended 30 June 2023, the share of CIT expense and LAT expense attributable to the associates amounting to approximately RMB37,093,000 (2022: approximately RMB67,211,000) and approximately RMB26,745,000 (2022: approximately RMB8,755,000) are included in “Share of profits and losses of the associates” in the unaudited condensed consolidated statement of profit or loss.

**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).

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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:

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

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

## 10. Property, Plant and Equipment

During the six months ended 30 June 2023, the Group had additions of property, plant and equipment at a total cost of approximately RMB235,411,000 (2022: approximately RMB528,323,000).

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**11. 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:

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

**12. Cash and Bank Balances**

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

**13. Trade and Bills Payables**

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

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

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



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. Interest-bearing Bank and Other Borrowings

	As at 30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
<b>Current</b>		
Bank and other loans (note (c))		
– secured	2,349,427	5,722,562
– unsecured	1,444,983	1,055,963
– denominated in HK\$, secured	184,396	—
– denominated in US\$, secured	426,641	425,478
Current portion of long-term bank loans (note (c))		
– secured	5,544,745	5,950,512
– unsecured	510,001	1,100,244
– denominated in HK\$, secured	1,839,996	1,779,353
– denominated in US\$, secured	882,228	851,972
Senior notes – denominated in US\$, secured (note (a))	12,512,486	3,237,875
Domestic corporate bonds – unsecured (note (b))	1,644,514	2,121,056
	<b>27,339,417</b>	<b>22,245,015</b>
<b>Non-current</b>		
Bank and other loans (note (c))		
– secured	30,258,167	28,028,216
– unsecured	1,041,262	1,142,976
Senior notes – denominated in US\$, secured (note (a))	15,601,886	23,974,385
Domestic corporate bonds – unsecured (note (b))	1,454,292	—
	<b>48,355,607</b>	<b>53,145,577</b>
	<b>75,695,024</b>	<b>75,390,592</b>

- (i) Certain items of the Group's borrowings are 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 values of approximately RMB65,535,403,000 as at 30 June 2023 (31 December 2022: approximately RMB68,856,540,000).
- (ii) As at 30 June 2023 and 31 December 2022, the equity interests of certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.
- (iii) As at 30 June 2023 and 31 December 2022, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

Except for the above mentioned borrowings denominated in HK\$ and US\$, all borrowings were denominated in RMB as at 30 June 2023 and 31 December 2022. All of the Group's bank loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB9,874,006,000 (31 December 2022: approximately RMB10,301,047,000), which were charged at fixed interest rate as at 30 June 2023. The Group's senior notes and domestic corporate bonds were charged at fixed interest rates as at 30 June 2023 and 31 December 2022.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**14. Interest-bearing Bank and Other Borrowings (Continued)**

## Notes:

- (a)(i) On 11 January 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,733,113,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 11 January 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 11 January and 11 July of each year, commencing on 11 July 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 29 December 2016, 30 December 2016 and 11 January 2017. On 11 January 2022, the Company repaid these senior notes.
- (a)(ii) On 15 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,772,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year, commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 9 March 2017, 10 March 2017 and 16 March 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 29 March 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB672,638,000) (to be consolidated and form a single series with the US\$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 September 2017. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017 and 29 March 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 21 September 2017, the Company issued 5.20% senior notes with an aggregate principal amount of US\$250,000,000 (equivalent to approximately RMB1,646,675,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 21 September 2022. The senior notes carry interest at a rate of 5.20% per annum, which is payable semi-annually in arrears on 21 March and 21 September of each year, commencing on 21 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 18 September 2017, 19 September 2017 and 22 September 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 21 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

On 7 December 2017, the Company issued 6.00% senior notes with an aggregate principal amount of US\$150,000,000 (equivalent to approximately RMB992,925,000) (to be consolidated and form a single series with the US\$400,000,000 6.00% senior notes due 2022 issued on 15 March 2017, and the US\$100,000,000 6.00% senior notes due 2022 issued on 29 March 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 15 September 2022. The senior notes carry interest at a rate of 6.00% per annum, which is payable semi-annually in arrears on 15 March and 15 September of each year commencing on 15 March 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 27 March 2017, 29 March 2017, 1 December 2017 and 7 December 2017. On 14 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note. On 15 September 2022, the Company has fully repaid the remainder of these senior notes by cash.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

- (a)(iii) On 1 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,343,495,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 21 February 2019, 22 February 2019 and 1 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

On 22 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,343,040,000) (to be consolidated and form a single series with the US\$350,000,000 7.875% senior notes due 2023 issued on 1 March 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 20 March 2019 and 22 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

- (a)(iv) On 10 November 2017, the Company issued 5.875% senior notes with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,651,280,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 May 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 7 November 2017, 8 November 2017 and 10 November 2017.

