

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



**KWG GROUP HOLDINGS LIMITED**

**合景泰富集團控股有限公司**

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

**(Stock Code: 1813)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board of directors (the “**Board**” or the “**Directors**”) of KWG Group Holdings Limited (the “**Company**”) announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022. The annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	2022 RMB'000	2021 RMB'000
<b>REVENUE</b>	6	<b>13,452,639</b>	23,844,720
Cost of sales		<u>(15,548,424)</u>	<u>(18,799,204)</u>
Gross (loss)/profit		<b>(2,095,785)</b>	5,045,516
Other income and gains, net	6	<b>617,271</b>	1,787,868
Selling and marketing expenses		<b>(1,406,997)</b>	(1,807,998)
Administrative expenses		<b>(1,666,510)</b>	(1,839,467)
Other operating expenses, net		<b>(1,084,132)</b>	(405,443)
Fair value losses on investment properties, net		<b>(1,064,022)</b>	(662,246)
Finance costs	7	<b>(128,850)</b>	(303,033)
Share of profits and losses of:			
Associates		<b>104,882</b>	100,503
Joint ventures		<b>(3,973,126)</b>	<u>2,165,366</u>
<b>(LOSS)/PROFIT BEFORE TAX</b>	8	<b>(10,697,269)</b>	4,081,066
Income tax credits/(expenses)	9	<b>855,008</b>	<u>(1,518,128)</u>
<b>(LOSS)/PROFIT FOR THE YEAR</b>		<b><u>(9,842,261)</u></b>	<u>2,562,938</u>
Attributable to:			
Owners of the Company		<b>(9,240,619)</b>	2,421,351
Non-controlling interests		<b>(601,642)</b>	<u>141,587</u>
		<b><u>(9,842,261)</u></b>	<u>2,562,938</u>
<b>(LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>	11		
<b>Basic</b>		<b><u>RMB(289) cents</u></b>	<u>RMB76 cents</u>
<b>Diluted</b>		<b><u>RMB(289) cents</u></b>	<u>RMB76 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>(LOSS)/PROFIT FOR THE YEAR</b>	<b><u>(9,842,261)</u></b>	<b><u>2,562,938</u></b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	<b>(1,553,187)</b>	557,457
Share of exchange differences on translation of joint ventures	<b><u>(898,992)</u></b>	<u>563,776</u>
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	<b>(2,452,179)</b>	1,121,233
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	<b><u>(1,316,580)</u></b>	<u>377,334</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<b><u>(1,316,580)</u></b>	<u>377,334</u>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>	<b><u>(3,768,759)</u></b>	<b><u>1,498,567</u></b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>	<b><u>(13,611,020)</u></b>	<b><u>4,061,505</u></b>
Attributable to:		
Owners of the Company	<b>(13,009,378)</b>	3,919,918
Non-controlling interests	<b><u>(601,642)</u></b>	<u>141,587</u>
	<b><u>(13,611,020)</u></b>	<b><u>4,061,505</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Notes</i>	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	9,721,419	9,173,322
Investment properties		28,618,674	29,954,477
Land use rights		3,762,850	4,054,109
Interests in associates		9,772,013	13,699,293
Interests in joint ventures		35,717,694	48,563,454
Deferred tax assets		3,537,738	3,093,513
Total non-current assets		<u>91,130,388</u>	<u>108,538,168</u>
<b>CURRENT ASSETS</b>			
Properties under development		62,607,658	60,242,088
Completed properties held for sale		15,696,914	15,938,413
Trade receivables	13	491,382	1,368,764
Prepayments, other receivables and other assets		18,269,059	15,628,725
Due from a joint venture		22,532	22,525
Tax recoverables		1,328,260	1,062,880
Cash and bank balances		10,337,890	29,447,488
Total current assets		<u>108,753,695</u>	<u>123,710,883</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	15,540,743	13,348,056
Lease liabilities		144,326	215,163
Other payables and accruals		38,499,237	39,924,767
Due to joint ventures		9,996,546	21,692,348
Due to associates		3,328,395	3,585,519
Interest-bearing bank and other borrowings		22,245,015	20,333,853
Tax payables		13,509,750	13,066,634
Total current liabilities		<u>103,264,012</u>	<u>112,166,340</u>
<b>NET CURRENT ASSETS</b>		<u>5,489,683</u>	<u>11,544,543</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>96,620,071</u>	<u>120,082,711</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		751,415	1,221,935
Interest-bearing bank and other borrowings		53,145,577	56,384,576
Deferred tax liabilities		2,521,742	2,772,225
Deferred revenue		2,042	2,042
Total non-current liabilities		<u>56,420,776</u>	<u>60,380,778</u>
<b>NET ASSETS</b>		<u>40,199,295</u>	<u>59,701,933</u>

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	325,735	304,680
Treasury shares	(8)	(3,038)
Reserves	<u>31,174,049</u>	<u>44,018,894</u>
	<b>31,499,776</b>	44,320,536
<b>Non-controlling interests</b>	<u>8,699,519</u>	<u>15,381,397</u>
	<b>40,199,295</b>	59,701,933
<b>TOTAL EQUITY</b>	<b><u>40,199,295</u></b>	<b><u>59,701,933</u></b>

Notes:

## 1. CORPORATE AND GROUP INFORMATION

The Company was 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 year, the Group was involved in the following principal activities from continuing operations:

- 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.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the dates on which the Group obtains control, and continue to be consolidated until the dates that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The Company has set up a trust (the “Trust”) for the purpose of purchasing, administering and holding the Company’s shares for the share award scheme adopted on 19 January 2018. The Group has the power to govern the financial and operating policies of the Trust and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trust are included in the consolidated statement of financial position and the shares held by the Trust are presented as a deduction in equity as shares held for the share award scheme.

### **Going concern basis**

The Group recorded a net loss of approximately RMB9,842.3 million for the year ended 31 December 2022. Besides, as of 31 December 2022, the Group recorded a net current assets of approximately RMB5,489.7 million, and the Group’s current portion of interest-bearing bank and other borrowings amounted to approximately RMB22,245.0 million, while its cash and bank balances amounted to approximately RMB10,337.9 million and cash and cash equivalents amounted to approximately RMB3,356.1 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.

The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (i) The Group is actively negotiating with several existing financial institutions on the renewal of certain borrowings. The Group has also looked into various fund raising opportunities in the capital markets. In December 2022, net proceeds of approximately HK\$467 million had been

raised from placement of new shares of the Company. Besides, in January 2023, the Group had issued medium-term note with a principal amount of RMB700 million which is fully guaranteed by China Bond Insurance Co., Ltd.\* (中債信用增進投資股份有限公司).

- (ii) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group is also negotiating with various interested parties on the disposal of en-bloc commercial properties and non-core property projects to further improve the cash position of the Group.
- (iii) 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 31 December 2022. They are of the opinion that, taking into account the above mentioned plans and measures, 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 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

- (i) the successful obtaining of additional new sources of financing as and when needed; 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 control 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, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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 these consolidated financial statements.

\* For identification purpose only



#### 4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendments)	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
HKAS 1 (Amendments)	<i>Non-current Liabilities with Covenants</i>	1 January 2024
HKAS 8 (Amendments)	<i>Definition of Accounting Estimates</i>	1 January 2023
HKAS 12 (Amendments)	<i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	<i>Disclosure of Accounting Policies</i>	1 January 2023
HKFRS 16 (Amendments)	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
HKFRS 17	<i>Insurance Contracts</i>	1 January 2023
HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9-Comparative Information</i>	1 January 2023
HKFRS 17 (Amendments)	<i>Amendments to HKFRS 17</i>	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

## 5. OPERATING SEGMENT INFORMATION

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

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

The property development projects undertaken by the Group during the year 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 external customers is derived solely from its operations in Mainland China.

