



KWG GROUP HOLDINGS

KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

Stock Code : 1813

Build Home
With Heart
Create Future
With Aspiration

2022

INTERIM REPORT



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CONTENTS

Corporate Information	2
Corporate Profile	3
Management Discussion and Analysis	4
Other Information	23
Project Overview	32
Condensed Consolidated Interim Financial Information	
Condensed Consolidated Statement of Profit or Loss	33
Condensed Consolidated Statement of Comprehensive Income	34
Condensed Consolidated Statement of Financial Position	35
Condensed Consolidated Statement of Changes in Equity	37
Condensed Consolidated Statement of Cash Flows	38
Notes to Condensed Consolidated Interim Financial Information	40



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
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick (Appointed on 21 July 2022)

Company Secretary

CHAN Kin Wai

Authorised Representatives

KONG Jianmin
CHAN Kin Wai

Audit Committee

TAM Chun Fai (*Chairman*)
LEE Ka Sze, Carmelo
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick (Appointed on 21 July 2022)

Remuneration Committee

TAM Chun Fai (*Chairman*)
KONG Jianmin
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick (Appointed on 21 July 2022)

Nomination Committee

KONG Jianmin (*Chairman*)
TAM Chun Fai
LI Binhai (Retired on 2 June 2022)
LAW Yiu Wing, Patrick (Appointed on 21 July 2022)

Registered Office

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Hutchins Drive
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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

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 27 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 RMB8,469.5 million in the first half of 2022, representing a decrease of 34.7% from approximately RMB12,973.8 million for the corresponding period in 2021.

The revenue generated from property development, property investment and hotel operation were approximately RMB7,724.6 million, RMB471.2 million and RMB273.7 million, respectively, during the six months ended 30 June 2022.

Proportionate revenue amounted to approximately RMB14,075.9 million in the first half of 2022, representing a decrease of 36.7% from approximately RMB22,222.1 million for the corresponding period in 2021.

Property development

Revenue generated from property development decreased by 36.6% to approximately RMB7,724.6 million for the six months ended 30 June 2022 from approximately RMB12,188.8 million for the corresponding period in 2021, primarily due to a decrease in the total gross floor area (“GFA”) delivered to 514,285 sq.m. in the first half of 2022 from 770,971 sq.m. for the corresponding period in 2021. Despite the decrease in GFA delivered, the average selling price (“ASP”) decreased from RMB15,810 per sq.m. for the corresponding period in 2021 to RMB15,020 per sq.m. for the six months ended 30 June 2022, reflecting a change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2021.

Proportionate revenue generated from property development decreased by 37.8% to approximately RMB13,169.4 million for the six months ended 30 June 2022 from approximately RMB21,184.8 million for the corresponding period in 2021, primarily due to a decrease in the proportionate total GFA delivered to 796,542 sq.m. in the first half of 2022 from 1,261,032 sq.m. for the corresponding period in 2021.

Property investment

Revenue generated from property investment increased by 5.9% to approximately RMB471.2 million for the six months ended 30 June 2022 from approximately RMB445.0 million for the corresponding period in 2021, primarily attributable to an increase in leased investment properties.

Hotel operation

Revenue generated from hotel operation decreased by 19.5% to approximately RMB273.7 million for the six months ended 30 June 2022 from approximately RMB340.0 million for the corresponding period in 2021, primarily due to the decrease in occupancy rate suffering from the resurgence of COVID-19 cases.

MANAGEMENT DISCUSSION AND ANALYSIS

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 decreased by 22.9% to approximately RMB7,000.5 million for the six months ended 30 June 2022 from approximately RMB9,074.1 million for the corresponding period in 2021, mainly due to the decrease in total GFA delivered in sale of properties.

Land cost per sq.m. decreased from RMB5,995 for the corresponding period in 2021 to RMB5,457 for the six months ended 30 June 2022.

Construction cost per sq.m. increased from RMB4,452 for the corresponding period in 2021 to RMB5,142 for the six months ended 30 June 2022, due to the change in delivery portfolio with different city mix compared with that in 2021.

Gross Profit

Gross profit of the Group decreased by 62.3% to approximately RMB1,469.0 million for the six months ended 30 June 2022 from approximately RMB3,899.7 million for the corresponding period in 2021. The decrease of gross profit was principally due to the decrease in the total sales in the first half of 2022. The Group reported gross profit margin of 17.3% for the six months ended 30 June 2022 (2021: 30.1%).

Proportionate core gross profit of the Group decreased by 63.7% to approximately RMB2,645.6 million for the six months ended 30 June 2022 from approximately RMB7,283.1 million for the corresponding period in 2021. The Group reported proportionate core gross profit margin of 18.8% for the six months ended 30 June 2022 (2021: 32.8%).

Other Income and Gains, Net

Other income and gains increased by 26.7% to approximately RMB1,121.8 million for the six months ended 30 June 2022 from approximately RMB885.4 million for the corresponding period in 2021, and mainly comprised interest income and foreign exchange gain of approximately RMB255.2 million and RMB300.0 million respectively.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased slightly by 0.1% to approximately RMB782.3 million for the six months ended 30 June 2022 from approximately RMB782.9 million for the corresponding period in 2021.

Administrative Expenses

Administrative expenses of the Group decreased by 16.7% to approximately RMB740.0 million for the six months ended 30 June 2022 from approximately RMB888.2 million for the corresponding period in 2021.

Fair Value Losses on Investment Properties, Net

The Group reported fair value losses on investment properties of approximately RMB260.0 million for the six months ended 30 June 2022 (2021: approximately RMB60.1 million), mainly related to various leasable commercial properties in various regions.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

Finance costs of the Group being approximately RMB107.8 million for the six months ended 30 June 2022 (2021: approximately RMB762.7 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.

Income Tax Expenses

Income tax expenses decreased by 74.0% to approximately RMB244.4 million for the six months ended 30 June 2022 from approximately RMB939.8 million for the corresponding period in 2021, primarily due to a decrease on profit before tax as a result of the decrease in revenue in the first half of 2022.

Profit for the Period

The Group reported profit for the period of approximately RMB504.7 million for the six months ended 30 June 2022 (2021: approximately RMB2,853.4 million).

Liquidity, Financial and Capital Resources

Cash Position

As at 30 June 2022, the carrying amounts of the Group's cash and bank balances were approximately RMB22,197.2 million (31 December 2021: approximately RMB29,447.5 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 2022, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB44,953.8 million, RMB27,099.1 million and RMB4,812.5 million respectively. Amongst the bank and other loans, approximately RMB12,461.6 million will be repayable within 1 year, approximately RMB23,308.6 million will be repayable between 2 and 5 years and approximately RMB9,183.6 million will be repayable over 5 years. Amongst the senior notes, approximately RMB6,260.5 million will be repayable within 1 year and approximately RMB20,838.6 million will be repayable between 2 and 5 years. Amongst the domestic corporate bonds, approximately RMB3,884.1 million will be repayable within 1 year, approximately RMB928.4 million will be repayable in the second year.

As at 30 June 2022, the Group's bank and other loans of approximately RMB42,342.3 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 RMB48,517.2 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 RMB2,440.2 million and RMB1,977.8 million as at 30 June 2022 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 RMB9,332.9 million which were charged at fixed interest rates as at 30 June 2022. 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 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2022, the gearing ratio was 93.2% (31 December 2021: 79.2%).

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 2022, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar decreased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operations of the Group.

Financial Guarantees

- (i) As at 30 June 2022, the Group had the contingent liabilities relating to guarantees given to banks in respect of mortgage facilities for certain purchasers amounting to approximately RMB18,861.9 million (31 December 2021: approximately RMB21,016.4 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 2022 and the financial statements as at 31 December 2021 for the guarantees.

- (ii) As at 30 June 2022 and 31 December 2021, the Group had provided guarantees in respect of certain bank loans for its joint ventures and associates.
- (iii) As at 30 June 2022, certain bank acceptance bills issued by third parties were guaranteed by the Group to the extent of RMB5,150,000,000 (31 December 2021: approximately RMB6,450,000,000).
- (iv) As at 30 June 2022, the domestic corporate bonds issued by certain subsidiaries of approximately RMB4,045,547,000 (31 December 2021: approximately RMB5,799,094,000) were guaranteed by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

In 2022, the property control policy still adheres to the main keynotes of “housing properties are for accommodation, not for speculation”, “implementing city-specific policies”, and “keeping the prices of land and housing as well as market expectations stable”. Since the beginning of this year, the central government and various ministries and commissions have frequently released positive signals, and different local administrators have comprehensively implemented city-specific policies. According to the monitoring of China Index Academy, in the first half year, more than 180 provinces and cities nationwide had successively issued loosening policies on nearly 500 occasions. The policy adjustment hit a record high for the same period, and the industry policy environment entered an easing cycle. Owing to the increasing downward pressure on macroeconomy, weaker income expectations of residents, unstable market expectations, and the fact that the property industry is still in an oscillation period, the market is still not very sensitive to policies, and the confidence of house buyers is still insufficient with heavier wait-and-see mood. According to the data of the National Bureau of Statistics of China on the information of nationwide property for the period from January to June 2022: from January to June, the nationwide property development investment decreased 5.4% year-on-year to RMB6,831.4 billion; commodity properties sales area decreased 22.2% year-on-year to 689.23 million sq.m., the sales of commodity properties decreased 28.9% year-on-year to RMB6,607.2 billion. The realised investment of property development enterprises amounted to RMB7,684.7 billion, representing year-on-year decrease of 25.3%. From the overall data, property development enterprises are facing unprecedented challenges and pressures.

The 2022 Report on the Work of the Government reiterated to “adhere to the positioning that the housing properties are for accommodation, not for speculation”. The relevant expressions such as “supporting the commodity housing market to better meeting the reasonable housing demand of buyers”, “keeping the prices of land and housing as well as market expectations stable (three stabilisations)” and “implementing city-specific policies to promote the virtuous cycle and healthy development of real estate industry” reflected the stability and continuity of the regulatory policy on real estate industry.

In the new era, property development enterprises need to make decisions scientifically, seize opportunities, continuously improve products and services, and they should build resilience against industry risks to achieve stable and sustainable development in the long run.

Business Review

At present, the property industry is still undergoing a period of adjustment. The Group has always adhered to the strategic direction of stable operation and diversified development.

In the first half year, the Group's gross pre-sales amounted to RMB26.2 billion with pre-sale area of 1.35 million sq.m. The ASP stood at RMB19,400 per sq.m. Among the 122 projects currently for sale, if analyzed by contribution to pre-sales amount, 54% were from the Greater-Bay-Area and 23% were from the Yangtze-River-Delta Area; if analyzed by city ranking, 90% were from tier-one and tier-two cities. The Group will continue to develop its business intensively in high-tier cities.