On 3 July 2019, the Company issued 5.875% senior notes with an aggregate principal amount of US\$225,000,000 (equivalent to approximately RMB1,544,400,000) (to be consolidated and form a single series with the US\$400,000,000 5.875% senior notes due 2024 issued on 10 November 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 November 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 25 June 2019 and 3 July 2019.

On 29 July 2019, the Company issued 7.40% senior notes with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,064,630,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 22 July 2019, 23 July 2019 and 29 July 2019.

On 13 January 2020, the Company issued 7.40% senior notes with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,077,890,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 January 2027. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 13 January and 13 July of each year commencing on 13 July 2020. For further details on the senior notes, please refer to the related announcements of the Company dated 7 January 2020 and 13 January 2020.

On 10 August 2020, the Company issued 5.95% senior notes with an aggregate principal amount of US\$200,000,000 (equivalent to approximately RMB1,392,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 4 August 2020 and 10 August 2020.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**14. Interest-bearing Bank and Other Borrowings (Continued)**

Notes: (Continued)

(a)(iv) (Continued)

On 13 November 2020, the Company issued 6.30% senior notes with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,651,400,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 February 2026. The senior notes carry interest at a rate of 6.3% per annum, which is payable semi-annually in arrears on 13 February and 13 August of each year commencing on 13 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 8 November 2020, 13 November 2020 and 16 November 2020.

On 14 May 2021, the Company issued 6.00% green senior notes with an aggregate principal amount of US\$378,000,000 (equivalent to approximately RMB2,439,045,000). The green senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 August 2026. The green senior notes carry interest at a rate of 6% per annum, which is payable semi-annually in arrears on 14 February and 14 August of each year commencing on 14 August 2021. For further details on the green senior notes, please refer to the related announcements of the Company dated 11 May 2021, 14 May 2021 and 17 May 2021.

On 10 September 2021, the Company issued 5.95% senior notes with an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB645,660,000) (to be consolidated and form a single series with the US\$200,000,000 5.95% senior notes due 2025 issued on 10 August 2020). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 7 September 2021, 10 September 2021 and 13 September 2021.

On 17 September 2021, the Company issued 7.40% senior notes with an aggregate principal amount of US\$158,000,000 (equivalent to approximately RMB1,019,527,000) (to be consolidated and form a single series with the US\$300,000,000 7.4% senior notes due 2024 issued on 29 July 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 March 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 17 September 2021 and 20 September 2021.

(a)(v) On 2 September 2022, the Company offered to exchange for at least US\$810,000,000, or 90%, of the aggregate outstanding principal amount of the senior notes due 15 September 2022 and the senior notes due 21 September 2022. For holders accepting the exchange offer, 5% of the principal would be repaid upfront, and a new senior notes carry interest at a rate of 6.00% per annum with final maturity date of 14 January 2024 would be issued to exchange for the remaining outstanding principal. The Company has received US\$836,764,000 valid tenders to accept the exchange offer. Accordingly, on 14 September 2022, holders accepting the exchange offer have received US\$41,838,200 upfront principal repayment and new 6.00% senior notes with principal amount of US\$794,925,800. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 January 2024. Interest on the senior notes is payable semi-annually in arrears on 14 January and 14 July of each year, commencing on 14 January 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 15 September 2022 and 19 September 2022.

For the remaining outstanding principal of US\$63,236,000, the Company has repaid these senior notes on their respective maturity dates, with US\$43,963,000 being repaid on 15 September 2022 and US\$19,273,000 being repaid on 21 September 2022.