During 2022 and 2021, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

*Year ended 31 December 2022*

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>				
Sales to external customers	<u>11,908,012</u>	<u>944,394</u>	<u>600,233</u>	<u>13,452,639</u>
<b>Segment results</b>	(9,367,224)	(451,217)	125,971	(9,692,470)
<i>Reconciliation:</i>				
Interest income and unallocated income				617,271
Unallocated expenses				(1,493,220)
Finance costs				<u>(128,850)</u>
Loss before tax				(10,697,269)
Income tax credit				<u>855,008</u>
Loss for the year				<u>(9,842,261)</u>
<b>Other segment information:</b>				
Depreciation and amortisation	(134,988)	(24,956)	(224,536)	(384,480)
Fair value losses on investment properties, net	—	(1,064,022)	—	(1,064,022)
Share of profits and losses of:				
Associates	104,882	—	—	104,882
Joint ventures	<u>(3,973,126)</u>	<u>—</u>	<u>—</u>	<u>(3,973,126)</u>

**Year ended 31 December 2021**

	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	<u>22,191,746</u>	<u>957,391</u>	<u>695,583</u>	<u>23,844,720</u>
Segment results	4,255,245	78,435	136,672	4,470,352
<i>Reconciliation:</i>				
Interest income and unallocated income				1,787,868
Unallocated expenses				(1,874,121)
Finance costs				<u>(303,033)</u>
Profit before tax				4,081,066
Income tax expenses				<u>(1,518,128)</u>
Profit for the year				<u>2,562,938</u>
Other segment information:				
Depreciation and amortisation	(125,757)	(11,230)	(228,657)	(365,644)
Fair value losses on investment properties, net	—	(662,246)	—	(662,246)
Share of profits and losses of:				
Associates	100,503	—	—	100,503
Joint ventures	<u>2,165,366</u>	<u>—</u>	<u>—</u>	<u>2,165,366</u>

## 6. REVENUE, OTHER INCOME AND GAINS, NET

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue:</b>		
Revenue from contracts with customers		
Sale of properties	11,908,012	22,191,746
Hotel operation income	600,233	695,583
Revenue from other sources		
Gross rental income	944,394	957,391
	<u>13,452,639</u>	<u>23,844,720</u>
<b>Other income and gains, net:</b>		
Interest income	515,938	891,148
Others	101,333	896,720
	<u>617,271</u>	<u>1,787,868</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2022:

	Property development <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Type of revenue recognition:</i>			
Sale of properties	11,908,012	—	11,908,012
Provision of services	—	600,233	600,233
	<u>11,908,012</u>	<u>600,233</u>	<u>12,508,245</u>
Total revenue from contracts with customers			
	<u>11,908,012</u>	<u>600,233</u>	<u>12,508,245</u>
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	10,077,743	—	10,077,743
Recognised over time	1,830,269	600,233	2,430,502
	<u>11,908,012</u>	<u>600,233</u>	<u>12,508,245</u>
Total revenue from contracts with customers			
	<u>11,908,012</u>	<u>600,233</u>	<u>12,508,245</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2021:

	Property development <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Type of revenue recognition:</i>			
Sale of properties	22,191,746	—	22,191,746
Provision of services	—	695,583	695,583
	<u>22,191,746</u>	<u>695,583</u>	<u>22,887,329</u>
Total revenue from contracts with customers	<u>22,191,746</u>	<u>695,583</u>	<u>22,887,329</u>
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	18,173,197	—	18,173,197
Recognised over time	4,018,549	695,583	4,714,132
	<u>4,018,549</u>	<u>695,583</u>	<u>4,714,132</u>
Total revenue from contracts with customers	<u>22,191,746</u>	<u>695,583</u>	<u>22,887,329</u>

## 7. FINANCE COSTS

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other borrowings	5,152,881	5,026,978
Interest on lease liabilities	59,583	91,437
Less: Interest capitalised	<u>(5,083,614)</u>	<u>(4,815,382)</u>
	<u>128,850</u>	<u>303,033</u>

## 8. (LOSS)/PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of properties sold	15,092,298	18,349,188
Less: Government grant released	—	(363)
	<u>15,092,298</u>	<u>18,348,825</u>
Cost of services provided	456,126	450,379
Depreciation	352,954	333,400
Amortisation of land use rights	103,806	78,716
Less: Amount capitalised in assets under construction	(72,280)	(46,472)
	<u>31,526</u>	<u>32,244</u>
Employee benefit expenses* (excluding directors' and chief executive's remuneration):		
Wages and salaries	952,149	1,334,618
Share-based compensation expenses	2,763	8,105
Pension scheme contributions (defined benefit plans)	55,029	71,243
	<u>1,009,941</u>	<u>1,413,966</u>
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development	<u>(281,613)</u>	<u>(542,145)</u>
	<u>728,328</u>	<u>871,821</u>
Foreign exchange (gains)/losses, net	(335,562)	40,504
(Gain)/loss on disposal of property, plant and equipment**	(201)	9,215
Direct operating expenses (including repairs and maintenance arising on rent-earning investment properties)	123,654	49,234
Impairment losses recognised for properties under development and completed properties held for sale***	<u>1,084,132</u>	<u>405,443</u>

\* Employee benefit expenses are included in "Selling and marketing expenses" and "Administrative expenses" in the consolidated statements of profit or loss.

\*\* The item is included in "Other income and gains, net" and "Administrative expenses" in the consolidated statement of profit or loss.

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

## 9. INCOME TAX CREDITS/(EXPENSES)

### 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 years ended 31 December 2022 and 2021.

### PRC CIT

PRC CIT in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2022 and 2021, based on existing legislation, interpretations and practices in respect thereof.

### PRC LAT

PRC LAT is 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.

## 10. DIVIDENDS

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Proposed final dividend — Nil (2021: Nil)	—	—
Interim dividend declared — Nil (2021: RMB37 cents per ordinary share)	—	1,177,713
	<u>—</u>	<u>1,177,713</u>
	<u>—</u>	<u>1,177,713</u>

On 27 August 2021, the Board declared the payment of the 2021 interim dividend of RMB37 cents per share, totalling approximately RMB1,177,713,000. The interim dividend for the year is made out of the reserves of the Company.

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2022 (2021: Nil).



## 11. (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic (losses)/earnings per share amount is based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,195,104,109 (2021: 3,181,075,719) in issue during the year.

For the year ended 31 December 2022, the calculation of the diluted (losses)/earnings per share amount was based on the (loss)/profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic (losses)/earnings per share calculation of 3,195,104,109 (31 December 2021: 3,181,075,719) 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 875,352 (31 December 2021: 2,175,921).

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

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
<b>Earnings</b>		
(Loss)/profit attributable to owners of the Company	<u><b>(9,240,619)</b></u>	<u>2,421,351</u>
	<b>Number of shares</b>	
	<b>2022</b>	2021
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in basic (losses)/earnings per share calculation	<b>3,195,104,109</b>	3,181,075,719
Effect of dilution — awarded shares	<u><b>875,352</b></u>	<u>2,175,921</u>
Weighted average number of ordinary shares during the year used in diluted (losses)/earnings per share calculation	<u><b>3,195,979,461</b></u>	<u>3,183,251,640</u>

## 12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2022, the Group had additions of property, plant and equipment at a total cost of approximately RMB1,057,703,000 (2021: approximately RMB1,835,014,000).