During the Reporting Period, the Group focused on launching key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Guangzhou Canton Financial Center, Foshan Oriental Bund, Shenzhen Grand Oasis, Yancheng KWG Haya City and Jiaying International Commerce Place, many of which were high-end projects. The projects gained market recognition with their prestigious locations and premium product quality.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, at the beginning of this year, the Group established a key account sales team to expand key customer resources to promote en-bloc sales for the office buildings in some non-core areas in Guangzhou, Beijing, and Shanghai. These projects are in the sub-centers or emerging business districts of first-tier cities. The Group actively promoted the en-bloc sale of the office buildings, which is expected to bring stable and considerable cash inflow and enhance the Group's financial security.

Under the premise of industry fluctuations and extremely difficult refinancing in the capital market, the Group has made concerted efforts through multi-channels to continuously adhere to the payment of domestic and overseas debts. From the beginning of this year and up to the reporting date, the Group has repaid a total of RMB5,939 million in aggregate, including the principal amount of domestic bonds, CMBS and ABS, together with USD250 million of overseas US dollar bonds. To better cope with the industry liquidity risk, the Group will continue to improve its operational and financial risk management mechanism.

After years of development, the Group has cultivated our comprehensive operation strengths in diversity and coordination, drives the enhancement of its brand value and wins the recognition of numerous authoritative institutions. In 2022, the Group won the "Annual Most Influential Real Estate Enterprises in China" issued by China Times, "Ranked 47th of the Top 100 Guangdong Private Enterprises" issued by Guangdong Federation of Industry and Commerce, and "Annual Real Estate TOP List — Real Estate Enterprise" issued by Sohu Focus and other awards. We were also honoured the award of the "Outstanding Contribution Award for Housing and Urban-Rural Development (住房和城鄉建設突出貢獻獎)" by Guangzhou Municipal Housing and Urban-Rural Development Report Research Office. At the China Commercial Real Estate "Golden Coordinate" Award Ceremony of 17th China Commercial Real Estate Festival held by Winshang.com, the Group, with its diversified business ecological layout, a good understanding of the commercial space of "art, ecology and LOHAS", the continuous and advanced operation capability and the growth of commercial value, won the "Golden Coordinate — Annual Commercial Real Estate Innovation Promotion Enterprise (金座標 — 年度商業地產創新推動潮企業)" award.

As at 30 June 2022, the Group owned 177 projects in 44 cities across Mainland China and Hong Kong with an attributable land bank of approximately 14.94 million sq.m., total GFA of approximately 20.62 million sq.m. and attributable ratio of approximately 72%. The Group further explored high-tier cities and focused on the core cities of the Greater-Bay-Area.

At present, ensuring liquidity is the top priority of non-SOE real estate enterprises. In future, the Group will continue to comprehensively use various modes such as tenders, auctions and listings in the public market, joint developments, mergers and acquisition, industry injection, and urban redevelopment, etc. to acquire new projects in diversified approaches to consolidate land bank. In terms of regional layout, the Group will further explore the Greater-Bay-Area and the Yangtze-River-Delta Area. We will also establish our presence in key cities in the Pan Bohai Rim Region focused on Beijing and Tianjin and core cities in Central and Western regions including Chengdu, Chongqing, and Nanning.

China's urban development has entered an important period of urban renewal. The Group responds to the policy requirements, promotes urban renewal projects smoothly and orderly, and insists on "organic" urban renewal. The Group has further explored its business on urban redevelopment in the core areas of Guangzhou, Foshan, Shenzhen and Dongguan to supplement abundant sellable resources. At present, the Group has successfully won the bid for four old village redevelopment projects in Guangzhou, namely Jishan Village in Tianhe District, Shixia Village in Zengcheng District, Shuangsha Village in Huangpu District, and Nangang Village in Huangpu District. The Group will oblige its original intention, continue to uphold the mission of "Let the City Grows Vibrantly", and work with villagers to protect cultural relics and antiquities. We will integrate the positioning and operation of multiple industries such as property development, commerce, hotels, long-term rental apartments, education, and massive health industry, to promote urban space and industrial upgrades, and help villagers realize the beautiful life they yearn for.

MANAGEMENT DISCUSSION AND ANALYSIS

Investment Properties

After more than ten years of development, the Group's commercial portfolio is thriving with projects distributed in core locations and new economic zones in tier-one and tier-two cities such as the Greater-Bay-Area, Yangtze-River-Delta Area, Bohai-Rim Region, Chengdu, Chongqing and Nanning. The Group has a total of 45 commercial projects in operation, including 11 shopping malls, 10 office buildings and 24 hotels. In future, more new shopping malls and office buildings will become operational successively. Self-owned brand hotels will continue to develop through a combination of asset-heavy and asset-light models.

(1) Shopping Malls

Through diversified product distribution and in-depth cooperation with KWG Living, the Group has deployed 11 shopping malls in six core first- and second-tier cities, including Beijing, Shanghai, Guangzhou, Chengdu, Suzhou and Foshan. While the Group inherited the local cultural heritage of the city, we precisely positioned in every commercial complex by combining our refined operation ability and high quality brand to successfully build three shopping mall product lines, namely "U Fun", which aims to create a fashionable, healthy and exquisite "Lohas" lifestyle, "M • Cube", which aims to provide a modern and fashionable consumption experience and a lifestyle full of individuality for young hipsters, and "Ufun Walk", which focuses on creating a dynamic, leisure, convenient and life-filled consumer experience for community business to meet the leisure and entertainment needs at different customer segments.

In the first half year, KWG fully seized the opportunities of the anniversary of the three malls, through innovative forms such as IP linkage and cross-segment cooperation, and have successively held various themed activities including "Enjoy Life and Unlimited Fun (「奉旨行樂 喵趣無限」)" in the 4th anniversary of Suzhou U Fun, "Growing in Free Style (「肆意生長」)" in the 4th anniversary in Chengdu, "Yilu U You (「一鹿U你」)" in the 3rd anniversary in Guangzhou Nansha U Fun. The Group has successively brought the Forbidden City IP Exhibition (「紫禁禦喵房」IP展), UVA International Famous Cat Exhibition, and the first "U Fun Live Streaming Week (U Fun直播周)", "Freestyle Growth (肆意生長)" Video Pioneer Art Exhibition, Yilu Carnival Music Festival (一鹿狂歡音樂節) and other themed activities.

In the first half of 2022, despite the epidemic recurrence, the Group's shopping malls still showed strong resilience. The attributable rental income from shopping malls increased by 25% year-on-year, reflecting the excellent operating capability of the commercial team.

In April this year, the first "U Fun" shopping mall in Southern China, Guangzhou Knowledge City U Fun, was officially unveiled. As a new commercial landmark in eastern Guangzhou, it will lead the development of regional commercial quality. Guangzhou Knowledge City U Fun has accumulated 310,000 customer flow in 6 days since its opening, and aggregated over 70% of the first store brands. Among them, 8 brands won the sales champion of the same brand stores in Guangzhou, and 27 brands ranked No. 1 in the same brand stores in Huangpu District. The mall was selected as the "Top 10 New Forces in National Shopping Centers (全國購物中心新勢力TOP 10)" by Linkshop, and won the Platinum Award of the TITAN Real Estate Awards with high market recognition.

Looking ahead, Chongqing U Fun, Shanghai Ufun Walk and Beijing Tongzhou Ufun Walk will commence operation successively. As the first commercial project of KWG in Chongqing, Chongqing U Fun will be positioned as "Art Narration, Socialization, Fun-24-hour Light Life and Pleasure Center", fully respond to the local cultural theme with "new interest and funny things", creating a modern social space integrating characteristic first shop, mid-to high-end shopping, 24-hour U8 pub street and global cuisine.

MANAGEMENT DISCUSSION AND ANALYSIS

In future, the Group will rely on the complex projects layout to continue expanding our nationwide commercial presence. The Group's shopping malls will insist on having dialogue with consumers, continue to carry out cross-segment cooperation, emphasize experience and interaction, "customize" commercial space with the attitude of creating works of art and convey the core concept of "Art Narration, Ecology and Lohas". We will adhere to long-termism, continue to shape a shopping mall with "empathy, scene power, and aesthetic power". The opening of shopping malls in the preparatory period in the next few years will create stable, considerable and sustainable rental income for the Group in the future.

(2) Office Buildings

The Group has office buildings in the core business regions of tier-one and tier-two cities such as Guangzhou, Shanghai, Chengdu, Suzhou and Nanning. With its superb geographic location, excellent product ability and in-depth cooperation with KWG Living, the Group has successfully built three high-end office brands, namely IFP (International Finance Place), IMP (International Metropolitan Plaza) and ICP (International Commerce Place) to form a quality office life ecosystem, and becomes a long-term partner of many Fortune 500 companies.

The Group has now operated 10 office buildings: 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. The office building in Shanghai is International Metropolis Plaza in Pudong Bund and those in Chengdu, Suzhou and Nanning include 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.

The Group's office buildings are located in the central business districts of first-tier and strong second-tier cities. Through the core concepts of "comfortable technology", "inclusive space" and "homologous service", the Group has attracted high-quality tenants mainly from well-known financial institutions and Fortune 500 multinational companies, so the tenant structure is of high-quality and stable. In the first half of 2022, the attributable rental income from the Group's office buildings increased by 16% year-on-year. The extraordinary operating capability of the commercial and office teams continued to provide quality services to customers, which helped increase the Group's rental income steadily.

KWG will open benchmark office buildings in Beijing, Guangzhou, Shanghai and other core cities in China. Among them, International Finance Place in Tongzhou, Beijing, is dedicated to building as a wealth management centre and high-tech industrial cluster in Beijing. As the spine of Tongzhou Canal's water vein CBD, the project presents a trend of succession and transformation through ingenious design, creating a landmark building in the city. It won the MUSE DESIGN AWARDS Gold Award in USA this year, conquering the industry both inside and outside with its product design attainments.

(3) Hotels

At present, the Group has 24 hotels in operation, including hotels operated in co-operation with international hotel management groups and hotels operated under the Group's in-house brands.

After years of development, The Mulian Hotel, our own brand, has accumulated operating experience through the co-operation with international hotel groups. Adhering to the industry positioning as a "Master of Habitat Aesthetics" and its excellent product design advantages, it adopted a dual operation approach of light and heavy assets, with its layout in 7 tier-one and tier-two cities nationwide operating a total of 19 hotels.

In June this year, Guangzhou Knowledge City MUSTEL Hotel was grandly opened, which is also the third MUSTEL hotel in China after Chengdu High-tech Financial City MUSTEL and Guangzhou Nansha MUSTEL within one and a half year.