(a)(vi) On 2 September 2022, the Company offered to exchange for at least US\$560,000,000, or 80%, of the aggregate outstanding principal amount of the senior notes due 1 September 2023. For holders accepting the exchange offer, a new senior notes carry interest at a rate of 7.875% per annum with final maturity date of 30 August 2024 would be issued to exchange for the outstanding principal. The Company has received US\$636,469,000 valid tenders to accept the exchange offer. Accordingly, on 30 September 2022, new 7.875% senior notes have been issued to the holders accepting the exchange offer. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 30 August 2024. Interest on the senior notes is payable semi-annually in arrears on 28 February and 30 August of each year, commencing on 28 February 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 30 September 2022 and 5 October 2022.



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

- (b)(i) On 17 December 2015, Guangzhou Hejing, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB3,300,000,000. The domestic corporate bonds consist of two types. The first type has a term of six years and bears a coupon rate at 4.94% per annum which was adjusted to 7.00% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 1 Bonds"). The second type has a term of seven years and bears a coupon rate at 6.15% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 2 Bonds").

The aggregate principal amount for the Type 1 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for the Type 2 Bonds issued was RMB800,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 15 December 2015 and 16 December 2015.

On 17 December 2021, Guangzhou Hejing repaid the Type 1 Bonds.

On 17 December 2022, Guangzhou Hejing repaid the Type 2 Bonds.

- (b)(ii) On 28 March 2016, Guangzhou Tianjian, a wholly-owned subsidiary of the Group, issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,200,000,000.

The domestic corporate bonds consist of two type. The first type has a term of six years and bears a coupon rate at 3.90% per annum which was adjusted to 7.0% per annum with the issuer's option to raise the coupon rate after the end of the third year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 3 Bonds"). The second type has a term of ten years and bears a coupon rate at 4.80% per annum with the issuer's option to raise the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer (the "Type 4 Bonds"), and the coupon rate was adjusted to 6.60% per annum during the year ended 31 December 2021.

The aggregate principal amount for the Type 3 Bonds issued was RMB600,000,000 and the aggregate principal amount for the Type 4 Bonds issued was RMB1,600,000,000.

For further details of the domestic corporate bonds, please refer to the related announcements of the Company dated 24 March 2016 and 28 March 2016.

On 28 March 2022, Guangzhou Tianjian repaid the Type 3 Bonds.

On 28 March 2023, Guangzhou Tianjian redeemed part of the Type 4 Bonds with the principal amount of RMB480,532,000.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**14. Interest-bearing Bank and Other Borrowings (Continued)**

Notes: (Continued)

- (b)(iii) On 30 September 2016, the Company issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB8,000,000,000.

The domestic corporate bonds consist of three types. The first type has a term of seven years and bears a coupon rate at 5.6% per annum which was adjusted to 7.10% per annum with the issuer's option to adjust the coupon rate after the end of the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 7 Bonds"). The second type has a term of seven years and bears a coupon rate at 5.7% per annum with the issuer's option to adjust the coupon rate after the end of the fourth and a half year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 8 Bonds"), and the coupon rate was adjusted to 6.50% per annum during the year ended 31 December 2021. The third type has a term of seven years and bears a coupon rate at 5.8% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year from the date of issue of the domestic corporate bonds and the investors' option to sell back to the issuer (the "Type 9 Bonds").

The aggregate principal amount for the Type 7 Bonds issued was RMB2,500,000,000; the aggregate principal amount for Type 8 Bonds issued was RMB2,500,000,000 and the aggregate principal amount for Type 9 Bonds issued was RMB3,000,000,000.

For further details of the domestic corporate bonds, please refer to the related announcement of the Company dated 30 September 2016.

On 14 October 2020, the Company redeemed part of the Type 7 Bonds with the principal amount of RMB830,000,000.

On 14 October 2021, the Company redeemed the Type 9 Bonds.

On 14 April 2022, the Company redeemed part of the Type 8 Bonds with the principal amount of RMB555,000,000.

- (b)(iv) On 17 March 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,000,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.75% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 18 March 2022, Guangzhou Hejing repurchased part of the Bonds with the principal amount of RMB960,000,000.

On 18 March 2023, Guangzhou Hejing repaid the Bonds.

- (b)(v) On 24 August 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,800,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 5.60% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 25 August 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB1,796,761,000.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. Interest-bearing Bank and Other Borrowings (Continued)

Notes: (Continued)

- (b)(vi) On 12 October 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB1,000,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 6.00% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 12 October 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB485,000,000.