### 13. 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, whilst the Group's trading terms with its customers in relation to the provision of rental and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 12 months for major customers. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Within 3 months	260,735	793,464
7 to 12 months	2,667	355,777
Over 1 year	<u>227,980</u>	<u>219,523</u>
	<u><b>491,382</b></u>	<u>1,368,764</u>

### 14. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2022</b> <b>RMB'000</b>	2021 <i>RMB'000</i>
Within one year	<u><b>15,540,743</b></u>	<u>13,348,056</u>

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

## 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 RMB13,452.6 million in 2022, representing a decrease of 43.6% from approximately RMB23,844.7 million in 2021. The decrease is mainly attributable to the continued and prolonged COVID-19 pandemic, resulting in delays in construction progress and hence the properties delivery schedule. Lockdowns in various cities in the PRC in response to the pandemic also have a negative impact on the Group's revenue from property investment and hotel operation. The real estate market has also worsened during the year, resulting in weakened property buyers confidence.

In 2022, the revenue generated from property development, property investment and hotel operation were approximately RMB11,908.0 million, RMB944.4 million and RMB600.2 million, respectively.

Proportionate revenue amounted to approximately RMB22,462.0 million in 2022, representing a decrease of 49.3% from approximately RMB44,282.9 million in 2021.

#### *Property development*

Revenue generated from property development decreased by 46.3% to approximately RMB11,908.0 million in 2022 from approximately RMB22,191.7 million in 2021, primarily due to a decrease in the total gross floor area (“GFA”) delivered to 806,218 sq.m. in 2022 from 1,598,546 sq.m. in 2021.

The average selling price (“ASP”) increased from RMB13,882 per sq.m. in 2021 to RMB14,770 per sq.m. in 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 51.2% to approximately RMB20,580.2 million in 2022 from approximately RMB42,180.8 million in 2021, primarily due to a decrease in the total GFA delivered to 1,348,216 sq.m. in 2022 from 2,671,164 sq.m. in 2021.

### *Property investment*

Revenue generated from property investment slightly decreased by 1.4% to approximately RMB944.4 million in 2022 from approximately RMB957.4 million in 2021.

### *Hotel operation*

Revenue generated from hotel operation decreased by 13.7% to approximately RMB600.2 million in 2022 from approximately RMB695.6 million in 2021, primarily due to the decreased occupancy rate resulting from the tightening control of the COVID-19 pandemic.

### ***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 cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales decreased by 17.3% to approximately RMB15,548.4 million in 2022 from approximately RMB18,799.2 million in 2021, mainly due to the decrease in total GFA delivered in sale of properties.

Land cost per sq.m. increased from RMB5,321 in 2021 to RMB7,625 in 2022.

Construction cost per sq.m. increased from RMB4,322 in 2021 to RMB7,338 in 2022, due to the change in delivery portfolio with different city mix compared with that in 2021.

### ***Gross Loss***

Gross loss of the Group was approximately RMB2,095.8 million in 2022, whereas gross profit of approximately RMB5,045.5 million was recorded in 2021. The Group has taken certain actions to improve the sales, including the implementation of price reduction for certain projects. Also, certain properties with low or negative profit margins, including carparking spaces and public rental housing properties, were delivered during the year, leading to the gross loss recorded during the year.

Proportionate core gross loss of the Group was approximately RMB3,869.7 million in 2022, whereas a proportionate core gross profit of approximately RMB10,325.9 million was recorded in 2021.

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

Other income and gains decreased by 65.5% to approximately RMB617.3 million in 2022 from approximately RMB1,787.9 million in 2021. The decrease was mainly attributable to the decrease in the cash and cash equivalents balance during the year, resulting in the decrease in interest income from approximately RMB891.1 million in 2021 to approximately RMB515.9 million in 2022.

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

Selling and marketing expenses of the Group decreased by 22.2% to approximately RMB1,407.0 million in 2022 from approximately RMB1,808.0 million in 2021. This was mainly attributable to the decrease in contracted sales and properties delivered during the year as a result of the COVID-19 pandemic, resulting in a decrease in sales commission and advertising and promotional expenses.

### ***Administrative Expenses***

Administrative expenses of the Group decreased by 9.4% to approximately RMB1,666.5 million in 2022 from approximately RMB1,839.5 million in 2021, mainly due to the decrease in staff costs. The Group reduced the number of employees during the year as one of the cost reduction measures.

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

The Group reported fair value losses on investment properties of approximately RMB1,064.0 million for 2022 (2021: approximately RMB662.2 million). In response to the worsening of the PRC property market, a more prudent approach has been adopted during the revaluation process to reflect the current market condition, resulting in a more significant revaluation losses during the year.

### ***Finance Costs***

Finance costs of the Group being approximately RMB128.9 million in 2022 (2021: approximately RMB303.0 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, thus they have not been capitalised.

### ***Share of profits and losses of joint ventures***

The Group recorded a share of losses of joint ventures of approximately RMB3,973.1 million in 2022 (2021: share of profits of approximately RMB2,165.4 million).

This is mainly attributable to impairment losses made on properties under development and completed properties held for sale of approximately RMB1,914.9 million, fair value losses on investment properties of approximately RMB645.7 million and write-off of deferred tax assets of approximately RMB244.4 million.

### ***Income tax credits/(expenses)***

The Group recorded income tax credits of approximately RMB855.0 million in 2022, whereas an income tax expenses of approximately RMB1,518.1 million was recorded in 2021. This is primarily due to the Group recorded a loss before tax as a result of the decrease in revenue in 2022. Besides, the Group had written back the deferred tax liabilities related to the revaluation of properties.

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

The Group reported loss for the year of approximately RMB9,842.3 million in 2022 (2021: profit of approximately RMB2,562.9 million), as a result of the above-mentioned factors.

### ***Interest in associates***

The decrease in the interest in associates as at 31 December 2022 was mainly attributable to the disposal of various associates during the year.

### ***Interest in joint ventures***

The decrease in the interest in joint ventures as at 31 December 2022 was mainly attributable to the disposal of various joint ventures during the year, including the joint venture projects of Upper River Bank located in Kai Tak, Hong Kong and the Chengdu Sky Ville located in Chengdu, the PRC, and the share of losses of joint ventures recorded during the year.

### ***Prepayments, other receivables and other assets***

Increase in the balance of prepayments, other receivables and other assets as at 31 December 2022 is mainly attributable to the increase in prepayments of contract cost and other taxes, and the increase in deposits paid for the Group's urban redevelopment projects.

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

### ***Cash Position***

As at 31 December 2022, the carrying amounts of the Group's cash and bank balances were approximately RMB10,337.9 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 certain amounts 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 31 December 2022, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB46,057.3 million, RMB27,212.3 million and RMB2,121.0 million respectively. Amongst the bank and other loans, approximately RMB16,886.1 million will be repayable within 1 year, approximately RMB19,289.7 million will be repayable between 2 and 5 years and approximately RMB9,881.5 million will be repayable over 5 years. Amongst the senior notes, approximately RMB3,237.9 million will be repayable within 1 year and approximately RMB23,974.4 million will be repayable between 2 and 5 years. All of the domestic corporate bonds will be repayable within 1 year.

As at 31 December 2022, the Group's bank and other loans of approximately RMB42,758.1 million were secured by buildings, land use rights, investment properties, properties under development, and completed properties held for sale with total carrying value of approximately RMB55,708.4 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB3,056.8 million as at 31 December 2022 which were denominated in Hong Kong dollar of approximately RMB1,779.4 million and denominated in U.S. dollar of approximately RMB1,277.4 million 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 RMB10,301.5 million which were charged at fixed interest rates as at 31 December 2022. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2022. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2022.