MANAGEMENT DISCUSSION AND ANALYSIS

Under the normalization of epidemic prevention and control, The Mulian Hotel has actively changed its thinking. Combined with new market demands, it created new products and new services, and sought new vitality of the industry. The hotel has launched innovative products such as featured children's slide suites and canopy camping, forming a unique hotel ecological industry chain.

In 2022, the Hotel Group has won the "Annual Mid-to-High-end Hotel MBI Commercial Value Brand" presented by Meadin Index. The Hotel Group and its MUSTEL trendy blended hotel brand stood out from many brands in the 22nd China Golden Horse Awards, and won two awards, "Top Ten Hotel Management Company" and "Internet Popular Hotel Brand" respectively. The brand value is highly recognized by the market.

In response to the uncertainty brought about by the epidemic, this year, the Group's commercial digital intelligence marketing platform project was officially launched. In future, the platform will offer online and offline full management technical services and online operation services, allowing digital transformation to empower the Group's business development, enhance asset operation capabilities, optimize customer service capabilities, and create value for customers. As the property market enters a new chapter of development, the investment properties owned by KWG have built a solid protection to the Group. The Group will also continue to create scenes and spaces for a better business life, build a beautiful urban ecosystem by improving product, service and operation capabilities, and enhance the comprehensive competitiveness of multiple business formats throughout the cycle.

Comprehensively Strengthen ESG Management and Actively Fulfill Corporate Social Responsibilities

The Group has always adhered to long-termism. We have established an ESG Committee under the Board Review Committee and have established an ESG Working Group. This year, the Group releases its first independent ESG report and is determined to comprehensively improve the practice and disclosure of ESG issues. We attach foremost importance to the occupational health and safety of employees, continue to strengthen green construction, increase the proportion of green buildings and prefabricated buildings, and actively promote anti-corruption and uphold integrity, to strive to become a warm and socially responsible enterprise.

In 2022, KWG was awarded the "International Certification on Carbon Reduction Guard (減碳衛士認證)" by the Enterprise Asia's Carbon Champion programme, with a rating of "Standard", representing the first property enterprise in Mainland China to receive such certification, which reflects the authoritative recognition of KWG multiple capabilities in sustainable development of ESG by international organization. We adhere to the concept of "Living with green" throughout the design and construction of our projects, our daily office life and the operations of our office buildings, businesses and hotels. As of the end of 2021, KWG has a total of 98 certified green building projects and 52 projects going through the certification process in Mainland China. From March to April 2022, in the context of the "carbon peaking and carbon neutrality" and sustainable development, the Group launched the Spring theme marketing campaign of "Ideal Green Living Festival", linking 7 major cities, 16 shopping malls and office building projects across the country. Through a series of activities, the Group connected cross-segment partners, brand merchants and consumers. For example, the "Low-Carbon Challenge" green action launched by the Group together with Ant Forest has not only conveyed the concept of environmental protection, but also helps online and offline drainage and member activation. The Group also cooperates with Green Monday to launch the "Let's Green Monday" series of activities together, promoting the "Green Food Project (綠色環保美食計劃)".

While developing steadily, the Group actively performs its social responsibility, devotes itself into welfare undertaking. The Group has created a digitalized charity platform for everyone's participation with easy access via mobile through a new and innovative public welfare model. This year, we pay attention to children with critical sickness. With the theme of "Little Wishes Full House, Colours Come True (微願滿屋·彩匯成真)", we joined the Guangzhou Charity Federation's "Little Wishes" public welfare project to gather every bit of love into light and illuminate the little wishes of children with critical sickness. Our "Love Hat Action of KWG Art Museum" won the Top Digital Annual Special Award for digital public welfare

MANAGEMENT DISCUSSION AND ANALYSIS

innovation, and won the “11th Philanthropy Festival — Annual Public Welfare Innovation Award” issued by China Philanthropy. The Group actively took part in the agricultural assistance activities and made donations to public welfare organizations and has won the honor of “helping the poor and charitable” issued by the Guangzhou Tianhe Charity Society. We actively participated in the anti-epidemic and disaster relief and won the title of “Guangdong Province Private Enterprise with Important Contribution to the Fight against the COVID-19” issued by the Guangdong Federation of Industry & Commerce.

The Group’s comprehensive ESG improvement will not come to a halt. We will continue to enhance our “green competitiveness” and to demonstrate our corporate responsibility for the times.

Outlook

Looking forward to the second half of the Year, favorable policies will continue and policies conducive to the stable and healthy development of the industry will continue to be introduced. From the introduction of the policy to the implementation of local governments, it will take some time for the market to regain confidence. Due to the economic downturn and the pandemic, the real estate market still faces major challenges. Under the central government’s policy of “housing properties are for accommodation, not for speculation” and “implement city-specific policies”, the government requires that “stability” will still be the principal tone of real estate industry development. Overall, new home sales have shown signs of temporary stabilizing and picking up since the end of May. Various regions will continue to “implement cityspecific policies”, and the market performance of cities in different regions and categories will continue to be differentiated. In July this year, the proposal of “ensuring the delivery of buildings” was first put forward at the meeting held by the Political Bureau of the Central Committee, requiring the local government’s responsibility to ensure the delivery of buildings and stable livelihood. The implementation of the proposal of “ensuring the delivery of buildings” as scheduled will be conducive to a stable economic recovery, turnaround in the confidence and expectations of the property market, and the overall stability of the real estate market for the second half of the year. Recently, China Bond Insurance Co., Ltd. has supported private real estate companies in financing through issuance of bonds with credit enhancement, which is conducive to enhancing the market’s confidence in the credit of real estate companies. The first batch of pilot real estate companies is limited to 6 real estate companies (not including the Group). It is believed that time is required before expanding the scope of bond issuance by real estate companies, so as to benefit more high-quality real estate companies.

The quality assets developed and operated by the Group over the years have been flexible and resilient during the downward phase of the industry — excellent cashability and room for new financing can build a solid asset protection cushion for the Group to effectively withstand industry risks. On the premise of preventing and controlling risks, the Group will actively seize new opportunities arising from industry adjustment. The Group will continue to explore opportunities in Greater-Bay-Area and Yangtze-River-Delta Area with strong focuses on tier-one and tier-two cities. Currently, the Group’s land bank and sellable resources in these two regions account for 65% and 81% of the total land bank and total gross sellable resources respectively. In the second half year, the Group will continue to promote our key projects, such as “Zhen” series of high-end projects: Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, as well as other projects acquired through industrial introduction in Jiaxing and Yancheng. As the sellable resources is mainly concentrated in the first-tier and robust second-tier cities in the Greater-Bay-Area and the Yangtze-River-Delta Area where market demand are higher with faster rebound momentum, and stronger sell-through, the market demand in the first- and second-tier cities is relatively large when the real estate market picks up and buyers’ confidence is rebuilt, making the Group more resilient against risks during the industry adjustment period. Meanwhile, the Group will actively respond to the policy call to ensure delivery and focus on quality, which will be our priority work in the second half of the year.

Looking forward into the future, KWG will continue to improve its inner strength to achieve a healthier and more stable sustainable development to realize the synergetic coexistence of diversified businesses such as property development, shopping malls, office buildings, hotels, and health industry. The Group will continue to strengthen its corporate governance capabilities, adhere to prudent and stable financial management, and consolidate high-quality assets. The

MANAGEMENT DISCUSSION AND ANALYSIS

Group will continue to adhere to the concept of “building home with heart and creating future with aspiration”, constantly enhance the value of brands, and continue to create value for clients. We will adhere to long-termism and move ahead with determination.

Overview of the Group’s Property Development

As at 30 June 2022, the Group’s major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Lingshui, Wenchang, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Changshu, Lishui, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Shenzhen, Shaoxing, Huizhou, Jiangmen, Wenzhou, Dongguan, Yangzhou, Ningbo, Meishan, Chenzhou, Wuzhou, Xi’an, Kunming, Yancheng, Fuzhou, Sanya and Hong Kong.

No.	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	964	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 (formerly known as Top of World)	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	41	100
8	Essence of City	Guangzhou	Residential/villa/commercial	17	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/ commercial	62	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/ commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	82	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	7	40
14	V-city	Guangzhou	Serviced apartment/ commercial	147	70
15	Montkam	Guangzhou	Residential/villa	18	30
16	E-city	Guangzhou	Serviced apartment/ commercial	462	67

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
17	Guangzhou Luogang M • Cube	Guangzhou	Commercial/hotel	15	60
18	Technology Commerce Center	Guangzhou	Office/commercial	8	50
19	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/commercial/hotel	12	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	97	100
22	Clover Shades	Guangzhou	Residential/commercial	63	62.5
23	The Emerald	Guangzhou	Residential	72	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	248	100
27	Lakeside Mansion	Guangzhou	Residential/commercial	321	100
28	Richmond Greenville	Guangzhou	Residential	94	100
29	Guangzhou Nansha Project	Guangzhou	Educational	89	60
30	The Star Garden	Guangzhou	Residential/commercial	194	87.5
31	ONE68 (formerly known as Tianhe District Zhujiang New Town Project)	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	44	100
38	Suzhou Apex	Suzhou	Residential/serviced apartment/commercial/hotel	130	100
39	Suzhou Emerald	Suzhou	Residential/commercial	1	100

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
40	Leader Plaza	Suzhou	Serviced apartment/office/commercial	23	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	2	16
44	Orient Moon Bay	Suzhou	Residential	1	50
45	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/commercial/hotel	134	50
46	Lunar River	Suzhou	Residential/commercial	47	51
47	Blessedness Seasons	Suzhou	Residential/commercial	37	49
48	Moonlit River	Suzhou	Residential	48	50
49	The Vision of the World	Chengdu	Residential/serviced apartment/commercial	51	100
50	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/commercial/hotel	238	100
51	Chengdu Sky Ville	Chengdu	Residential/serviced apartment/office/commercial/hotel	113	50
52	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	579	55
53	The Jadeite	Chengdu	Residential/villa/commercial/hotel	45	100
54	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	1	100
55	La Villa	Beijing	Residential/villa/commercial	8	50
56	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	27	50
57	M • Cube	Beijing	Commercial	16	100
58	Summer Terrace	Beijing	Residential/commercial	16	100
59	Uptown Riverside I	Beijing	Serviced apartment/office/commercial	128	100
60	Uptown Riverside II	Beijing	Serviced apartment/office/commercial	67	100