- (b)(vii) On 10 November 2020, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB700,000,000.

The domestic corporate bonds have a term of five years and bear a coupon rate at 6.19% per annum with the issuer's option to adjust the coupon rate after the end of the second year or the fourth year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

On 2 November 2022, Guangzhou Hejing redeemed part of the Bonds with the principal amount of RMB320,000,000.

- (b)(viii) On 2 August 2021, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB2,000,000,000.

The domestic corporate bonds have a term of three years and bear a coupon rate at 6.20% per annum with the issuer's option to adjust the coupon rate after the end of the second year from the date of issue of the domestic corporate bonds and the investors' option to sell back the domestic corporate bonds to the issuer.

- (b)(ix) On 30 January 2023, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB700,000,000.

- (c) The bank loans carry interests at prevailing market rates ranging from 3.1% to 10% per annum as at 30 June 2023 (31 December 2022: 3.4% to 10% per annum).

- (d) The Group has established a contemplated strategy to repurchase and sell its own domestic corporate bonds and senior notes (collectively the "Bonds"), from time to time, in the open market, for the purposes of managing its overall leverage and reducing the Group's overall borrowing costs. During the six months ended 30 June 2023, the Group redeemed and sold the Bonds with the aggregate principal amounts of approximately RMB480,532,000 and RMB771,150,000, respectively.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. Share Capital

	30 June 2023		31 December 2022	
	No. of shares (Unaudited)	RMB'000 (Unaudited)	No. of shares (Audited)	RMB'000 (Audited)
Authorised:				
Ordinary shares of HK\$0.10 each	8,000,000,000	786,113	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	3,418,883,945	325,768	3,418,506,445	325,735

A summary of movements in the Company's issued share capital is as follows:

	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2023	3,418,506,445	325,735	(8)	447,258	772,985
Issue of treasury shares	377,500	33	(33)	—	—
Vested awarded shares transferred to employees	—	—	41	4,872	4,913
At 30 June 2023	3,418,883,945	325,768	—	452,130	777,898

	Number of shares in issue (Unaudited)	Issued capital RMB'000 (Unaudited)	Treasury Shares RMB'000 (Unaudited)	Share premium account RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
At 1 January 2022	3,183,007,713	304,680	(3,038)	44,410	346,052
Issue of treasury shares	1,093,232	89	(89)	—	—
Cancellation of shares	(594,500)	(48)	3,031	(2,983)	—
Vested awarded shares transferred to employees	—	—	88	9,275	9,363
At 30 June 2022	3,183,506,445	304,721	(8)	50,702	355,415



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. Business Combination

- (i) Before 9 March 2022, the Group held 80% equity interests in Guangzhou Hejing Hengyu Zhiye Development Limited and its subsidiary (“Guangzhou Hejing Hengyu”)<sup>#</sup> and accounted for them as joint ventures of the Group. Guangzhou Hejing Hengyu is principally engaged in property development. On 9 March 2022, the Group acquired 20% shares of Guangzhou Hejing Hengyu, which was held by Guangzhou Qinzhi Investment Development Limited, for a cash consideration of RMB10,000,000. The Group thus obtained control over Guangzhou Hejing Hengyu and accounted for Guangzhou Hejing Hengyu as subsidiaries of the Group since then.

The fair values of the identifiable assets and liabilities of Guangzhou Hejing Hengyu as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition</b> RMB'000 (Unaudited)
Property, plant and equipment	26
Deferred tax assets	13,836
Property under development	5,235,000
Prepayment, deposits and other receivables	4,629,488
Trade receivables	1,044
Cash and bank balance	6,520
Trade payables	(42,880)
Other payables and accruals	(6,607,653)
Tax payables	(78,540)
Interest bearing bank loans	(2,449,900)
Deferred tax liabilities	(169,772)
<b>Total identifiable net assets at fair value</b>	<b>537,169</b>
Equity interest in the companies held by the Group prior to the acquisition	(336,219)
Gain on acquisition of subsidiaries	(190,950)
Satisfied by cash	10,000

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	RMB'000
Cash considerations	(10,000)
Cash and cash equivalents acquired	6,520
<b>Net outflow of cash and cash equivalents included in cash flows from investing activities</b>	<b>(3,480)</b>

Since the acquisition, Guangzhou Hejing Hengyu contributed revenue of approximately RMB93,700,000 and loss of approximately RMB22,506,000 to the Group.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the six months ended 30 June 2022 would have been approximately RMB8,469,502,000 and RMB496,915,000.

