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KWG GROUP HOLDINGS LIMITED

合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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

PROFIT WARNING

This announcement is made by KWG Group Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a review by the audit committee of the Company of the draft unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**Year**”) and the information currently available to the Board, the Group is expected to record a loss attributable to owners of the Company not exceeding RMB19.0 billion for the Year, as compared to the loss attributable to owners of the Company of approximately RMB9.241 billion recorded for the corresponding year in 2022. The expected loss was mainly due to the continual unfavourable market conditions in the real estate market of the People’s Republic of China (“**China**”), resulting in (i) the gross loss margin recorded during the Year; (ii) the increase in impairment of property projects during the Year; (iii) the increase in fair value loss on investment properties during the Year; (iv) the increase in finance costs recognized in profit or loss during the Year due to the decrease in the interest capitalisation rate; and (v) the write-off of deferred tax assets recognised in prior years in respect of unutilised tax losses during the Year.

The real estate industry in China has faced unprecedented challenges in recent years. Due to the adverse macroeconomic factors, the waves of negative credit events and the limited financing channels of the industry, the liquidity pressure faced by privately-owned developers, including the Group, has increased. The industry-wide difficulties weakened homebuyers' confidence in future economic growth and affected the overall real estate sales in China. As a result of these changes in market conditions, many real estate developers in China experienced a decline in operating and financing cash flows.

Facing the industry-wide difficulties, the Group has been working relentlessly to ensure delivery of properties and prioritized stable business operations in order to preserve value for all stakeholders. In light of the existing challenges, the Group has been in the process to explore a holistic solution to its current offshore debts situation to secure the sustainable operations of the Group for the benefit of all of its stakeholders. The Company has appointed financial advisor and legal adviser to assess the Group's capital structure, evaluate the liquidity of the Group and explore all feasible solutions to ease the current liquidity issue and reach an optimal solution for all the stakeholders as soon as possible.

The Company is still in the process of finalising the annual results of the Group for the Year. The information contained in this announcement is only based on the preliminary review made by the Board with reference to the financial information currently available and is not based on any figures or data which have been audited or reviewed by the auditors of the Company, hence subject to possible change and adjustment upon further review. The annual results of the Group for the Year are expected to be published in late March 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 24 March 2024

As at the date of this announcement, the Board comprises six 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. TAM Chun Fai and Mr. LAW Yiu Wing, Patrick are Independent Non-executive Directors.