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
61	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/ commercial	27	33
62	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/ commercial/hotel	193	100
63	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	12	100
64	New Chang'an Mansion	Beijing	Residential/office/ commercial/hotel	31	100
65	Pearl Coast	Lingshui	Residential/villa/ commercial/hotel	97	100
66	Moon Bay	Wenchang	Residential/villa/ commercial/hotel	342	100
67	The Cloud World	Wenchang	Villa/commercial	76	100
68	International Metropolis Plaza	Shanghai	Office/commercial	30	75.5
69	Shanghai Apex	Shanghai	Residential/serviced apartment/commercial/ hotel	19	51
70	Shanghai Sapphire	Shanghai	Serviced apartment/ commercial	26	51
71	Amazing Bay	Shanghai	Residential/serviced apartment/office/ commercial/hotel	42	50
72	Vision of World	Shanghai	Residential/serviced apartment/commercial/ hotel	56	51
73	Glory Palace	Shanghai	Residential	3	100
74	KWG Biovalley	Shanghai	Office/commercial	121	90
75	Jinnan New Town	Tianjin	Residential/office/ commercial/hotel	236	25
76	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	262	100
77	Tianjin Apex	Tianjin	Residential/office/ commercial	32	100
78	Beautiful and Happy Life	Tianjin	Residential/commercial	96	100
79	Joy Fun City (formerly known as Haya City)	Tianjin	Residential/commercial	173	60

MANAGEMENT DISCUSSION AND ANALYSIS

No.	Project	District	Type of Product	Total GFA	Interest
				Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
80	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	262	100
81	International Finance Place	Nanning	Office/commercial	61	100
82	Top of World	Nanning	Residential/villa/serviced apartment/commercial/hotel	82	100
83	Fragrant Season	Nanning	Residential/villa/commercial	15	100
84	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
85	Impression Discovery Bay II	Nanning	Residential/commercial	3	34
86	Emerald City	Nanning	Residential/serviced apartment/commercial	411	100
87	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
88	The Moon Mansion	Hangzhou	Residential/villa	3	100
89	Sky Ville	Hangzhou	Residential/villa	1	100
90	Puli Oriental	Hangzhou	Residential/commercial	8	50
91	Urban Artwork	Hangzhou	Serviced apartment/commercial	1	60
92	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
93	Oriental Dawn	Hangzhou	Residential/commercial	41	50
94	Precious Mansion	Hangzhou	Residential/villa/office/commercial	91	100
95	Season Mix	Hangzhou	Residential/commercial/hotel	42	25
96	Shine City	Nanjing	Residential/office/commercial	1	50
97	South Bank Palace	Nanjing	Residential/commercial	2	19.75
98	Ruyi Palace	Nanjing	Residential/commercial	1	50
99	Oriental Bund	Foshan	Residential/villa/serviced apartment/commercial/hotel	896	50
100	The Riviera	Foshan	Residential/commercial	34	51
101	One Palace	Foshan	Residential/serviced apartment/commercial	16	33.3
102	Foshan Apex	Foshan	Residential/serviced apartment/commercial	7	50

MANAGEMENT DISCUSSION AND ANALYSIS

No. Project	District	Type of Product	Total GFA	Interest
			Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
103 China Image	Foshan	Residential/commercial	4	34
104 Water Moon	Hefei	Residential/commercial	60	100
105 City Moon	Hefei	Residential/commercial	2	100
106 The One	Hefei	Residential/commercial	89	100
107 Park Mansion	Hefei	Residential	2	50
108 The Buttonwood Season I	Wuhan	Residential/villa/commercial	9	100
109 The Buttonwood Season II	Wuhan	Residential/villa/commercial	142	100
110 Exquisite Bay	Xuzhou	Residential/commercial	3	50
111 Fragrant Season	Xuzhou	Residential/commercial	11	50
112 Xuzhou Tongshan Project I	Xuzhou	Residential	1	33
113 Xuzhou Tongshan Project II	Xuzhou	Residential/commercial	1	33
114 Oriental Milestone	Xuzhou	Residential	135	100
115 Majestic Mansion	Jiaxing	Residential/commercial	4	100
116 Star City	Jiaxing	Residential	1	25
117 Noble Peak	Jiaxing	Residential	2	100
118 International Commercial Plaza	Jiaxing	Residential/serviced apartment/office/commercial/hotel	356	100
119 Top of World Residence I	Taizhou	Residential	2	100
120 Top of World Residence II	Taizhou	Residential/commercial	4	100
121 Linhai Mansion	Taizhou	Residential/commercial	3	100
122 Star Mansion	Taizhou	Residential/commercial	2	33
123 Lead Peak Mansion	Taizhou	Residential/commercial	1	100
124 Emerald the Bay	Taizhou	Residential/serviced apartment/office/commercial	255	50
125 Jinan Park Avenue (formerly known as Jinan Zhangqiu Project)	Jinan	Residential	82	49
126 Jinan Capital of Phoenix (formerly known as Jinan Zhang Ma Tun C6# Project)	Jinan	Residential/commercial	1	20
127 Jinan Tianchen (formerly known as Jinan Zhang Ma Tun C8# Project)	Jinan	Residential/commercial	26	20
128 Fragrant Season	Changshu	Residential	9	40

MANAGEMENT DISCUSSION AND ANALYSIS

No. Project	District	Type of Product	Total GFA	Interest
			Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
129 The Inherited Villa	Changshu	Residential	3	25
130 Liu Xiang Mansion	Lishui	Residential/commercial	8	49
131 The Riviera Chongqing	Chongqing	Residential/commercial/hotel	20	100
132 The Cosmos Chongqing	Chongqing	Residential/serviced apartment/office/commercial/hotel	213	100
133 The Moon Mansion	Chongqing	Residential/commercial	1	39
134 Splendid City	Chongqing	Residential/commercial	1	50
135 Mansion of Jasper	Chongqing	Residential/commercial	1	50
136 Jade Moon Villa	Chongqing	Residential/commercial	1	50
137 Jinzhu Tianyi Huayuan	Taicang	Residential	69	100
138 Oriental Mansion	Wuxi	Residential/commercial	1	20
139 Exquisite Palace	Wuxi	Residential/commercial	3	45
140 Star Mansion	Wuxi	Residential/commercial	2	50
141 Vision of the World	Zhaoqing	Residential/commercial	102	100
142 River View Mansion	Zhaoqing	Residential/commercial	1	33
143 The Moon Mansion	Zhongshan	Residential/commercial	40	50
144 Serenity in Prosperity	Nantong	Residential/villa/commercial	4	51
145 Oriental Beauty	Nantong	Residential	3	70
146 Central Mansion	Nantong	Residential	20	70
147 The Moon Mansion	Liuzhou	Residential/villa/commercial	59	100
148 Fortunes Season	Liuzhou	Residential/commercial/hotel/educational	1,012	100
149 Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/commercial/hotel	61	51
150 KWG Topchain City Center	Shenzhen	Serviced apartment/office/commercial	33	51
151 Grand Oasis	Shenzhen	Serviced apartment/office/commercial/hotel	41	55
152 Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/industrial/educational	79	50
153 Shaoxing Project	Shaoxing	Residential/villa	1	24.9
154 Skyline Seasons	Huizhou	Residential/commercial	242	100

MANAGEMENT DISCUSSION AND ANALYSIS

No. Project	District	Type of Product	Total GFA	Interest
			Attributable to the Group's Interest ('000 sq.m.)	Attributable to the Group (%)
155 Huizhou Longmen Project-Educational#[2019]011	Huizhou	Educational	11	100
156 Huizhou Longmen Project-Educational#[2019]014	Huizhou	Educational	61	100
157 The Horizon	Jiangmen	Residential	1	100
158 Jiangmen Apex International	Jiangmen	Residential/serviced apartment/commercial	58	100
159 Cullinan Mansion	Wenzhou	Residential/commercial	26	100
160 Art Wanderland	Dongguan	Residential/commercial	1	12.5
161 Center Mansion	Dongguan	Residential/villa/commercial	11	20
162 Yangzhou Apex	Yangzhou	Residential/commercial	80	80
163 Ningbo Beilun Project	Ningbo	Residential	1	49
164 Parkview Palace	Ningbo	Residential	2	49
165 Cloud Mansion	Ningbo	Residential	1	50
166 Meishan Apex	Meishan	Residential/commercial	1	100
167 River State	Meishan	Residential/commercial	58	34
168 Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	62	50
169 KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	225	75
170 Meet	Xi'an	Serviced apartment/commercial/hotel	31	100
171 Salar de Uyuni	Kunming	Residential/commercial/hotel	268	67.11
172 Salar de Uyuni Guan Lake [Phase 2 – #17–28]	Kunming	Residential/Commercial	87	70.56
173 Salar de Uyuni Guan Lake [Phase 1 – #17–29]	Kunming	Residential/Commercial	112	70.56
174 KWG Haya City	Yancheng	Residential/serviced apartment/commercial/hotel	664	100
175 Phoenix International	Fuzhou	Serviced apartment/office/commercial	47	22.4
176 Sanya Haitangwan Project	Sanya	Serviced apartment	8	6.72
177 Hong Kong Ap Lei Chau Project	Hong Kong	Residential	35	50

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Emolument Policies

As at 30 June 2022, the Group employed a total of approximately 4,200 employees. The total staff costs incurred were approximately RMB538.3 million during the six months ended 30 June 2022. 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 2022, 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 ⁽¹⁾
	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 ⁽³⁾	399,053,500 ⁽²⁾⁽³⁾	1,993,803,152	62.63%
KONG Jiantao	–	–	256,804,687 ⁽⁴⁾	1,443,385,000 ⁽²⁾⁽⁴⁾	1,700,189,687	53.41%
KONG Jiannan	–	–	144,338,500 ⁽⁵⁾	1,553,761,500 ⁽²⁾⁽⁵⁾	1,698,100,000	53.34%
CAI Fengjia	316,628 ⁽⁶⁾	112,000 ⁽⁷⁾	–	32,000 ⁽⁸⁾	460,628	0.02%
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 3,183,506,445 ordinary shares of the Company in issue as at 30 June 2022.
- (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 78,000 awarded shares granted to Mr. CAI Fengjia by the Company were vested, of which 15,663 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.
- (8) These shares represented the interests in awarded shares granted to Mr. CAI Fengjia by the Company and remained unvested.