<sup>#</sup> The English name of this company referred to in this unaudited condensed consolidated interim financial information represents management's best effort to translate the Chinese name of that company, as no English name has been registered

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**16. Business Combination (Continued)**

- (ii) Before 11 May 2022, the Group held 51% equity interests in Hangzhou Juan'an Real Estate Development Limited ("Hangzhou Juan'an")<sup>#</sup> and accounted for it as a joint venture of the Group. Hangzhou Juan'an is principally engaged in property development. On 11 May 2022, the Group acquired 49% shares of Hangzhou Juan'an, which was held by Shenzhen Pingmao Investment Management Limited, for a cash consideration of RMB24,500,000. The Group thus obtained control over Hangzhou Juan'an and accounted for Hangzhou Juan'an as a subsidiary of the Group since then.

The fair values of the identifiable assets and liabilities of Hangzhou Juan'an as at the date of acquisition was as follows:

	<b>Fair value recognised on acquisition</b>
	RMB'000
	(Unaudited)
Property, plant and equipment	283
Deferred tax assets	127,864
Property under development	49,000
Prepayment, deposits and other receivables	3,781,275
Trade receivables	823
Cash and bank balance	8,070
Trade payables	(21,733)
Other payables and accruals	(3,179,597)
Tax payables	(570,331)
<b>Total identifiable net assets at fair value</b>	<b>195,654</b>
Equity interest in the company held by the Group prior to the acquisition	(102,529)
Gain on acquisition of a subsidiary	(68,625)
Satisfied by cash	24,500

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**16. Business Combination (Continued)**

(ii) (Continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash considerations	(24,500)
Cash and cash equivalents acquired	8,070
Net outflow of cash and cash equivalents included in cash flows from investing activities	(16,430)

Since the acquisition, Hangzhou Juan'an contributed no revenue but loss of approximately RMB17,289,000, respectively to the Group.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the six months ended 30 June 2022 would have been approximately RMB8,472,893,000 and RMB440,134,000.

\* The English name of this company referred to in this unaudited condensed consolidated interim financial information represents management's best effort to translate the Chinese name of that company, as no English name has been registered

**17. Financial Guarantees**

(i) As at 30 June 2023, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties amounting to approximately RMB14,922,884,000 (31 December 2022: approximately RMB15,499,033,000). Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled, but not limited to take over the legal titles 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 considered that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial information as at 30 June 2023 and 31 December 2022 for the guarantees.

(ii) As at 30 June 2023, the Group had provided guarantees in respect of certain bank loans of approximately RMB15,331,592,000 (31 December 2022: approximately RMB16,292,484,000) 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.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**18. Commitments**

The Group had the following capital commitments at the end of the reporting period:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Contracted, but not provided for:		
Property, plant and equipment	580,054	582,148
Properties being developed by the Group for sale	5,907,698	6,228,366
Investment properties	221,714	240,665
	<b>6,709,466</b>	<b>7,051,179</b>

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Contracted, but not provided for	1,753,707	2,260,674

**19. Related Party Transactions****(i) Compensation of key management personnel of the Group:**

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Short term employee benefits	8,545	7,926
Post-employment benefits	296	299
Share based compensation expenses	147	587
Total compensation paid to key management personnel	<b>8,988</b>	<b>8,812</b>



## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19. Related Party Transactions (Continued)

## (ii) Outstanding balances with related parties:

	<b>As at</b>	
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Included in interests in joint ventures:		
Advances to joint ventures	24,758,632	19,640,192
Included in interests in associates:		
Advances to associates	604,971	917,750
Included in prepayments, other receivables and other assets:		
Due from KWG Living	194,440	194,440
Included in trade and bills payables:		
Due to subsidiaries of KWG Living	800,061	440,712
Included in current assets:		
Due from a joint venture	22,532	22,532
Included in current liabilities:		
Due to associates	2,292,322	3,328,395
Due to joint ventures	8,848,954	9,996,546