## ***Gearing Ratio***

The gearing ratio is measured by the net borrowings (total borrowings net of cash and bank balances) over the total equity. As at 31 December 2022, the gearing ratio was 161.8% (31 December 2021: 79.2%).

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

The Group mainly operates in Mainland China, so most of its revenues and expenses are measured in RMB. In addition, except for the above mentioned, the Company's domestic corporate bonds were denominated 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 the 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.

During 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 operation of the Group.

## ***Contingent Liabilities***

- (i) As at 31 December 2022, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB15,499.0 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 provision has been made in the financial statements as at 31 December 2022 and 2021 for the guarantees.

- (ii) As at 31 December 2022 and 2021, the Group had provided guarantees in respect of 1) certain bank loans for joint ventures and associates, and 2) certain bank acceptance bills for third parties.



## Market Review

In 2022, due to the impact of the pandemic, geopolitical conflicts, international trade frictions and other factors, the global economic growth slowed down, and China's economy showed strong resilience. With the eased epidemic control measures, the prevention and control of the COVID-19 pandemic has achieved a major decisive victory. China has set the target of 5% for its GDP growth in 2023, and believes that its economy will attain steady growth.

In 2022, the real estate control policy will still adhere to the general tone of "housing properties are for living in, and not for speculation", "city-specific policies" as well as ensuring stable land prices, housing prices and expectations. The central government and various ministries and commissions released positive signals one after another, and local governments implemented city-specific policies in all aspects. According to the monitoring results of China Index Academy, more than a thousand real estate control policies were introduced in over 300 provinces and cities (counties) in 2022, reaching the peak in recent years in terms of intensity and frequency of policy control. The real estate policies have entered a stage of substantial relaxation, and such policy control in so many cities with high frequency has hit a record high for the same period in history, and the policy environment of the industry has entered the cycle of relaxation.

Due to the increasing downward pressure on the macro-economy, the expected weakened residents' income and unstable market expectations, coupled with the fact that the real estate industry is still undergoing adjustment, the wait-and-see sentiment in the market remains strong in general, and it still takes time for the home buyers to restore their confidence gradually.

In 2022, the national investment in real estate development amounted to RMB13,289.5 billion, representing a year-on-year decrease of 10.0%; the sales area of commodity properties was 1,358.37 million sq.m., representing a year-on-year decrease of 24.3%; and the sales amount of commodity properties amounted to RMB13,330.8 billion, representing a decrease of 26.7%. In 2022, the funds received by real estate developers amounted to RMB14,897.9 billion, representing a year-on-year decrease of 25.9%. Based on the overall data, real estate enterprises are facing unprecedented challenges and pressures.

At several important meetings, the central government reiterated that "the real estate industry is a pillar industry of the national economy". The stability of the real estate market has a significant impact on economic growth, employment, tax income, residents' wealth and financial stability. The market recovery has played a positive role in driving the steady growth of consumption and investment. The Government Work Report for this year proposed that "as there are many hidden risks in the real estate market, those risks of high-quality leading real estate enterprises shall be prevented and resolved in an effective manner, asset and liability position shall be improved, and disorderly expansion shall be prevented, so as to promote the steady development of the real estate industry. More efforts shall be paid to the establishment of a housing

security system to support the basic and upgrading housing living demand, so as to solve the housing problems for new citizens and young people”. The relevant statements reflect the State’s stable and constant attitude towards real estate policies.

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

## **Business Review**

At present, the industry is still undergoing in-depth adjustment. KWG Group has always adhered to its strategic direction of steady operation and diversified development.

In 2022, the Group’s gross pre-sales amounted to RMB50.86 billion, and the area pre-sold was 2,567,000 sq.m., with an average pre-selling price of RMB19,800 per sq.m.. Among the 128 projects for sale, in terms of contribution to pre-sales amount, 54% were from the Greater Bay Area and 22% were from the Yangtze River Delta Region; and in terms of city tiers, 90% were from first- and second-tier cities, and the Group continued its efforts in the in-depth development in high-tier cities.

During the reporting period, the Group launched key projects such as Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville, Canton Financial Center, Foshan Oriental Bund, Shenzhen Grand Oasis, Yancheng KWG Haya City and International Commercial Plaza in Jiaying, which were recognized by the market with their superior locations and excellent product capabilities.

Moreover, in 2022, the Group established a key account sales team to expand key customer resources to promote en-bloc sales, and intended to sell the commercial projects located in first-tier cities such as Guangzhou, Beijing and Shanghai. The Group will actively promote and realize en-bloc sales, which are expected to bring stable and considerable cash inflows and enhance the Group’s financial security.

After years of development, the Group has developed diversified and synergistic integrated operational strengths, and continued to drive the value enhancement of its brand, which has been recognized by authoritative institutions for many times. In 2022, the Group won the “2022 Greater Bay Area Influential Enterprise” awarded by Southern Metropolis Daily and the “2022 Diversified Business Operation Award” under the “List of New Economic Drivers” awarded by Jiemian. We were honored to receive the “Outstanding Contribution Award for Housing and Urban-Rural Development” from Guangzhou Housing and Urban-Rural Development Report Research Office. At the China Commercial Properties “Golden Coordinate” Award Ceremony of 17th China Commercial Property Festival held by Winshang.com, the Group, with its diversified business ecological layout, craftsmanship presented in commercial space aesthetics of

“Art Narration, Ecology and Lohas”, continuously enhanced operational capabilities and growth of commercial value, was awarded the “Golden Coordinate — Prominent Enterprises of the Year for Promoting Innovative Commercial Properties”.

As at 31 December 2022, the Group had a total of 174 projects located in 44 cities in Mainland China and Hong Kong, China, and owned attributable land bank of approximately 14.41 million sq.m. and a total GFA of approximately 19.67 million sq.m., representing an attributable ratio of approximately 73%. The Group deployed its resources for the in-depth development in high-tier cities with the focus on the core cities in the Greater Bay Area.

At present, ensuring liquidity and controlling cash flows are the top priorities for private real estate enterprises. In terms of regional deployment, the Group made efforts in the in-depth development in the Greater Bay Area and Yangtze River Delta Region, and key cities in the Bohai Rim region with Beijing and Tianjin as the center, and the core cities in Central and Western China with the focus on Chengdu, Chongqing and Nanning.

The Report to the 20th National Congress of the Communist Party of China proposed to implement urban renewal initiatives, strengthen urban infrastructure construction, and create a livable, resilient and smart city. This year, Guangzhou will focus on urban renewal projects and overcome all the difficulties. At the Guangzhou High-quality Development Conference held at the beginning of the year, the Municipal Housing and Urban-Rural Development Bureau clearly planned to promote 127 urban village redevelopment projects. KWG will follow the policy requirements, promote urban renewal projects in a steady and orderly manner, and continue its efforts in “organic” urban renewal. The Group has been deeply engaged in urban renewal in the Greater Bay Area to replenish abundant saleable resources in the future. At present, the Group has successfully won the tenders and secured the cooperation qualifications for four old village redevelopment projects, namely Jishan Village in Tianhe District, Guangzhou, Shixia Village in Zengcheng District, Guangzhou, Shuangsha Village in Huangpu District, Guangzhou and Nangang Village in Huangpu District, Guangzhou. On 28 October 2022, the “Shuangsha Old Village Redevelopment Implementation Plan (Area Planning)” was officially approved. The Group will continue to adhere to its mission of “Letting the city grow with vitality” with its passion for Shuangsha, and facilitate the transformation of Shuangsha community into the “Haisi International Innovation City” in Guangzhou. In the future, the Group will integrate its operational capabilities in diversified industries and continue to explore the model of cooperating with state-owned enterprises to give full play to the advantages of both parties, thereby promoting urban space upgrading, facilitating industrial upgrading, and helping villagers achieve a better life desired.