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 ⁽¹⁾	US\$5,000,000
	Interest of spouse ⁽²⁾	US\$7,000,000
KONG Jianmin	Interest of a controlled corporation ⁽³⁾	US\$5,000,000

Notes:

- (1) Excel Wave, a company wholly-owned by Mr. KONG Jiantao, held totally US\$5,000,000 senior notes including (i) US\$3,000,000 of US\$650 million 6% of senior notes of the Company due 2022 and (ii) US\$2,000,000 of US\$300 million 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\$7,000,000 senior notes including (i) US\$4,000,000 of US\$650 million 6% of senior notes of the Company due 2022 and (ii) US\$3,000,000 of US\$300 million 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 his spouse under the SFO.
- (3) Hero Fine, a company wholly-owned by Mr. KONG Jianmin, held US\$5,000,000 of US\$250 million 5.2% senior notes of the Company due 2022. 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 2022, 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 and Other Persons

As at 30 June 2022, to the knowledge of the Directors, the following entities (other than a Director 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 ⁽¹⁾
	Beneficial Owner	Other Interests	Total	
Plus Earn ⁽²⁾	1,299,046,500	399,053,500 ⁽⁶⁾	1,698,100,000	53.34%
Hero Fine ⁽³⁾	295,703,152	—	295,703,152	9.29%
Right Rich ⁽⁴⁾	254,715,000	1,443,385,000 ⁽⁶⁾	1,698,100,000	53.34%
Peace Kind ⁽⁵⁾	144,338,500	1,553,761,500 ⁽⁶⁾	1,698,100,000	53.34%

Notes:

- (1) The approximate percentage was calculated based on 3,183,506,445 ordinary shares of the Company in issue as at 30 June 2022.
- (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.

Save as disclosed above, as at 30 June 2022, 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 2022, details of the share options under the Share Option Scheme are as follows:

Grantees	Date of grant	Exercise period	Exercise price per share (HK\$)	Number of share options				Closing price per share immediately before the date of grant (HK\$)	
				As at 1 January 2022	Granted during the period	Exercised during the period	Cancelled/lapsed during the period		As at 30 June 2022
Employees ⁽¹⁾	13.02.2018	13.02.2019 to 12.02.2022 ⁽²⁾	11.12	645,000	—	—	(645,000) ⁽³⁾	—	10.70

Notes:

- (1) All of the share options were granted to certain employees of the Group. None of the grantees is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates (as defined in the Listing Rules).
- (2) (i) One-third of the respective options granted are exercisable from the first anniversary of the date of grant (i.e. 13 February 2019); (ii) one-third of the respective options granted are exercisable from the second anniversary of the date of grant (i.e. 13 February 2020); and (iii) the respective remaining options granted are exercisable from the date of the third anniversary of the date of grant (i.e. 13 February 2021).
- (3) All the share options lapsed automatically upon the expiry of the validity period of the share options.

Valuation of Share Options

The Company has been using the binomial option pricing model (the "Model") to value the share options granted. The fair value of the share options determined at the date of grant using the Model was approximately RMB3,282,000. The fair value of options was estimated on the date of grant using the following assumptions:

Dividend Yield	7.18%
Expected Volatility	43.35%
Risk-free Interest Rate	0.841%
Expected Life of Share Options	4 years
Weighted Average Share Price	HK\$13.05

For the six months ended 30 June 2022, the Group has not recognised (2021: approximately RMB32,000) in share-based payment expenses in the statement of profit or loss in respect of the share options granted.

OTHER INFORMATION

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 2022, details of the awarded shares under the Share Award Scheme are set out below:

Awardees	Date of grant	Vesting date	Number of awarded shares				As at 30 June 2022
			As at 1 January 2022	Awarded during the period	Vested during the period	Lapsed during the period	
CAI Fengjia (Executive Director)	08.04.2019	⁽¹⁾	46,000	—	(46,000) ⁽³⁾	—	—
	14.04.2020	⁽²⁾	64,000	—	(32,000) ⁽³⁾	—	32,000
Directors of certain subsidiaries of the Company	08.04.2019	⁽¹⁾	154,000	—	(154,000) ⁽⁴⁾	—	—
	14.04.2020	⁽²⁾	193,000	—	(96,500) ⁽⁴⁾	—	96,500
Other Selected Participants	08.04.2019	⁽¹⁾	49,500	—	(49,500)	—	—
	14.04.2020	⁽²⁾	52,000	—	(26,000)	—	26,000
Other independent Selected Participants	08.04.2019	⁽¹⁾	294,500	—	(277,500) ⁽⁴⁾	(17,000)	—
	14.04.2020	⁽²⁾	838,000	—	(405,500) ⁽⁴⁾	(50,500)	382,000
Total			1,691,000	—	(1,087,000)	(67,500)	536,500

Notes:

- (1) The awarded shares granted on 8 April 2019 shall be vested in three tranches with the vesting date on 8 April of each year from 2020 to 2022, or an earlier date as approved by the Board, pursuant to the Scheme Rules.
- (2) 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.
- (3) A total of 78,000 awarded shares granted to Mr. CAI Fengjia by the Company are vested during the period, of which 15,663 awarded shares were sold by the trustee at an average price of HK\$2.6082, for the purpose of covering PRC withholding tax pursuant to the Scheme Rules.
- (4) A total of 833,500 awarded shares granted by the Company to directors of certain subsidiaries of the Company and other independent Selected Participants are vested during the period, of which 37,858 awarded shares and 67,596 awarded shares were sold by the trustee at an average price of HK\$2.6082, 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 2022, save as disclosed below, 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.

- Following the retirement of Mr. LI Binhai on 2 June 2022, the Company failed to meet the requirements of (i) having at least three independent non-executive Directors on the Board under Rule 3.10(1) of the Listing Rules; (ii) the audit committee of the Company (the "Audit Committee") comprising a minimum of three members under Rule 3.21 of the Listing Rules; (iii) the remuneration committee of the Company comprising a majority of independent non-executive Directors under Rule 3.25 of the Listing Rules; and (iv) the nomination committee of the Company comprising majority of independent non-executive Directors under Rule 3.27A of the Listing Rules.

After the appointment of Mr. LAW Yiu Wing, Patrick on 21 July 2022, the Company has complied with the requirements of Rule 3.10(1), Rule 3.21, Rule 3.25 and Rule 3.27A of the Listing Rules.

- 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 a property to Guangzhou Jinyu Business Investments Company Limited* (廣州晉譽商務投資有限公司) ("Guangzhou Jinyu") of which Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Jinyu. Therefore, Mr. KONG Jiantao was regarded as having material interests in the aforesaid 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.

- Code provision B.2.4(a) of the CG Code stipulates where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should, among others, disclose the length of tenure of each existing independent non-executive director on a named basis in the circular to shareholders. The Company has not set out such information in the circular of the Company dated 3 May 2022.

Mr. TAM Chun Fai, Mr. LEE Ka Sze, Carmelo and Mr. LI Binhai (retired on 2 June 2022) were appointed as independent non-executive Directors on 12 July 2007, 12 July 2007 and 1 July 2012, respectively, and as at 21 April 2022 (being the latest practicable date prior to the printing of the circular dated 3 May 2022 for the purpose of ascertaining certain information), had served as such for more than 14 years, 14 years and 9 years, respectively.

* For identification purposes only

OTHER INFORMATION

CHANGE IN INFORMATION OF DIRECTOR

Mr. LEE Ka Sze, Carmelo has been appointed as independent non-executive director of China Mobile Limited, a company listed on the Stock Exchange with effect from 18 May 2022 and retired as a convenor cum member of the Financial Reporting Review Panel of The Financial Reporting Council with effect from 16 July 2022.

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 2022.

Review by Audit Committee

The Audit Committee has reviewed the Company's interim report for the six months ended 30 June 2022. The Audit Committee comprises three members who are independent non-executive Directors.

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 2022.

Disclosures Pursuant to Rule 13.18 of the Listing Rules

(1) Facility Agreement dated 5 June 2018

On 5 June 2018, 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 II") with, among others, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as original lenders, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited as agent in relation to a transferrable HKD and USD dual currency term loan facility (with a greenshoe option) of up to US\$500 million to the Company for a term of 48 months commencing from the date of the Facility Agreement II.

Pursuant to the terms of the Facility Agreement II, among others, 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 as an event of default under the Facility Agreement II. Further details of the transaction are disclosed in the announcement of the Company dated 5 June 2018. All outstanding principal under Facility Agreement II has been fully repaid in June 2022.

OTHER INFORMATION

(2) Facility Agreement dated 23 December 2020

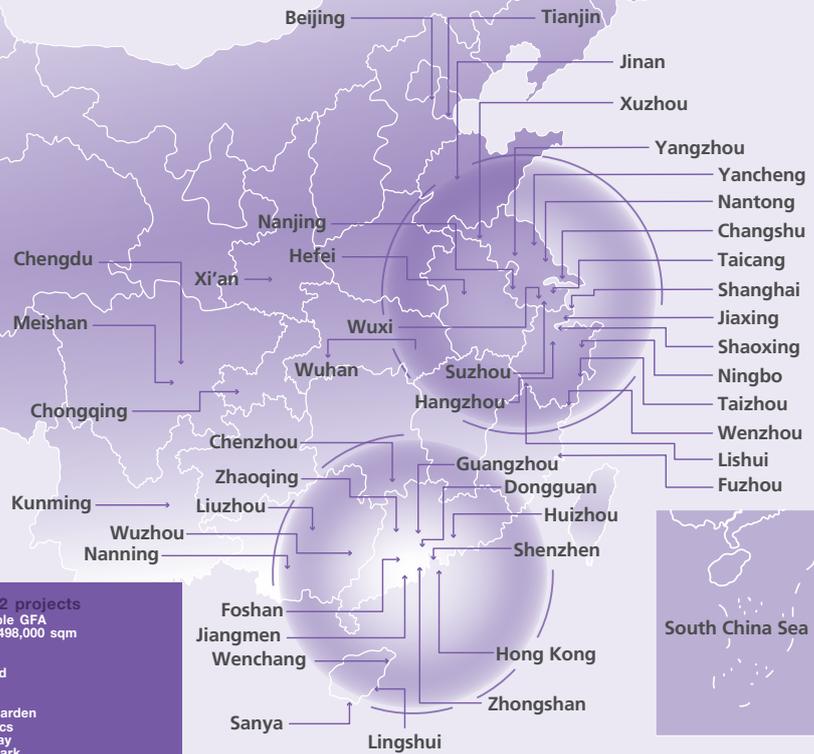
On 23 December 2020, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the “Facility Agreement III”) with, among others, The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, 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 2022 (2021: RMB37 cents per ordinary share).