As at 30 June 2023, except for certain advances to joint ventures with an aggregate amount of approximately RMB1,463,292,000 (31 December 2022: approximately RMB1,406,959,000), which are interest-bearing at rates ranging from 6.0% to 16.0% (31 December 2022: 6.0% to 16.0%) per annum, the advances to joint ventures as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2023 and 31 December 2022, certain advances to associates are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2023 and 31 December 2022, the balances with the joint ventures and associates included in the Group's current assets and current liabilities are unsecured, interest-free and have no fixed term of repayment.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19. Related Party Transactions (Continued)

- (iii) During the six months ended 30 June 2023, the Group leased some properties to related companies, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB10,157,000 (2022: approximately RMB15,270,000), which was recognised as rental income of the Group. The rental income was determined at rates mutually agreed between the Group and the executive director.
- (iv) KWG Living Group became a related party of the Company since its listing of the ordinary shares of KWG Living on the Main Board of the Stock Exchange on 30 October 2020 and the aggregate amounts set out below with KWG Living Group are for the transactions involved during the six months ended 30 June 2023.

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Rental income from KWG Living Group</b>		
Property Lease:		
Properties	1,600	2,178
Car parking lots	3,450	2,392
	<b>5,050</b>	<b>4,570</b>
Information technology income	1,000	1,000
<b>Service fees to KWG Living Group</b>		
Residential Property Management Services:		
Residential pre-sale management services	57,545	89,329
Residential property management services	65,225	55,500
	<b>122,770</b>	<b>144,829</b>
Property Agency Services	2,206	63,850
Commercial Property Management Services:		
Commercial pre-sale management services	9,027	6,083
Commercial property management services	74,287	65,066
	<b>83,314</b>	<b>71,149</b>
Commercial Operational and Value-added Services:		
Commercial operational services	59,790	57,335
Commercial value-added services	7,935	7,852
	<b>67,725</b>	<b>65,187</b>
Publicity Planning Service	20,073	16,174
Marketing Channel Management Service	435	1,271

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19. Related Party Transactions (Continued)

- (v) During the six months ended 30 June 2023, the Group provided project management services to certain joint ventures and associates of the Group for a total cash consideration of approximately RMB74,694,000 (2022: approximately RMB124,720,000), which was recognised as other income of the Group. The project management fee income was determined at rates mutually agreed between the Group and the joint ventures and associates.
- (vi) During the six months ended 30 June 2023, the Group provided advances to certain joint ventures and associates at the interest rates ranging from 6.0% to 16.0% (2022: 6.0% to 16.0%) per annum. The interest income of approximately RMB65,449,000 (2022: approximately RMB49,903,000) was recognised as other income of the Group, which was determined at rates mutually agreed between the Group and the joint ventures and associates.
- (vii) **Other transactions with related parties:**  
Details of guarantees given by the Group to banks in connection with bank loans granted to its joint ventures and associates are included in note 17(ii) to the unaudited condensed consolidated interim financial information.

## 20. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	<b>Carrying amounts As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>Fair values As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>Carrying amounts As at 31 December 2022 RMB'000 (Audited)</b>	<b>Fair values As at 31 December 2022 RMB'000 (Audited)</b>
Financial liabilities				
Interest-bearing bank and other borrowings	75,695,024	49,249,954	75,390,592	59,098,208

Management has assessed that the fair values of cash and bank balances, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, lease liabilities, amounts due from/to joint ventures and due to associates approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the management of the Group. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management of the Group. The valuation process and results are discussed with the management of the Group twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2023 was assessed to be insignificant.

## CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**20. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)**

The Group did not have any financial assets and financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the six months ended 30 June 2023 and the year ended 31 December 2022, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

**Liabilities for which fair values are disclosed:**

*As at 30 June 2023*

	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Fair value measurement using		Total RMB'000 (Unaudited)
		Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings	—	49,249,954	—	49,249,954

*As at 31 December 2022*

	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Fair value measurement using		Total RMB'000 (Unaudited)
		Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Interest-bearing bank and other borrowings	—	59,098,208	—	59,098,208

**21. 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 of approximately 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.

**22. Approval of the Unaudited Condensed Consolidated Interim Financial Information**

The unaudited condensed consolidated interim financial information was approved and authorised for issue by the Board on 30 August 2023.