## **Investment Properties**

The Group has successfully established its business presence in the core areas and new economic zones of first- and second-tier cities in the Greater Bay Area, Yangtze River Delta, Bohai Rim, Chengdu, Chongqing and Nanning. The Group has 45 investment projects that have commenced operation, including 11 shopping malls, 10 office buildings and 24 hotels.

### ***(1) Shopping malls***

Through diversified product layout and in-depth cooperation with KWG Living Group Holdings Limited (“**KWG Living**”), the Group has deployed its resources for 11 shopping malls in six core first- and second-tier cities, namely Beijing, Shanghai, Guangzhou, Chengdu, Suzhou and Foshan. While inheriting the local cultural heritage of the city, the Group has accurately positioned every commercial complex, leveraged refined operational capabilities and high-quality brand portfolio, and successfully developed the product lines of three major shopping malls, namely the “U Fun” shopping malls, which create a fashionable, healthy and refined “Lohas” lifestyle covering all commercial aspects, the “M • Cube” shopping malls, which dedicatedly provide modern and fashionable consumer experience and a personalized lifestyle for young and trendy people, and the “Ufun Walk” shopping malls, which focus on creating a dynamic, leisure, convenient and vital consumer experience for community businesses based on the needs of the communities and families, so as to meet the needs of different customer groups for leisure and entertainment. This year, KWG’s commercial property division won numerous awards, including the “High-growth Commercial Real Estate Enterprise of the Year” granted by Linkshop.com, the “TOP 30 China Real Estate Business Management Enterprises by Comprehensive Strength” granted by CRIC, and the “2022 Innovative Commercial Real Estate Enterprise” and “2022 TOP 30 Retail Commercial Real Estate Enterprises by Comprehensive Strength” granted by Winshang.com.

In April 2022, the first “U Fun” in South China, namely Guangzhou Knowledge City U Fun Shopping Mall, commenced commercial operation. Being the first “U Fun” in South China, the project has created a dynamic space for the city with a more inclusive and open attitude, and become a new commercial landmark in the eastern part of Guangzhou. Guangzhou Knowledge City U Fun recorded a cumulative customer flow of 310,000 customers within 6 days after its opening, with over 70% of the stores were the first stores of respective brands. The mall won the Platinum Award of TITAN Property Awards and the Bronze Prize in Professional Category of “Bauhaus” Prizes, reflecting the fact that it was well recognized by the market.

In 2022, the resurgence of the pandemic brought new challenges to the operation of the Group's shopping malls. KWG's commercial property division developed its core operational capabilities through multi-dimensional advancement. The Group strived for new development through refreshing the brands of its shopping malls and win-win cooperation with its partners. By anticipating consumption trends and refining its project business portfolios, the Group created a highly recognizable "KWG Sample" through introducing innovative business brand portfolios such as the "First Stores", "Internet Celebrity Stores", "Featured Stores" and benchmark brand stores with its strong investment attraction capabilities and brand attraction capabilities, so as to inject new vitality into its offline business development and the regions and cities where the projects are located. We fully utilized the anniversary celebration period of our three major shopping malls, during which, we carried out diversified marketing activities through innovative initiatives such as organizing nation-wide activities, creating original IP and realizing cross-industry cooperation, and gathered commercial popularity through holding the "Ideal Green Living Festival" and the "SUPER • K • ONE Super KWG Fans Festival". According to the normalized management situation of the pandemic, we built a "Warm Line of Defense" though holding more than 800 online and offline marketing activities, and more than 300 membership events, deeply connecting the public life and continuously improving the shopping experience of consumers. Despite the resurgence of the pandemic, the Group's shopping malls still demonstrated strong resilience in 2022. The attributable rental income of shopping malls remained stable, reflecting the excellent operational capabilities of the commercial property team. With the comprehensively lifting of epidemic control measures, the Group's shopping malls have shown gradual recovery.

In 2022, the Group fully launched three digital intelligence platforms, namely the "merchant service platform", "membership marketing platform" and "big data platform", reflecting its deepened efforts in applications that have empowered its business development and significantly improved its asset management capabilities and digital marketing capabilities, and marking the comprehensive commencement of the journey to digital transformation and upgrading of the B2B and B2B2C businesses of KWG's commercial asset management division for achieving high-quality development.

In the future, the Group's shopping malls will maintain communication with consumers to convey its core concept of "Art Narration, Ecology and Lohas", and continue to develop shopping malls with "empathy, themes and aesthetics".



## **(2) Office Buildings**

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

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

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 created innovative business scenarios and attracted high-quality tenants mainly from well-known financial institutions and Fortune 500 multinational companies, forming a quality and stable tenant structure with a constantly stable occupancy rate. The commercial office building teams continued to provide quality services to customers with their extraordinary operational capabilities, which helped the Group attain stable rental income.

In 2022, with its outstanding business capabilities and sound indicators, KWG's commercial office building division stood out from numerous quality enterprises and was awarded the "TOP 20 2022 Commercial Office Building Operators by Performance Strength Index" by Guandian Index and the "TOP 20 China Office Building Operators by Comprehensive Strength" by CRIC. During the year, the International Finance Place located in Tongzhou, Beijing won the Gold Award of MUSE DESIGN AWARDS and the "Global Future Design Award" of GFD Awards; the International Finance Place in Guangxi was awarded the "2022 Guangxi Real Estate Business Landmark Award", reflecting the fact that its brand value was well recognized by the market.

### **(3) Hotels**

At present, the Group has 24 hotels that have commenced operation, including hotels that are operated under cooperation with international hotel management groups and those under self-owned brands of the Group.

After the mature development in recent years, The Mulian Hotel Group, a self-owned brand of the Group, has accumulated adequate and extensive experience of operating a large-scale international hotel group. By adopting the operational model of focusing on both light and heavy assets, it has developed business in 7 first- and second-tier cities across the country, with a total of 19 hotels that have commenced operation. The hotel group took the initiative to adapt to market segments and has successively developed a number of self-owned hotel brands targeting different consumer groups such as The Mulian Hotel, MUSTEL, MORDIN and SAISON.

In 2022, the Group opened a new MUSTEL hotel in Guangzhou Knowledge City. Under the normalization of epidemic prevention and control, The Mulian Hotel Group cared about users' needs for different lifestyles and created a living experience with ultra-convenient service and highly thematic environment. After the lifting of epidemic control measures, the occupancy rate of the Group's hotels has shown a recovery trend.

In 2022, The Mulian Hotel Group was awarded the "MBI Commercial Value Brand of the Year for Mid-to-high-end Hotels" by Meadin Index. In the 22nd China Golden Horse Awards, The Mulian Hotel Group and its trendy and multi-space-hotel brand MUSTEL, stood out from numerous brands under evaluation and selection, and won two significant awards, namely the "Top Ten Hotel Management Companies" and "Internet Celebrity Hotel Brand", reflecting the fact that they were well recognized by the market.

### **Comprehensively Improving ESG Management and Actively Fulfilling Corporate Social Responsibility**

The Group has been committed to sustainable development and has established an ESG committee and an ESG working group under the Audit Committee. In 2022, the Group released its first independent ESG report, which enhanced our ESG disclosures in all areas. The Group's MSCI ESG rating was upgraded from "BB" to "BBB". In particular, the Group performed well in terms of green building, product quality and safety, and corporate behavior, reflecting the excellent achievements of the Group's continuous exploration in sustainable development, which has been recognized by the international capital market. The Group is devoted to comprehensively improving its ESG practice and disclosure. We attach great importance to the occupational health and safety of our employees, constantly strengthen green development by increasing the

proportion of green buildings and prefabricated buildings, and actively promote anti-corruption and integrity, with an aim to become a caring and socially responsible enterprise.