PROJECT OVERVIEW



- Guangzhou — 36 projects**
 Total Attributable GFA approximately 4,189,000 sqm
 The Summit
 International Metropolitan Plaza
 Tian Hui Plaza (including The Riviera and Top Plaza)
 KWG Flourishing Biotech Square
 KWG Skysite (formerly known as Top of World)
 The Eden
 Paradise by Moony Sky
 Essence of City
 International Commerce Place
 CFC (including Mayfair and IFE (International Finance Edifice))
 The Horizon
 Blooming River
 Nansha River Paradise
 V-city
 Montkam
 E-city
 Guangzhou Luogang M+Cube
 Technology Commerce Center
 The Beryl (Guangzhou Development Area Hotel A Project)
 The Beryl (Guangzhou Development Area Hotel B Project)
 Landmark Arte Masterpiece
 Clover Shades
 The Emerald
 KWG Biovalley
 Longyatt Mansion
 Dreams Garden
 Lakeside Mansion
 Richmond Greenville
 Guangzhou Nansha Project
 The Star Garden
 ONE68 (formerly known as Tianhe District Zhujiang New Town Project)
 IFP
 Four Points by Sheraton Guangzhou, Dongpu
 The Mulian Huadu
 W Hotel/W Serviced Apartments
 The Mulian Guangzhou
- Foshan — 5 projects**
 Total Attributable GFA approximately 957,000 sqm
 Oriental Bund
 The Riviera
 One Palace
 Foshan Apex
 China Image
- Huizhou — 3 projects**
 Total Attributable GFA approximately 314,000 sqm
 Skyline Seasons
 Huizhou Longmen Project-Educational#[2019]011
 Huizhou Longmen Project-Educational#[2019]014
- Shenzhen — 4 projects**
 Total Attributable GFA approximately 214,000 sqm
 Shenzhen Banlian Project
 KWG Topchain City Center
 Grand Oasis
 Shenzhen Longhua Project
- Zhaoqing — 2 projects**
 Total Attributable GFA approximately 103,000 sqm
 Vision of the World
 River View Mansion
- Jiangmen — 2 projects**
 Total Attributable GFA approximately 59,000 sqm
 The Horizon
 Jiangmen Apex International
- Zhongsan — 1 project**
 Total Attributable GFA approximately 40,000 sqm
 The Moon Mansion
- Hong Kong — 1 project**
 Total Attributable GFA approximately 35,000 sqm
 Hong Kong Ap Lei Chau Project
- Dongguan — 2 projects**
 Total Attributable GFA approximately 12,000 sqm
 Art Wanderland
 Center Mansion
- Yancheng — 1 project**
 Total Attributable GFA approximately 664,000 sqm
 KWG Haya City

- Suzhou — 12 projects**
 Total Attributable GFA approximately 498,000 sqm
 The Sapphire
 Suzhou Apex
 Suzhou Emerald
 Leader Plaza
 Fortune Plaza
 Suzhou Jade Garden
 Orient Aesthetics
 Orient Moon Bay
 Swan Harbor Park
 Lunar River
 Blessedness Seasons
 Moonlit River
- Jiaxing — 4 projects**
 Total Attributable GFA approximately 363,000 sqm
 Majestic Mansion
 Star City
 Noble Peak
 International Commercial Plaza
- Shanghai — 7 projects**
 Total Attributable GFA approximately 302,000 sqm
 International Metropolis Plaza
 Shanghai Apex
 Shanghai Sapphire
 Amazing Bay
 Vision of World
 Glory Palace
 KWG Biovalley
- Taizhou — 6 projects**
 Total Attributable GFA approximately 267,000 sqm
 Top of World Residence I
 Top of World Residence II
 Linhai Mansion
 Star Mansion
 Lead Peak Mansion
 Emerald the Bay
- Hangzhou — 9 projects**
 Total Attributable GFA approximately 212,000 sqm
 The Mulian Hangzhou
 The Moon Mansion
 Sky Ville
 Puli Oriental
 Urban Artwork
 Malus Moon
 Oriental Dawn
 Precious Mansion
 Season Mix
- Hefei — 4 projects**
 Total Attributable GFA approximately 153,000 sqm
 Water Moon
 City Moon
 The One
 Park Mansion
- Yangzhou — 1 project**
 Total Attributable GFA approximately 80,000 sqm
 Yangzhou Apex
- Taicang — 1 project**
 Total Attributable GFA approximately 69,000 sqm
 Jinzhu Tianyi Huayuan
- Nantong — 3 projects**
 Total Attributable GFA approximately 27,000 sqm
 Serenity in Prosperity
 Oriental Beauty
 Central Mansion
- Wenzhou — 1 project**
 Total Attributable GFA approximately 26,000 sqm
 Cullinan Mansion
- Changshu — 2 projects**
 Total Attributable GFA approximately 12,000 sqm
 Fragrant Season
 The Inherited Villa

- Lishui — 1 project**
 Total Attributable GFA approximately 8,000 sqm
 Liu Xiang Mansion
- Wuxi — 3 projects**
 Total Attributable GFA approximately 6,000 sqm
 Oriental Mansion
 Exquisite Palace
 Star Mansion
- Nanjing — 3 projects**
 Total Attributable GFA approximately 4,000 sqm
 Shine City
 South Bank Palace
 Ruyi Palace
- Ningbo — 3 projects**
 Total Attributable GFA approximately 4,000 sqm
 Ningbo Beilun Project
 Parkview Palace
 Cloud Mansion
- Shaoxing — 1 project**
 Total Attributable GFA approximately 1,000 sqm
 Shaoxing Project
- Tianjin — 5 projects**
 Total Attributable GFA approximately 800,000 sqm
 Jinnan New Town
 Tianjin The Cosmos
 Tianjin Apex
 Beautiful and Happy Life
 Joy Fun City (formerly known as Haya City)
- Beijing — 11 projects**
 Total Attributable GFA approximately 556,000 sqm
 Fragrant Seasons
 La Villa
 Beijing Apex
 M+Cube
 Summer Terrace
 Uptown Riverside I
 Uptown Riverside II
 Rose and Ginkgo Mansion
 The Core of Center (Beijing Niulanshan Complex Project)
 The Core of Center (Beijing Niulanshan 1107# Project)
 New Chang'an Mansion
- Jinan — 3 projects**
 Total Attributable GFA approximately 109,000 sqm
 Jinan Park Avenue (formerly known as Jinan Zhangqiu Project)
 Jinan Capital of Phoenix (formerly known as Jinan Zhang Ma Tun C6# Project)
 Jinan Tianchen (formerly known as Jinan Zhang Ma Tun C8# Project)
- Liuzhou — 2 projects**
 Total Attributable GFA approximately 1,071,000 sqm
 The Moon Mansion
 Fortunes Season
- Chengdu — 5 projects**
 Total Attributable GFA approximately 1,026,000 sqm
 The Vision of the World
 Chengdu Cosmos
 Chengdu Sky Ville
 Yunshang Retreat
 The Jadeite

- Nanning — 7 projects**
 Total Attributable GFA approximately 836,000 sqm
 The Core of Center
 International Finance Place
 Top of World
 Fragrant Season
 Impression Discovery Bay I
 Impression Discovery Bay II
 Emerald City
- Kunming — 3 projects**
 Total Attributable GFA approximately 467,000 sqm
 Salar de Uyuni
 Salar de Uyuni Guan Lake [Phase 2 - #17-28]
 Salar de Uyuni Guan Lake [Phase 1 - #17-29]
- Wenchang — 2 projects**
 Total Attributable GFA approximately 418,000 sqm
 Moon Bay
 The Cloud World
- Chongqing — 6 projects**
 Total Attributable GFA approximately 237,000 sqm
 The Riviera Chongqing
 The Cosmos Chongqing
 The Moon Mansion
 Splendid City
 Mansion of Jasper
 Jade Moon Villa
- Wuzhou — 1 project**
 Total Attributable GFA approximately 225,000 sqm
 KWG Tusholdings Ice Snow
- Wuhan — 2 projects**
 Total Attributable GFA approximately 151,000 sqm
 The Buttonwood Season I
 The Buttonwood Season II
- Lingshui — 1 project**
 Total Attributable GFA approximately 97,000 sqm
 Pearl Coast
- Chenzhou — 1 project**
 Total Attributable GFA approximately 62,000 sqm
 Chenzhou Wangxian Eco-tourism Project
- Meishan — 2 projects**
 Total Attributable GFA approximately 59,000 sqm
 Meishan Apex
 River State
- Fuzhou — 1 project**
 Total Attributable GFA approximately 47,000 sqm
 Phoenix International
- Xi'an — 1 project**
 Total Attributable GFA approximately 31,000 sqm
 Meet
- Sanya — 1 project**
 Total Attributable GFA approximately 8,000 sqm
 Sanya Haitangwan Project

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
REVENUE	4	8,469,502	12,973,848
Cost of sales		(7,000,523)	(9,074,104)
Gross profit		1,468,979	3,899,744
Other income and gains, net	4	1,121,842	885,433
Selling and marketing expenses		(782,328)	(782,853)
Administrative expenses		(739,999)	(888,236)
Fair value losses on investment properties, net		(259,977)	(60,118)
Finance costs	5	(107,750)	(762,747)
Share of profits and losses of:			
Associates		201,634	278,032
Joint ventures		(153,325)	1,224,034
PROFIT BEFORE TAX	6	749,076	3,793,289
Income tax expenses	7	(244,401)	(939,840)
Profit for the period		504,675	2,853,449
Attributable to:			
Owners of the Company		435,000	2,752,572
Non-controlling interests		69,675	100,877
		504,675	2,853,449
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic			
— For profit for the period		RMB13.7 cents	RMB86.6 cents
Diluted			
— For profit for the period		RMB13.7 cents	RMB86.5 cents

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
PROFIT FOR THE PERIOD	504,675	2,853,449
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	(850,055)	170,196
Share of exchange differences on translation of joint ventures	(23,652)	13,771
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(873,707)	183,967
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	(657,786)	149,326
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	(657,786)	149,326
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	(1,531,493)	333,293
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(1,026,818)	3,186,742
Attributable to:		
Owners of the Company	(1,096,493)	3,085,865
Non-controlling interests	69,675	100,877
	(1,026,818)	3,186,742

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	9,377,135	9,173,322
Investment properties		30,003,829	29,954,477
Land use rights		3,870,108	4,054,109
Interests in associates		13,846,192	13,699,293
Interests in joint ventures		43,447,532	48,563,454
Deferred tax assets		3,572,281	3,093,513
Total non-current assets		104,117,077	108,538,168
CURRENT ASSETS			
Properties under development		60,838,035	60,242,088
Completed properties held for sale		19,685,733	15,938,413
Trade receivables	11	531,987	1,368,764
Prepayments, other receivables and other assets		17,233,451	15,628,725
Due from a joint venture		22,525	22,525
Tax recoverables		1,169,559	1,062,880
Cash and bank balances	12	22,197,235	29,447,488
Total current assets		121,678,525	123,710,883
CURRENT LIABILITIES			
Trade and bills payables	13	13,580,656	13,348,056
Lease liabilities		208,115	215,163
Other payables and accruals		38,005,488	39,924,767
Due to joint ventures		16,784,832	21,692,348
Due to associates		3,601,632	3,585,519
Interest-bearing bank and other borrowings	14	22,606,229	20,333,853
Tax payables		14,245,157	13,066,634
Total current liabilities		109,032,109	112,166,340
NET CURRENT ASSETS		12,646,416	11,544,543
TOTAL ASSETS LESS CURRENT LIABILITIES		116,763,493	120,082,711

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Financial Position

	Notes	As at	
		30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		116,763,493	120,082,711
NON-CURRENT LIABILITIES			
Lease liabilities		1,028,589	1,221,935
Interest-bearing bank and other borrowings	14	54,259,130	56,384,576
Deferred tax liabilities		2,796,534	2,772,225
Deferred revenue		2,042	2,042
Total non-current liabilities		58,086,295	60,380,778
NET ASSETS		58,677,198	59,701,933
EQUITY			
Equity attributable to owners of the Company			
Issued capital	15	304,721	304,680
Treasury shares	15	(8)	(3,038)
Reserves		42,921,413	44,018,894
Non-controlling interests		43,226,126	44,320,536
		15,451,072	15,381,397
TOTAL EQUITY		58,677,198	59,701,933

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 2021	304,474	(1,723)	—	2,801,826	484,804	33,830	92,578	1,028,994	38,790,094	43,534,877	10,381,814	53,916,691
Profit for the period	—	—	—	—	—	—	—	—	2,752,572	2,752,572	100,877	2,853,449
Other comprehensive income for the period:												
Exchange differences on translation into presentation currency	—	—	—	—	319,522	—	—	—	—	319,522	—	319,522
Share of exchange differences on translation of joint ventures	—	—	—	—	13,771	—	—	—	—	13,771	—	13,771
Total comprehensive income for the period	—	—	—	—	333,293	—	—	—	2,752,572	3,085,865	100,877	3,186,742
Share-based compensation expenses	—	—	—	—	—	5,779	—	—	—	5,779	—	5,779
Share option exercised	16	—	2,173	—	—	(407)	—	—	—	1,782	—	1,782
Vested awarded shares transferred to employees	—	202	22,702	—	—	(22,904)	—	—	—	—	—	—
Transfer to reserves	—	—	—	159,958	—	—	—	—	(159,958)	—	—	—
Final 2020 dividend declared	—	—	—	—	—	—	—	—	(1,685,677)	(1,685,677)	—	(1,685,677)
Acquisition of a subsidiary	—	—	—	—	—	—	—	—	—	—	929,511	929,511
Acquisition of non-controlling interests	—	—	—	—	—	—	—	(185,843)	—	(185,843)	(1,366,891)	(1,552,734)
Changes in equity interests in subsidiaries without change of control	—	—	—	—	—	—	—	2,352	—	2,352	1,247,369	1,249,721
Cancellation of shares	(15)	1,514	(1,499)	—	—	—	—	—	—	—	—	—
Contribution from the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	—	—	5,864,018	5,864,018
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	1,972	1,972
At 30 June 2021	304,475	(7)	23,376	2,961,784	818,097	16,298	92,578	845,503	39,697,031	44,759,135	17,158,670	61,917,805
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

* These reserve accounts comprise the consolidated reserves of approximately RMB42,921,413,000 (31 December 2021: approximately RMB44,018,894,000) 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	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		749,076	3,793,289
Adjustments for:			
Finance costs	5	107,750	762,747
Foreign exchange gains	4	(299,989)	(59,391)
Share of profits and losses of joint ventures		153,325	(1,224,034)
Share of profits and losses of associates		(201,634)	(278,032)
Share based compensation expenses		2,083	5,779
Interest income	4	(255,225)	(289,658)
(Gains)/loss on disposal of items of property, plant and equipment	6	(1,558)	4,496
Depreciation	6	189,379	144,674
Amortisation of land use rights	6	15,819	18,496
Changes in fair values of investment properties, net		259,977	60,118
(Gains)/loss on acquisition of subsidiaries	16	(259,575)	21,833
Gain on disposal of subsidiaries		—	(13,249)
Cash flows from operations before changes in working capital		459,428	2,947,068
Changes in working capital		3,396,565	41,286
Cash generated from operations		3,855,993	2,988,354
Interest received		255,225	289,658
Income tax paid		(303,965)	(1,180,850)
Net cash flows generated from operating activities		3,807,253	2,097,162

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Condensed Consolidated Statement of Cash Flows

	Note	Six months ended 30 June	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Net cash flows generated from operating activities		3,807,253	2,097,162
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(16,536)	(645,899)
Purchases of items of investment properties		(324,208)	(222,252)
Proceeds from disposal of items of property, plant and equipment		445	709
Investments in and amounts with joint ventures		(2,465,035)	(819,785)
Investments in associates		—	(4,606,000)
Repayment from associates		63,347	596,377
Acquisition of subsidiaries	16	(19,910)	48,193
Disposal of subsidiaries		—	(41,431)
Decrease in restricted cash		3,221,813	—
Dividend received from joint ventures		211,371	143,529
Dividend received from an associate		7,500	—
Net cash flows generated from/(used in) investing activities		678,787	(5,546,559)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contribution from the non-controlling shareholders of subsidiaries		—	5,864,018
Net (repayment to)/proceeds from senior notes		(1,643,675)	3,082,440
Net (repayment to)/proceeds from bank and other borrowings		(2,214,650)	252,237
Acquisition of non-controlling interests		—	(1,552,734)
Changes in equity interests in subsidiaries without change of control		—	1,249,721
Share option exercised		—	1,782
Increase in restricted cash		(297,000)	—
Interest paid		(2,411,881)	(2,183,013)
Dividend paid		(539,289)	(1,271,220)
Net cash flows (used in)/generated from financing activities		(7,106,495)	5,443,231
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		7,715,390	40,635,765
Effect of foreign exchange rate changes, net		28,908	(14,695)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		5,123,843	42,614,904
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,123,843	25,540,904
Non-pledged time deposits with original maturity of less than three months when acquired		—	17,074,000
Cash and cash equivalents		5,123,843	42,614,904

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 2022.

2. Basis of Preparation

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

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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, HKASs and Interpretations).

Going concern basis

As of 30 June 2022, the Group recorded a net current assets of approximately RMB12,646 million, and the Group’s current portion of interest-bearing bank and other borrowings amounted to approximately RMB22,606 million, while its cash and bank balances amounted to approximately RMB22,197 million including cash and cash equivalents amounted to approximately RMB5,124 million. 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 loan repayment obligations.

In view of aforesaid mentioned, 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 sources 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 financial institutions on the renewal of certain existing bank borrowings of the Group. Subsequent to 30 June 2022, the Group has also been negotiating with various banks and financial institutions to secure new sources of financing and to revise the existing terms of bank borrowings.
- (ii) The Group will also negotiate with other lenders to extend or modify the repayment terms (or similar refinancing arrangement) on other borrowings of the Group.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2. Basis of Preparation (Continued)

Going concern basis (Continued)

- (iii) 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.
- (iv) The Group will continue to identify potential purchasers and engage in discussions with suitable purchasers on possible disposal of the Group's interests in certain properties under development and completed properties to raise additional working capital.
- (v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

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 2022. They are of the opinion that, should all the above-mentioned plans and measures materialise, 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 2022. Accordingly, based on the confidence of the management in successfully implementing the above-mentioned plans and measures, the Directors are satisfied that it is not inappropriate to prepare the condensed 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 and refinancing of its existing loans and indebtedness as and when needed to meet its operational need and financial obligations; and
- (ii) 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.

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, to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively and to consider different refinancing means. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

3. Changes to the Group's Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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.

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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue:		
Revenue from contracts with customers		
Sale of properties	7,724,648	12,188,806
Hotel operation income	273,663	339,966
Revenue from other sources		
Gross rental income	471,191	445,076
	8,469,502	12,973,848
Other income and gains, net:		
Interest income	255,225	289,658
Project management fee income	124,720	447,071
Foreign exchange difference, net	299,989	59,391
Others	441,908	89,313
	1,121,842	885,433

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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 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
Total revenue from contracts with customers	7,724,648	273,663	7,998,311
<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
Total revenue from contracts with customers	7,724,648	273,663	7,998,311

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 2021 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	12,188,806	—	12,188,806
Provision of services	—	339,966	339,966
Total revenue from contracts with customers	12,188,806	339,966	12,528,772
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	9,678,068	—	9,678,068
Recognised over time	2,510,738	339,966	2,850,704
Total revenue from contracts with customers	12,188,806	339,966	12,528,772

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)
Segment revenue:				
Sales to external customers and revenue	7,724,648	471,191	273,663	8,469,502
Segment results	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

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 2021 are as follows:

	Property development (Note) RMB'000 (Unaudited)	Property investment RMB'000 (Unaudited)	Hotel operation RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment revenue:				
Sales to external customers and revenue	12,188,806	445,076	339,966	12,973,848
Segment results				
	4,182,033	275,309	71,682	4,529,024
<i>Reconciliation:</i>				
Interest income and unallocated income				885,433
Unallocated expenses				(858,421)
Finance costs				(762,747)
Profit before tax				3,793,289
Income tax expenses				(939,840)
Profit for the period				2,853,449

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	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Interest on bank and other borrowings	2,560,565	2,612,076
Interest on lease liabilities	38,463	46,898
Less: Interest capitalised	(2,491,278)	(1,896,227)
	107,750	762,747

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6. Profit Before Tax

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of properties sold	6,791,516	8,871,602
Less: Government grant released	—	(84)
	6,791,516	8,871,518
Depreciation	189,379	144,674
Amortisation of land use rights	35,975	43,503
Less: Amount capitalised in assets under construction	(20,156)	(25,007)
	15,819	18,496
(Gain)/loss on disposal of items of property, plant and equipment	(1,558)	4,496
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	506,242	726,093
Share based compensation expenses	1,950	5,435
Pension scheme contributions (defined benefit plans)	30,151	34,391
	538,343	765,919
Less: Amount capitalised in assets under construction, properties under development and investment properties under development	(167,511)	(293,012)
	370,832	472,907

7. Income Tax Expenses

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current – in the People's Republic of China ("PRC")		
Corporate income tax ("CIT")	485,349	930,925
Land appreciation tax ("LAT")	241,585	577,084
	726,934	1,508,009
Deferred	(482,533)	(568,169)
Total tax charge for the period	244,401	939,840

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7. Income Tax Expenses (Continued)

For the six months ended 30 June 2022, the share of CIT expense and LAT expense attributable to the joint ventures amounting to approximately RMB42,609,000 (2021: approximately RMB399,026,000) and approximately RMB82,154,000 (2021: approximately RMB217,255,000), 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 2022, the share of CIT expense and LAT expense attributable to the associates amounting to approximately RMB67,211,000 (2021: approximately RMB92,677,000) and approximately RMB8,755,000 (2021: approximately RMB68,491,000) 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 2022 and 2021.