In 2022, the Company was awarded the “Carbon Reduction Guard Certification” with a rating of “Standard Level” under the Carbon Champion Programme by Enterprise Asia, being the first domestic real estate enterprise in China that received such certification. We were also awarded the ESG Excellent Enterprise Award by Top 100 Hong Kong Listed Companies Research Centre, the 2022 ESG Responsibility Enterprise by Leju Caijing, the 2022 Model Enterprise for Carbon Neutrality by 2022 International Green Zero-carbon Festival, and the ESG Benchmark Enterprise of the Year by National Business Daily, which indirectly reflected the authoritative recognition from international organizations and various major media for KWG’s ESG capabilities.

Adhering to the philosophy of environmental symbiosis led by green practice, KWG attaches great significance to environmental symbiosis in its project development and operation, and leads the industry towards green, sustainable and high-quality development. As at the end of 2022, the Group had a total of 109 certified green building projects and 46 projects which were undergoing the certification process in Mainland China. Moreover, the Group was awarded the BEAM Plus New Buildings (HKGBC BEAM Plus) Provisional Gold Rating by the Hong Kong Green Building Council for a project in Hong Kong, China. In 2022, against the backdrop of the “double carbon” goal and sustainable development, the Group organized the “Ideal Green Living Festival” in 7 major cities covering 16 shopping mall and office building projects in China. Through a series of activities, the Group connected with its cross-border partners, brand merchants and consumers. For example, the “Low Carbon Challenge” green operation jointly launched with Ant Forest conveyed the concept of environmental protection while promoting online and offline traffic attraction and member activation. Besides, the Group has adopted underground reclaimed water plants for its office buildings to realize the utilization of recyclable water resources and achieve zero sewage discharge, and made full use of recyclable building materials and energy-saving equipment, thereby putting the concept of low-carbon environmental protection into practice and leading the way to green and smart commerce. 6 major projects of the Group, namely International Finance Place in Guangzhou, International Metropolis Plaza in Guangzhou, KWG Flourishing Biotech Square in Guangzhou, Colorland Centre in Nansha, KWG Technology Innovation Centre and International Commerce Place in Guangzhou, were successfully selected as the first batch of pilot units of zero carbon digital intelligence buildings in China.

Based on the current situation and taking sustainable development as an important strategic direction, KWG focuses on high-quality and sustainable development, continuously enhances its own capabilities, and actively fulfills its social responsibility, with an aim to realize the vision of creating a better life together. The Group has created a digitalized charity platform for everyone’s participation in public welfare issues with easy access via mobile devices under a new and innovative public welfare



model. In 2022, with the theme of “Little Wishes Full House, Colours Come True”, we joined the Guangzhou Charity Federation’s “Little Wishes” public welfare project, with an objective to care for children with critical illness and illuminate the little wishes of children with critical illness through the innovative model of “Light Public Welfare”. Our “Love Hat Action of KWG Art Museum” won the Top Digital Annual Special Award and received “The 11th Philanthropy Festival — Public Welfare Innovation Award of the Year” from China Philanthropy (中國公益) for digital public welfare innovation.

In the future, the Group will continue to enhance its “green competitiveness” and become a caring and responsible enterprise.

## **Outlook**

In light of the improved epidemic situation since the beginning of this year, China’s economic improvement is expected to strengthen. With the target of about 5.0% for the annual GDP growth, its macro economy adheres to the idea of “making progress while maintaining stability”. Favorable policies will continue to be implemented for the real estate industry. In general, after the Spring Festival, the sales market of new and second-hand housing properties in key cities has picked up. However, the current real estate market is still facing significant challenges, and it still takes some time for market confidence to gradually recover. Under the general tone of the central government’s policies of “housing properties are for living in, and not for speculation” and “city-specific policies”, local governments will continue to implement “city-specific policies”, and the market performance of cities in different regions and categories will continue to differentiate. Since November 2022, a set of policies for credit, bonds and equity financing, has been introduced successively, which has comprehensively covered major financing channels of real estate enterprises. In January this year, the Group successfully issued medium-term notes of RMB700 million at the National Association of Financial Market Institutional Investors, which were unconditionally and irrevocably guaranteed in full by China Bond Issuance Co., Ltd. with a joint and several liability. We believe that the gradual opening up of financing channels in the future will be beneficial for the real estate industry to make it through the severe industrial situation safely and achieve recovery and rebound, facilitating the smooth transition of the industry to a new development model.

The high-quality assets developed and operated by the Group over the years have strong capability to generate fundamental resources in the downward stage of the industry — cashability and additional room for financing, which provide the Group with a solid asset protection cushion to effectively fight against industry risks. On the premise of risk prevention and control, the Group will continue to make efforts in its development in the two major economic regions, namely the Greater Bay Area and Yangtze River Delta, with the focus on core first- and second-tier cities, and continue to promote its urban renewal projects. Currently, the proportions of land bank in the two regions to the total land bank and the saleable resources to the total saleable resources

are 65% and 82%, respectively. In 2023, the Group will be committed to the implementation of the marketing system of precise marketing, cost reduction and efficiency enhancement, continue its efforts in the in-depth development in first- and second-tier cities with the focus on large-scale projects, devote itself to creating products, and achieve cost reduction and efficiency enhancement by strengthening digital marketing and precise marketing to customers. The Group will continue to promote our key projects, such as the high-end projects under the “ZHEN” series: Landmark Arte Masterpiece in Guangzhou, Richmond Greenville in Guangzhou, ONE68 in Guangzhou, Grand Oasis in Shenzhen, The Corniche in Hong Kong, as well as the projects acquired through industry injection in Jiaxing and Yancheng. The Group’s confidence comes from its product competitiveness after the real estate industry returns to refined management. The Group will “create products with more vitality” by developing residential properties that emphasize on the uniqueness of location, artistic design and advanced innovation. As the saleable resources this year are mainly attributable from the products in the first-tier and strong second-tier cities in the Greater Bay Area and Yangtze River Delta Region, the first- and second-tier cities will show relatively large market demand together with a faster rebound and stronger sell-through capability when the real estate market recovers and the buyers’ confidence is rebuilt. This year, the Group aims to continuously improve its asset and liability position and enhance its cash liquidity in all aspects through “strengthening sales and reducing liabilities”.

Looking forward, the real estate industry will gradually achieve steady and healthy development, and we shall continue to “improve our internal capabilities” to comprehensively enhance our competitiveness and gather synergies, so as to realize synergic development among diversified businesses such as the businesses of real estate development, shopping malls, office buildings and hotels. The Group will constantly strengthen its corporate governance capability, adhere to prudent and sound financial management, strengthen the protection of high-quality assets, continue the adherence to the philosophy of “building home with heart, creating future with aspiration”, create value for customers on an ongoing basis, promote sustainable operation and adhere to long-termism.