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 2022 and 2021, 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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interim dividend — Nil (2021: RMB37 cents per ordinary share)	—	1,177,713

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2022 (2021: RMB37 cents per ordinary share).

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9. Earnings Per Share Attributable to Owners of the Company

The calculation of the basic earnings per share amounts for the six months ended 30 June 2022 is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,182,918,363 (2021: 3,179,691,668) in issue during the period.

For the six months ended 30 June 2022, the calculation of the diluted earnings per share amounts is based on the 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 earnings per share calculation of 3,182,918,363 (2021: 3,179,691,668) 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 1,233,075 (2021: 2,669,074).

The calculations of the basic and diluted earnings per share amounts are based on:

	Six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Earnings		
Profit attributable to owners of the Company	435,000	2,752,572

	Number of shares Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in basic earnings per share calculation	3,182,918,363	3,179,691,668
Effect of dilution – share options	—	33,522
Effect of dilution – awarded shares	1,233,075	2,635,552
Weighted average number of ordinary shares used in diluted earnings per share calculation	3,184,151,438	3,182,360,742

10. Property, Plant and Equipment

During the six months ended 30 June 2022, the Group had additions of property, plant and equipment at a total cost of approximately RMB528,323,000 (2021: approximately RMB915,884,000).

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:

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within 3 months	115,425	793,464
7 to 12 months	96,897	355,777
Over 1 year	319,665	219,523
	531,987	1,368,764

12. Cash and Bank Balances

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Cash and bank balances	22,197,235	29,447,488
Less: Restricted cash	(17,073,392)	(21,732,098)
Cash and cash equivalents	5,123,843	7,715,390

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:

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Within one year	13,580,656	13,348,056

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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Current		
Bank and other loans (note (c))		
– secured	3,940,435	1,401,416
– unsecured	321,000	115,576
– denominated in HK\$, secured	650,058	620,844
– denominated in US\$, secured	929,694	1,313,123
– denominated in US\$, unsecured	–	633,692
Current portion of long-term bank loans (note (c))		
– secured	5,684,326	2,469,728
– unsecured	788,080	994,844
– denominated in HK\$, secured	79,154	–
– denominated in US\$, secured	68,859	31,935
Senior notes – denominated in US\$, secured (note (a))	6,260,489	7,550,725
Domestic corporate bonds – unsecured (note (b))	3,884,134	5,201,970
	22,606,229	20,333,853
Non-current		
Bank and other loans (note (c))		
– secured	28,299,520	29,408,064
– unsecured	1,502,392	2,175,640
– denominated in HK\$, secured	1,710,979	1,708,630
– denominated in US\$, secured	979,279	983,598
Senior notes – denominated in US\$, secured (note (a))	20,838,601	19,904,379
Domestic corporate bonds – unsecured (note (b))	928,359	2,204,265
	54,259,130	56,384,576
	76,865,359	76,718,429

- (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 RMB48,517,222,000 as at 30 June 2022 (31 December 2021: approximately RMB41,253,392,000).
- (ii) As at 30 June 2022 and 31 December 2021, 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 2022 and 31 December 2021, 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 2022 and 31 December 2021. All of the Group's bank loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB9,332,948,000 (31 December 2021: approximately RMB9,727,124,000), which were charged at fixed interest rate as at 30 June 2022. The Group's senior notes and domestic corporate bonds were charged at fixed interest rates as at 30 June 2022 and 31 December 2021.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes:

- (a) 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.

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 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 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 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes: (Continued)

(a) (Continued)

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 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 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 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 7.4% 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 7.4% 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) (Continued)

On 13 November 2020, the Company issued 6.3% 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% 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.

(b) (i) On 17 December 2015, Guangzhou Hejing Holdings Group Limited ("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, of which the first type has a term of six years and bears a coupon rate at 4.94% 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 or 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 1 Bonds"), and 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes: (Continued)

- (b) (ii) On 28 March 2016, Guangzhou Tianjian Real Estate Development Limited ("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 types, of which 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"), and the second type has a term of ten years and bears a coupon rate at 4.80% per annum which was adjusted to 6.6% per annum with the issuer's option to adjust the coupon rate after the end of the fifth year, the seventh year or the ninth 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").

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.

- (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, of which 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"), and the second type has a term of seven years and bears a coupon rate at 5.7% per annum which was adjusted to 6.5% per annum with the issuer's option to adjust the coupon rate after the end of the fourth and a half year or the fifth 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 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 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 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 amount of principal redeemed 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 amount of principal redeemed 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes: (Continued)

- (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 5.6% 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) (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.

- (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.

- (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.

- (c) The bank loans carry interests at prevailing market rates ranging from 1.7% to 8.75% per annum as at 30 June 2022 (31 December 2021: 0.85% to 8.5% 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 2022, the Group repurchased, redeemed and sold the Bonds with the aggregate principal amounts of approximately RMB2,453,139,000, RMB555,000,000 and RMB960,000,000, respectively.

15. Share Capital

	30 June 2022		As at	
	No. of shares (Unaudited)	RMB'000 (Unaudited)	31 December 2021 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	3,183,506,445	304,721	3,183,007,713	304,680

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15. Share Capital (Continued)

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 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

	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 2021	3,180,505,853	304,474	(1,723)	—	302,751
Cancellation of shares	(174,000)	(15)	1,514	(1,499)	—
Vested awarded shares transferred to employees	—	—	202	22,702	22,904
Share option exercised	191,000	16	—	2,173	2,189
At 30 June 2021	3,180,522,853	304,475	(7)	23,376	327,844

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")[#] 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.

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16. Business Combination (Continued)

(i) (Continued)

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

	Fair value recognised on acquisition 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)
Total identifiable net assets at fair value	537,169
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
Net outflow of cash and cash equivalents included in cash flows from investing activities	(3,480)

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.

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")[#] 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:

	Fair value recognised on acquisition 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)
Total identifiable net assets at fair value	195,654
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 2022, 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 RMB18,861,886,000 (31 December 2021: approximately RMB21,016,362,000). 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 2022 and 31 December 2021 for the guarantees.

(ii) As at 30 June 2022, the Group had provided guarantees in respect of certain bank loans of approximately RMB17,809,174,000 (31 December 2021: approximately RMB20,227,307,000) for its joint ventures and associates.

(iii) As at 30 June 2022, certain bank acceptance bills issued by third parties were guaranteed by the Group to the extent of RMB5,150,000,000 (31 December 2021: approximately RMB6,450,000,000).

(iv) As at 30 June 2022, the domestic corporate bonds issued by certain subsidiaries of approximately RMB4,045,547,000 (31 December 2021: approximately RMB5,799,094,000) 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:

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Property, plant and equipment	628,232	561,903
Properties being developed by the Group for sale	6,412,275	6,829,344
Investment properties	252,399	294,859
	7,292,906	7,686,106

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

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted, but not provided for	2,649,460	3,138,267

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short term employee benefits	7,926	15,873
Post-employment benefits	299	299
Share based compensation expenses	587	1,524
Total compensation paid to key management personnel	8,812	17,696

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19. Related Party Transactions (Continued)

(ii) Outstanding balances with related parties:

	As at	
	30 June	31 December
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Included in interests in joint ventures:		
Advances to joint ventures	18,834,971	22,524,868
Included in interests in associates:		
Advances to associates	692,036	739,271
Included in prepayments, other receivables and other assets:		
Due from KWG Living	197,570	188,886
Included in trade and bills payables:		
Due to subsidiaries of KWG Living	501,971	326,594
Included in current assets:		
Due from a joint venture	22,525	22,525
Included in current liabilities:		
Due to associates	3,601,632	3,585,519
Due to joint ventures	16,784,832	21,692,348

As at 30 June 2022, except for certain advances to joint ventures with an aggregate amount of approximately RMB2,146,945,000 (31 December 2021: approximately RMB2,349,895,000), which are interest-bearing at rates ranging from 6.0% to 16.0% (31 December 2021: 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 2022, except for certain advances to associates with an aggregate amounts of approximately RMB6,016,000 (31 December 2021: approximately RMB28,516,000), which are interest-bearing at rates ranging 6.0% (31 December 2021: 4.4% to 9.0%) per annum, the advances to associates as shown above are unsecured, interest-free and not repayable within 12 months.

As at 30 June 2022 and 31 December 2021, 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 2022, 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 RMB15,270,000 (2021: approximately RMB17,872,000), 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 of Hong Kong Limited 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 2022.

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Rental income from KWG Living Group		
Property Lease:		
Properties	2,178	688
Car parking lots	2,392	4,852
	4,570	5,540
Information technology income	1,000	1,000
Service fees to KWG Living Group		
Residential Property Management Services:		
Residential pre-sale management services	89,329	110,489
Residential property management services	55,500	46,600
	144,829	157,089
Property Agency Services	63,850	225,325
Commercial Property Management Services:		
Commercial pre-sale management services	6,083	5,513
Commercial property management services	65,066	64,013
	71,149	69,526
Commercial Operational and Value-added Services:		
Commercial operational services	57,335	47,893
Commercial value-added services	7,852	5,979
	65,187	53,872
Publicity Planning Service	16,174	—
Marketing Channel Management Service	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 2022, the Group provided project management services to certain joint ventures and associates of the Group for a total cash consideration of approximately RMB124,720,000 (2021: approximately RMB447,071,000), 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 2022, the Group provided advances to certain joint ventures and associates at the interest rates ranging from 6.0% to 16.0% (2021: 4.4% to 12.0%) per annum. The interest income of approximately RMB49,903,000 (2021: approximately RMB128,394,000) 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:

	Carrying amounts As at 30 June 2022 RMB'000 (Unaudited)	Fair values As at 30 June 2022 RMB'000 (Unaudited)	Carrying amounts As at 31 December 2021 RMB'000 (Audited)	Fair values As at 31 December 2021 RMB'000 (Audited)
Financial liabilities				
Interest-bearing bank and other borrowings	76,865,359	53,474,620	76,718,429	70,096,237

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:

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

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 2022 was assessed to be insignificant.

The Group did not have any financial assets and financial liabilities measured at fair value as at 30 June 2022 and 31 December 2021.

During the six months ended 30 June 2022 and the year ended 31 December 2021, 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 2022

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) 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	—	53,474,620	—	53,474,620

As at 31 December 2021

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Interest-bearing bank and other borrowings	—	70,096,237	—	70,096,237

21. Subsequent Events

On 27 July 2022, the Company disposed of 50% equity interest in a joint venture and the shareholder's loan advanced to this joint venture at a cash consideration of HKD1,300,000,000.

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 2022.