### **Overview of the Group’s Property Development**

As at 31 December 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 ( <i>'000 sq.m.</i> )	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial/ hotel	938	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	40	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/ commercial/hotel	44	33.33
4	KWG Flourishing Biotech Square	Guangzhou	Office/commercial	84	100
5	KWG Skysite	Guangzhou	Villa/serviced apartment/office/ commercial/hotel	297	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	41	100
8	Essence of City	Guangzhou	Residential/villa/commercial	15	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/ commercial	58	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/ hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	77	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	8	50
14	V-city	Guangzhou	Serviced apartment/commercial	144	70
15	Montkam	Guangzhou	Residential/villa	14	30
16	E-city	Guangzhou	Serviced apartment/commercial	458	67
17	Guangzhou Luogang M • Cube	Guangzhou	Commercial/hotel	2	10
18	Technology Commerce Center	Guangzhou	Office/commercial	6	50
19	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/ commercial/hotel	11	60
20	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/ commercial	16	60
21	Landmark Arte Masterpiece	Guangzhou	Residential/serviced apartment/ commercial	97	100
22	Clover Shades	Guangzhou	Residential/commercial	62	62.5
23	The Emerald	Guangzhou	Residential	65	100
24	KWG Biovalley	Guangzhou	Villa/serviced apartment/office/ commercial	192	80
25	Longyatt Mansion	Guangzhou	Residential/commercial	90	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <i>'000 sq.m.</i> )	Interest Attributable to the Group (%)
26	Dreams Garden	Guangzhou	Residential/commercial	279	100
27	Lakeside Mansion	Guangzhou	Residential/commercial	322	100
28	Richmond Greenville	Guangzhou	Residential	91	100
29	Guangzhou Nansha Project	Guangzhou	Educational	89	60
30	The Star Garden	Guangzhou	Residential/commercial	194	87.5
31	ONE68	Guangzhou	Serviced apartment/office/ commercial/hotel	69	100
32	IFP	Guangzhou	Office/commercial	61	100
33	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
34	The Mulian Huadu	Guangzhou	Hotel	25	100
35	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
36	The Mulian Guangzhou	Guangzhou	Hotel	8	100
37	The Sapphire	Suzhou	Residential/serviced apartment/ office/commercial/hotel	37	100
38	Suzhou Apex	Suzhou	Residential/serviced apartment/ commercial/hotel	127	100
39	Suzhou Emerald	Suzhou	Residential/commercial	1	100
40	Leader Plaza	Suzhou	Serviced apartment/office/ commercial	21	100
41	Fortune Plaza	Suzhou	Office/commercial/hotel	21	100
42	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
43	Orient Aesthetics	Suzhou	Residential/commercial	3	20
44	Orient Moon Bay	Suzhou	Residential	1	50
45	Swan Harbor Park	Suzhou	Residential/serviced apartment/ office/commercial/hotel	133	50
46	Lunar River	Suzhou	Residential/commercial	47	51
47	Blessedness Seasons	Suzhou	Residential/commercial	36	49
48	Moonlit River	Suzhou	Residential	48	50
49	The Vision of the World	Chengdu	Residential/serviced apartment/ commercial	39	100
50	Chengdu Cosmos	Chengdu	Residential/serviced apartment/ office/commercial/hotel	236	100
51	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	577	55
52	The Jadeite	Chengdu	Residential/villa/commercial/ hotel	46	100
53	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	1	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <i>'000 sq.m.</i> )	Interest Attributable to the Group (%)
54	La Villa	Beijing	Residential/villa/commercial	8	50
55	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	2	50
56	M • Cube	Beijing	Commercial	16	100
57	Summer Terrace	Beijing	Residential/commercial	1	100
58	Uptown Riverside I	Beijing	Serviced apartment/office/ commercial	128	100
59	Uptown Riverside II	Beijing	Serviced apartment/office/ commercial	67	100
60	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/ commercial	27	33
61	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/ hotel	191	100
62	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	6	100
63	New Chang'an Mansion	Beijing	Residential/office/commercial/ hotel	31	100
64	Pearl Coast	Lingshui	Residential/villa/commercial/ hotel	97	100
65	Moon Bay	Wenchang	Residential/villa/commercial/ hotel	341	100
66	The Cloud World	Wenchang	Villa/commercial	76	100
67	International Metropolis Plaza	Shanghai	Office/commercial	30	75.5
68	Shanghai Apex	Shanghai	Residential/serviced apartment/ commercial/hotel	37	100
69	Shanghai Sapphire	Shanghai	Residential/serviced apartment/ commercial	43	85.3
70	Amazing Bay	Shanghai	Residential/serviced apartment/ office/commercial/hotel	28	50
71	Vision of World	Shanghai	Residential/serviced apartment/ commercial/hotel	55	51
72	Glory Palace	Shanghai	Residential	3	100
73	KWG Biovalley	Shanghai	Office/commercial	121	90
74	Jinnan New Town	Tianjin	Residential/office/commercial/ hotel	233	25
75	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	262	100
76	Tianjin Apex	Tianjin	Residential/office/commercial	32	100
77	Beautiful and Happy Life	Tianjin	Residential/commercial	95	100
78	Joy Fun City	Tianjin	Residential/commercial	173	60

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <i>'000 sq.m.</i> )	Interest Attributable to the Group (%)
79	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	260	100
80	International Finance Place	Nanning	Office/commercial	59	100
81	Top of World	Nanning	Residential/villa/serviced apartment/commercial/hotel	80	100
82	Fragrant Season	Nanning	Residential/villa/commercial	15	100
83	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
84	Impression Discovery Bay II	Nanning	Residential/commercial	3	34
85	Emerald City	Nanning	Residential/serviced apartment/ commercial	408	100
86	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
87	The Moon Mansion	Hangzhou	Residential/villa	3	100
88	Sky Ville	Hangzhou	Residential/villa	1	100
89	Puli Oriental	Hangzhou	Residential/commercial	8	50
90	Urban Artwork	Hangzhou	Serviced apartment/commercial	1	60
91	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
92	Oriental Dawn	Hangzhou	Residential/commercial	9	50
93	Precious Mansion	Hangzhou	Residential/office/commercial	88	100
94	Season Mix	Hangzhou	Residential/commercial/hotel	41	25
95	Shine City	Nanjing	Residential/office/commercial	1	50
96	South Bank Palace	Nanjing	Residential/commercial	1	19.75
97	Ruyi Palace	Nanjing	Residential/commercial	1	50
98	Oriental Bund	Foshan	Residential/villa/serviced apartment/commercial/hotel	910	50
99	The Riviera	Foshan	Residential/commercial	31	51
100	One Palace	Foshan	Residential/serviced apartment/ commercial	7	33.3
101	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	6	50
102	China Image	Foshan	Residential/commercial	4	34
103	Water Moon	Hefei	Residential/commercial	1	100
104	City Moon	Hefei	Residential/commercial	1	100
105	The One	Hefei	Residential/commercial	86	100
106	Park Mansion	Hefei	Residential	2	50
107	The Buttonwood Season I	Wuhan	Residential/villa/commercial	9	100
108	The Buttonwood Season II	Wuhan	Residential/villa/commercial	131	100
109	Exquisite Bay	Xuzhou	Residential/commercial	6	100
110	Fragrant Season	Xuzhou	Residential/commercial	11	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <i>'000 sq.m.</i> )	Interest Attributable to the Group (%)
111	Xuzhou Tongshan Project I	Xuzhou	Residential	1	33
112	Xuzhou Tongshan Project II	Xuzhou	Residential/commercial	1	33
113	Oriental Milestone	Xuzhou	Residential	137	100
114	Majestic Mansion	Jiaxing	Residential/commercial	3	100
115	Star City	Jiaxing	Residential	1	25
116	Noble Peak	Jiaxing	Residential	2	100
117	International Commercial Plaza	Jiaxing	Residential/serviced apartment/ office/commercial/hotel	360	100
118	Top of World Residence I	Taizhou	Residential	2	100
119	Top of World Residence II	Taizhou	Residential/commercial	4	100
120	Linhai Mansion	Taizhou	Residential/commercial	2	100
121	Star Mansion	Taizhou	Residential/commercial	2	33
122	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
123	Emerald the Bay	Taizhou	Residential/serviced apartment/ office/commercial	255	50
124	Jinan Capital of Phoenix	Jinan	Residential/commercial	1	20
125	Jinan Tianchen	Jinan	Residential/commercial	26	20
126	Fragrant Season	Changshu	Residential	6	40
127	The Inherited Villa	Changshu	Residential	1	25
128	Liu Xiang Mansion	Lishui	Residential/commercial	8	49
129	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	19	100
130	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/ office/commercial/hotel	257	100
131	The Moon Mansion	Chongqing	Residential/commercial	1	39
132	Splendid City	Chongqing	Residential/commercial	1	50
133	Mansion of Jasper	Chongqing	Residential/commercial	1	50
134	Jade Moon Villa	Chongqing	Residential/commercial	1	50
135	Jinzhū Tianyi Huayuan	Taicang	Residential	47	100
136	Oriental Mansion	Wuxi	Residential/commercial	1	20
137	Exquisite Palace	Wuxi	Residential/commercial	3	45
138	Vision of the World	Zhaoqing	Residential/commercial	101	100
139	River View Mansion	Zhaoqing	Residential/commercial	1	33
140	The Moon Mansion	Zhongshan	Residential/commercial	40	50
141	Serenity in Prosperity	Nantong	Residential/villa/commercial	4	51
142	Oriental Beauty	Nantong	Residential	1	70
143	Central Mansion	Nantong	Residential	21	70
144	The Moon Mansion	Liuzhou	Residential/villa/commercial	44	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ( <i>'000 sq.m.</i> )	Interest Attributable to the Group (%)
145	Fortunes Season	Liuzhou	Residential/commercial/hotel/ educational	955	100
146	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/ commercial/hotel	61	51
147	KWG Topchain City Center	Shenzhen	Serviced apartment/office/ commercial	28	51
148	Grand Oasis	Shenzhen	Serviced apartment/office/ commercial/hotel	39	55
149	Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/ industrial/educational	79	50
150	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
151	Skyline Seasons	Huizhou	Residential/commercial	233	100
152	Huizhou Longmen Project-Educational# [2019]011	Huizhou	Educational	11	100
153	Huizhou Longmen Project-Educational# [2019]014	Huizhou	Educational	61	100
154	The Horizon	Jiangmen	Residential	1	100
155	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/ commercial	45	100
156	Cullinan Mansion	Wenzhou	Residential/commercial	17	100
157	Art Wanderland	Dongguan	Residential/commercial	1	12.5
158	Center Mansion	Dongguan	Residential/villa/commercial	6	20
159	Yangzhou Apex	Yangzhou	Residential/commercial	88	100
160	Ningbo Beilun Project	Ningbo	Residential	1	49
161	Parkview Palace	Ningbo	Residential	2	49
162	Cloud Mansion	Ningbo	Residential	2	50
163	Meishan Apex	Meishan	Residential/commercial	1	100
164	River State	Meishan	Residential/commercial	57	34
165	Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	71	50
166	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	215	75
167	Meet	Xi'an	Serviced apartment/commercial/ hotel	28	100
168	Salar de Uyuni	Kunming	Residential/commercial/hotel	262	67.11
169	Salar de Uyuni Guan Lake Phase 2 — #17-28	Kunming	Residential/commercial	87	70.56
170	Salar de Uyuni Guan Lake Phase 1 — #17-29	Kunming	Residential/commercial	112	70.56



<b>No.</b>	<b>Project</b>	<b>District</b>	<b>Type of Product</b>	<b>Total GFA Attributable to the Group's Interest (<i>'000 sq.m.</i>)</b>	<b>Interest Attributable to the Group (%)</b>
171	KWG Haya City	Yancheng	Residential/serviced apartment/ commercial/hotel	660	100
172	Phoenix International	Fuzhou	Serviced apartment/office/ commercial	47	22.4
173	Sanya Haitangwan Project	Sanya	Serviced apartment	8	6.72
174	The Corniche (formerly known as Hong Kong Ap Lei Chau Project)	Hong Kong	Residential	35	50

## **EMPLOYEES AND EMOLUMENT POLICIES**

As at 31 December 2022, the Group employed a total of approximately 3,600 employees (31 December 2021: approximately 6,500). Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB1,009.9 million during the year ended 31 December 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 option scheme and the share award scheme in order to recognise 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.

## **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

## **ANNUAL GENERAL MEETING**

The forthcoming annual general meeting (the “**2023 AGM**”) will be held on Thursday, 1 June 2023. A circular containing the information required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), together with the notice of the 2023 AGM, will be published on the websites of the Company ([www.kwgggroup Holdings.com](http://www.kwgggroup Holdings.com)), the HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and Singapore Exchange ([www.sgx.com](http://www.sgx.com)), and despatched to the shareholders of the Company (the “**Shareholders**”) in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the Shareholders' entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 25 May 2023.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions of the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2022.

## **CORPORATE GOVERNANCE**

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

During the year ended 31 December 2022, save as disclosed below, the Company has 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 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 year, the following continuing connected transactions were dealt by written resolutions instead of physical board meeting:

- 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 leasing of a property to Guangzhou Kai Chuang Business Investments Group Company Limited\* (廣州凱創商務投資集團有限公司) (“**Guangzhou Kai Chuang**”) of which Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Kai Chuang. Therefore, Mr. KONG Jiantao was regarded as having material interests in the aforesaid leasing.
- the renewal of (1) property lease framework agreement; (2) publicity planning service framework agreement; (3) marketing channel service framework agreement; (4) commercial operational and value-added services framework agreement; (5) commercial property management services framework agreement; (6) property agency services framework agreement and (7) residential property management services framework agreement between the Company and KWG Living. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the executive Directors, are the ultimate controlling shareholders of each of the Company and KWG Living pursuant to the shareholders’ agreements entered into among their respective controlled entities. Therefore, KWG Living, as an associate of the controlling shareholders of the Company, is a connected person of the Company.

\* *For identification purposes only*

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 Directors have abstained from voting on the relevant resolutions of the above transactions; 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.

## **AUDIT COMMITTEE**

The Audit Committee comprises three members who are independent non-executive Directors for the purposes of reviewing and monitoring the Group’s financial reporting procedures and risk management (including but not limited to the business, operation as well as environmental, social and governance related risks) and internal control systems. The Audit Committee has reviewed the unaudited annual results for the year ended 31 December 2022, risk management framework, internal control systems and other functions as set out in its terms of reference together with the participation of the management.

## **SCOPE OF WORK OF INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 December 2022. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **EXTRACT OF INDEPENDENT AUDITOR'S REPORT**

The following is the extract of the auditor's report proposed to be issued by the auditor of the Company:

### **Material uncertainty related to going concern**

We draw attention to note 2.1 to the consolidated financial statements, which indicates that the Group recorded a net loss of RMB9,842 million for the year ended 31 December 2022, and as of 31 December 2022, the Group's current portion of interest-bearing bank and other borrowings amounted to RMB22,245 million, while its cash and cash equivalents amounted to RMB3,356 million. This condition, along with the current situation as set forth in note 2.1, which indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **ANNUAL REPORT**

The 2022 annual report containing all the information required by the Listing Rules will be published on the websites of the Company ([www.kwggroupholdings.com](http://www.kwggroupholdings.com)), the HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)) and Singapore Exchange ([www.sgx.com](http://www.sgx.com)), and despatched to the Shareholders in due course.

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

Hong Kong, 31 March 2023

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